

Board of Directors Regular Meeting Agenda

December 30, 2021, 2:00 p.m.

City of Solana Beach | Virtual Meeting

Pursuant to Government Code Section 54953(3) (Assembly Bill 361), and in the interest of public health and safety, Clean Energy Alliance (CEA) is temporarily taking actions to prevent and mitigate the effects of the COVID-19 pandemic by holding CEA Joint Powers Authority meetings electronically or by teleconferencing. All public meetings will comply with public noticing requirements in the Brown Act and will be made accessible electronically to all members of the public seeking to observe and address the CEA Joint Powers Authority Board of Directors.

Members of the public can watch the meeting live through the You Tube Live Stream Link at:

<https://thecleanenergyalliance.org/agendas-minutes/>

or

<https://www.youtube.com/channel/UCGXJlZlTUJOCZwVGpYoC8Q>

This is a view-only live stream. If the You Tube live stream experiences difficulties members of the public should access the meeting via the Zoom link below.

Members of the public can observe and participate in the meeting via Zoom by clicking:

<https://us06web.zoom.us/j/81376410530>

or telephonically by dialing:

(253) 215-8782

Meeting ID: 813 7641 0530

Members of the public can provide public comment in writing or orally as follows:

Written Comments: If you are unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments prior to and during the meeting via email to: Secretary@thecleanenergyalliance.org. Written comments received up to an hour prior to the commencement of the meeting will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.

Oral Comments: You can participate in the meeting by providing oral comments either: (1) online by using the raise hand function and speaking when called upon or (2) using your telephone by pressing *9 to raise your hand and speaking when called upon.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA"), please contact Secretary@thecleanenergyalliance.org prior to the meeting for assistance.

CALL TO ORDER

ROLL CALL

FLAG SALUTE

OATH OF OFFICE – CITY OF SAN MARCOS, BOARD MEMBER & ALTERNATE BOARD MEMBER

BOARD COMMENTS & ANNOUNCEMENTS

PRESENTATIONS

PUBLIC COMMENT

Consent Calendar

Item 1: Reconsideration of the Circumstances of the COVID-19 State of Emergency to Determine Whether the Legislative Bodies of Clean Energy Alliance will Continue to Hold Meetings Via Teleconferencing and Making Findings Pursuant to Government Code Section 54943(e)

RECOMMENDATION

To continue meetings by teleconferencing pursuant to Government Code Section 54943(e), finding that: (1) the Board has reconsidered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency continues to directly impact the ability of the members to meet safely in person.

Item 2: Clean Energy Alliance Chief Executive Officer Operational, Administrative and Regulatory Affairs Update

RECOMMENDATION

- 1) Receive and file Community Choice Aggregation Update Report from Chief Executive Officer.
- 2) Receive and file Community Choice Aggregation Regulatory Affairs Report from Special Counsel.

Item 3: Consider Adoption of Resolution No. 2021-016 Amending Clean Energy Alliance Policy #014 Debt Policy

RECOMMENDATION

Adopt Resolution 2 No. 021-016 Amending Clean Energy Alliance Policy #014 Debt Policy.



New Business

Item 4: Consider Adoption of Resolution No. 2021-017, Amending Resolution No. 2021-007, Setting Rates for Clean Energy Alliance

RECOMMENDATION

Adopt Resolution No. 2021-017, amending Resolution No. 2021-007, setting rates for Clean Energy Alliance and direct staff to adjust the rate schedule as appropriate to ensure all rates are treated equitably regarding achieving savings compared to the San Diego Gas & Electric 2022 rate schedules

Item 5: Consider Adoption of Resolution No. 2021-019 Approving Implementation Plan Addendum No. 1 Addressing Service Expansion to the Cities of Escondido and San Marcos

RECOMMENDATION

Adopt Resolution No. 2021-019 Approving Implementation Plan Addendum No. 1 for Service Expansion to the cities of Escondido and San Marcos.

Item 6: Elect Clean Energy Alliance Board Chair and Vice Chair for Calendar Year 2022

RECOMMENDATION

Elect Clean Energy Alliance Board Chair and Vice Chair for Calendar Year 2022.

BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS

DISCUSSION OF DATE AND TIME OF ADJOURNED REGULAR MEETING

ADJOURN TO ADJOURNED REGULAR MEETING AT DATE AND TIME TBD

NEXT MEETING: Adjourned Regular Board Meeting at date and time TBD, Solana Beach, Virtual



Staff Report

DATE: December 30, 2021

TO: Clean Energy Alliance Board of Directors

FROM: Barbara Boswell, Chief Executive Officer

ITEM 1: Reconsideration of the circumstances of the COVID-19 state of emergency to determine whether the legislative bodies of Clean Energy Alliance will continue to hold meetings via teleconferencing and making findings pursuant to Government Code Section 54953(e)

RECOMMENDATION

To continue meetings by teleconferencing pursuant to Government Code Section 54953(e), find that: (1) the Board has reconsidered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency continues to directly impact the ability of the members to meet safely in person.

BACKGROUND AND DISCUSSION

On September 16, 2021, Governor Newsom signed AB 361 amending the Brown Act to allow local agencies to meet remotely during declared emergencies under certain conditions. AB 361 authorizes local agencies to continue meeting remotely without following the Brown Act's standard teleconferencing provisions, including the requirement that meetings be conducted in physical locations, under specified conditions. Namely, the meeting is held during a state of emergency proclaimed by the Governor and either of the following applies: (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the agency has already determined or is determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

The Board of Directors and CEA's other legislative bodies have met using teleconferencing throughout the COVID-19 pandemic to protect the health and safety of the public and staff. On October 28, 2021, the Board of Directors determined that the factual circumstances exist for CEA to continue to hold meetings pursuant to AB 361. Specifically, on March 4, 2020, Governor Newsom declared a State of Emergency in response to the COVID-19 pandemic (the "Emergency"). The Emergency continues to exist. In addition, the Centers for Disease Control and Prevention continue to advise that COVID-19 spreads more easily indoors than outdoors and that people are more likely to be exposed to COVID-19 when they are closer than six feet apart from others for longer periods of time. Based on this advice and as a result of the Emergency, the Board determined that meeting in person presents imminent risks to the health or safety of attendees.

To continue meeting remotely pursuant to AB 361, an agency must make periodic findings that: (1) the body has reconsidered the circumstances of the declared emergency; and (2) the emergency impacts the ability of the body's members to meet safely in person, or state or local officials continue to impose or recommend measures to promote social distancing. These findings should be made not later than 30 days after teleconferencing for the first time pursuant to AB 361, and every 30 days thereafter.

Due to the ongoing Emergency, the need to promote social distancing to reduce the likelihood of exposure to COVID-19, and the imminent risks to the health or safety of meeting attendees, staff recommends that the legislative bodies of CEA hold public meetings via teleconferencing pursuant to Government Code Section 54953(e) and make the requisite findings to continue to do so.

FISCAL IMPACT

There is no fiscal impact by this action.

ATTACHMENTS

None.



Staff Report

DATE: December 30, 2021

TO: Clean Energy Alliance Board of Directors

FROM: Barbara Boswell, Chief Executive Officer

ITEM 2: Clean Energy Alliance Operational, Administrative and Regulatory Affairs Update

RECOMMENDATION

- 1) Receive and File Operational and Administrative Update Report from Chief Executive Officer.
- 2) Receive Community Choice Aggregation Regulatory Affairs Report from Special Counsel.

BACKGROUND AND DISCUSSION

This report provides an update to the Clean Energy Alliance (CEA) Board regarding the status of operational, administrative, and regulatory affairs activities.

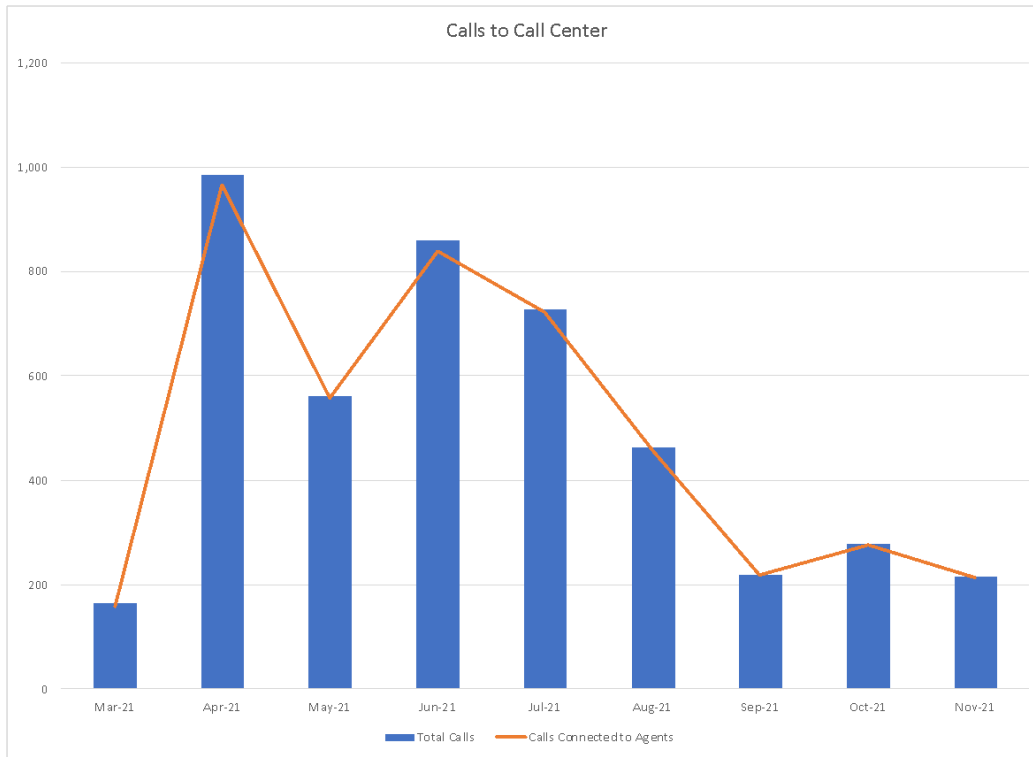
OPERATIONAL UPDATE

Expansion of Clean Energy Alliance

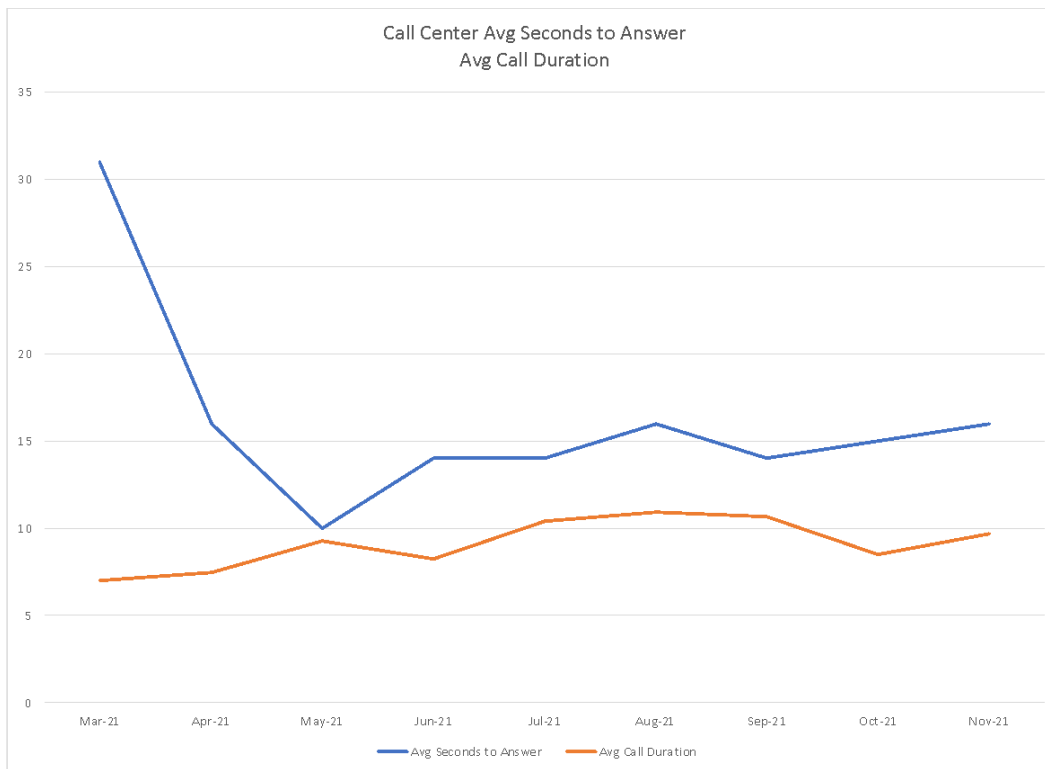
The cities of Oceanside, Vista and San Clemente have expressed interest in joining CEA with a 2024 service launch. The assessment reports related to the service expansion to these cities will be prepared in the spring of 2022. Assuming the results of the assessment report is favorable, CEA would anticipate the cities considering resolutions to join CEA and ordinances to establish a Community Choice Aggregation in early summer 2022.

Call Center Activity

The chart below reflects call activity to CEA's call center through November 30, 2021:

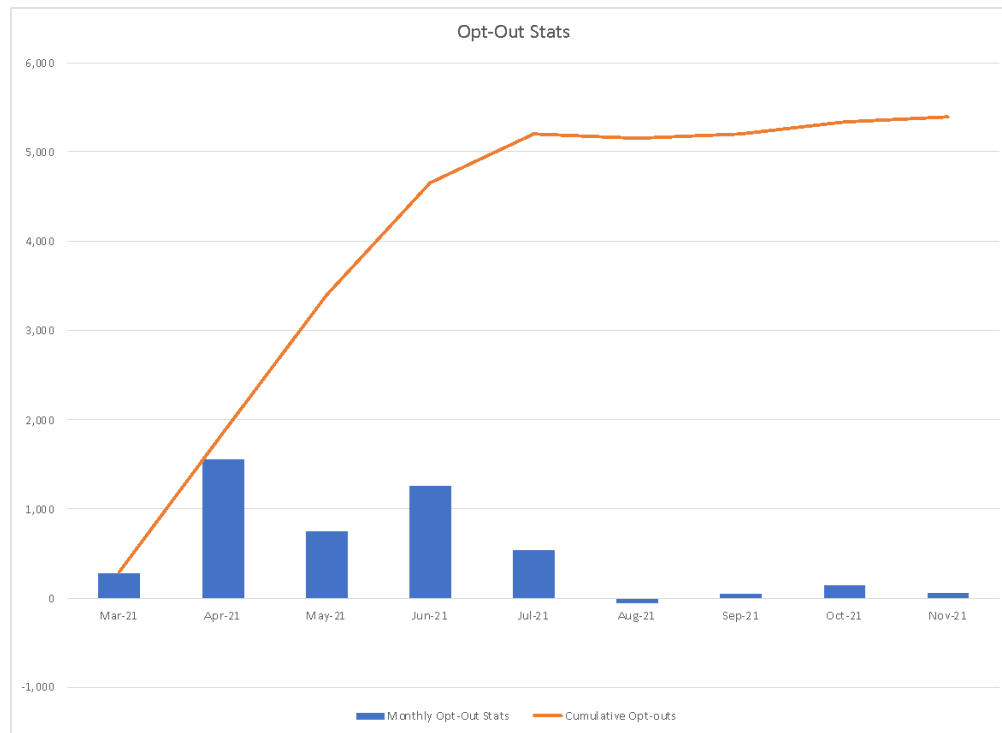


Calls to the call center have leveled off at an average 200 calls per month.



Calls are being answered within 15 seconds on average, with an average duration of approximately 10 minutes.

The chart below reflects the monthly and cumulative opt-outs for CEA.



CEA's overall participation rate is currently at 91.9%, with 60 opt outs in November.

Green Impact enrollments continue to increase, with 363 customers enrolled. Customers also have the option to opt down to Clean Impact, of which 109 have selected.

Resource Adequacy Compliance

As a load serving entity serving customers in 2021, CEA has an obligation to procure Resource Adequacy (RA), based on quantities allocated by CPUC and California Independent System Operator (CAISO). RA procurements do not supply any energy to CEA or its customers, rather it commits the seller to be available to supply energy to the grid if called upon by the CAISO and reduce the possibility of outages. This process is key to ensuring grid reliability. CEA successfully procured all its 2021-2023 RA requirements and is fully compliant with its RA obligation. CEA has met its 2022-2024 RA obligations, which were required to be completed by October 2021.

Contracts \$50,000 - \$100,000 entered into by Chief Executive Officer

VENDOR	DESCRIPTION	AMOUNT
None		

REGULATORY UPDATE

CEA's regulatory attorney, Ty Tosdal, will provide an update to the Board on current regulatory activities (Attachment A).

FISCAL IMPACT

There is no fiscal impact by this action.

ATTACHMENTS

Attachment A – Tosdal APC Regulatory Update Report

Clean Energy Alliance Board Update

December 30, 2021



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ENERGY & ENVIRONMENTAL LAW

Overview

- **Proposed Decision Regarding Integrated Resource Plans ([R. 20-05-003](#))**
- **CalCCA Protest to SDG&E Advice Letter 3913-E on Energy Storage Projects**
- **Update on NEM Proceeding ([R. 20-08-020](#))**



Integrated Resource Plans

- Commission issued a Proposed Decision on December 22, 2021, regarding Integrated Resource Plans (IRPs) due every two years.
- CEA's plan is certified and no further action is required for the present cycle.
- Proposed Decision adopts the 38 million metric ton (MMT) GHG target for the electric sector in 2030, recommends that CAISO adopt the target, and seeks additional consultation regarding transmission planning process.
- IRPs for the next cycle are due September 1, 2022.
- Comments are due January 14, 2022. Final decision is scheduled for a vote January 27, 2022.



CalCCA Protest to SDG&E AL

- D. 21-12-015 addressed emergency procurement related to extreme weather in 2022 and 2023. The decision requires that the costs and benefits of resources be shared in proportion to load under the Cost Allocation Mechanism (CAM).
- SDG&E filed Advice Letter (AL) 3913-E seeking approval for 161 MW of utility-owned energy storage projects, but did not specify how benefits of the project (ie, reduced load) will be allocated when the project is not participating in the market.
- By contrast, SCE submitted a similar advice letter, AL 4617, and described how benefits would be allocated through a process similar to the CAM.
- CalCCA filed a protest recommending that the Commission direct SDG&E to follow the approach SCE outlined and credit benefits against costs.



Update on NEM Proceeding

- Responding to requests from numerous parties, the Administrative Law Judge (ALJ) issued a ruling extending the deadline for comments on the Proposed Decision to January 7, 2022, and reply comments to January 14, 2022. Page limits were also expanded.
- Numerous ex partes have been held since the Proposed Decision, involving CALSSA, SEIA, Sunpower, Sierra Club, GRID Alternatives, Vote Solar and others.
- Request for oral argument made by SEIA and Vote Solar.
- Proceeding has been reassigned to Commission President Batjer.
- Date of final decision, January 27, 2020, is questionable but no formal action has been taken to postpone the decision.





Staff Report

DATE: December 30, 2021

TO: Clean Energy Alliance Board of Directors

FROM: Marie Marron Berkuti, Interim Chief Financial Officer

ITEM 3: Consider Adoption of Resolution No. 2021-016 Amending Clean Energy Alliance Debt Policy

RECOMMENDATION

Adopt Resolution No. 2021-016 amending Clean Energy Alliance Debt Policy.

BACKGROUND AND DISCUSSION

At its regular meeting January 21, 2021, the Clean Energy Alliance Board approved Resolution No. 2021-002 establishing a Debt Policy (Policy). Section XIX of the Policy states the Chief Financial Officer shall review the policy on a periodic basis and recommend any changes to the Board for consideration.

The Policy has been reviewed by CEA's general counsel and special legal counsel, Nixon Peabody LLP, and that review has identified updates to clarify and assure internal consistency; ensure consistency with applicable Federal and State laws, rules and regulations; and reflect best practices related to debt issuance and management practices.

The following edits are recommended for Board consideration:

- Adds detail addressing purposes for which debt proceeds may be used; types of debt that may be issued; relationship of the debt to and integration with, the issuer's capital improvement program or budget, if applicable; policy goals related to the issuer's planning goals and objectives; and internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use – in compliance with California Government Code Section 8855(i) as amended by Senate Bill 1029;
- Adds clarifying language in section V. Purposes for Debt and V.A New Money Debt related to debt for working capital and start up related costs;
- Adds clarifying language in Section VI.B Short-Term Debt related to working capital or start up related costs; and
- Other minor edits as identified in Resolution No. 2021-016 Exhibit A.

FISCAL IMPACT

There is no fiscal impact as a result of this action.

ATTACHMENTS

Resolution No. 2021-016 Amending Clean Energy Alliance Debt Policy

**CLEAN ENERGY ALLIANCE
RESOLUTION 2021-016**

**RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN ENERGY
ALLIANCE APPROVING AN UPDATED DEBT POLICY FOR FUTURE
OBLIGATIONS**

WHEREAS, Clean Energy Alliance (“CEA”) is a joint powers authority established on November 4, 2019, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

WHEREAS, the Legislature of the State of California (the “State”) has adopted S.B. 1029 (“S.B. 1029”), amending Section 8855 of the Government Code of the State, and effective in part as of January 1, 2017, which, among other things, requires local agencies within the State, such as CEA, to establish and implement a formal policy governing the methods by which the CEA issues debt obligations (“Debt”) and the internal controls over the issuance of Debt; and

WHEREAS, at a Board meeting on January 21, 2021, the Board previously approved a debt issuance policy (the “Prior Policy”) pursuant to Resolution 2021-002; and

WHEREAS, Section XIX of the Prior Policy provides that the Chief Financial Officer shall periodically review such policy and shall recommend changes to the Board for consideration; and

WHEREAS, the Interim Chief Financial Officer and the Chief Executive Officer have conferred with General Counsel and Bond Counsel to CEA and have made certain clarifying changes to the Prior Policy, and a redline of the Prior Policy reflecting such changes is appended to this Resolution as Exhibit A; and

WHEREAS, the Board hereby determines the updated Debt Policy appended hereto as Exhibit B (the “Updated Debt Policy”) reflecting the changes set forth in Exhibit B meets all the requirements of Government Code Section 8855(i), as amended by S.B. 1029; and

WHEREAS, the Board hereby determines that the Updated Debt Policy shall be effective for all Debt issuances approved by the Board following the adoption of this Resolution, which shall occur upon the majority vote of the Directors of the Board; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Clean Energy Alliance, as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The Updated Debt Policy attached hereto as Exhibit B is hereby approved and adopted, and staff is directed to comply therewith, for all future issuances of Debt approved by the Board following the adoption of this Resolution; provided, however, that staff may review the Updated Debt Policy and report to the Board any suggested amendments to the Updated Debt

Policy, based either upon further State legislative action or upon staff experience in implementing the Updated Debt Policy. In the event such recommendations are made to the Board, the Board reserves the right to approve or decline to approve such amendments; any amendments will be made by further Resolution of the Board.

Section 3. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was passed and adopted this _____ day of _____, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

Kristi Becker, Chair

ATTEST:

Sheila Cobian, Interim Board Secretary

Exhibit A

REDLINE SHOWING CHANGES TO PRIOR DEBT POLICY

(See attachment)

CLEAN ENERGY ALLIANCE

DEBT POLICY

~~Dated~~Updated as of ~~January 21~~December 30, 2021

I. Purpose

The purpose of this Debt Policy (the “Debt Policy”) is to establish comprehensive guidelines for the issuance and management of debt (herein referred as “Debt”) issued by the Clean Energy Alliance (the “Issuer”). This Debt Policy is intended to help ensure that: (i) the Issuer, the governing body of the Issuer (the “Board of Directors” or the “Board”), and Issuer management and staff adhere to sound debt issuance and management practices; (ii) the Issuer achieves the most advantageous cost of capital within prudent risk parameters; (iii) the Issuer preserves future financial flexibility; and (iii) the Issuer preserves and enhances the credit ratings assigned to its debt.

II. Scope of Debt Policy

This Debt Policy shall provide guidance for the issuance and management of bonds and other forms of indebtedness of the Issuer, together with any credit, liquidity and other ancillary instruments and agreements secured or executed in connection with such transactions. While adherence to this Debt Policy is recommended in applicable circumstances, the Issuer recognizes that changes in the capital markets, Issuer programs and other unforeseen circumstances may produce situations that are not covered by the Debt Policy or require modifications or exceptions to achieve Debt Policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained. The Issuer may approve Debt and other related agreements the terms or provisions of which deviate from this Debt Policy, upon the recommendation and approval of the Chief Financial Officer of the Issuer (the “Chief Financial Officer”) as circumstances warrant. The failure by the Issuer to comply with any provision of this Debt Policy shall not affect the validity of any Debt that is otherwise duly authorized and executed.

The Chief Financial Officer is the designated administrator of the Debt Policy. The Chief Financial Officer shall have the day-to-day responsibility and authority for structuring, implementing and managing the Issuer's debt and financing program. The Debt Policy requires that each debt issuance be specifically authorized by the Board of Directors.

III. Legal Authority; Compliance with Laws, Resolutions, Debt Documents and Contracts

A) Legal Authority

The Issuer has exclusive authority to plan and issue Debt for Issuer related purposes, subject to approval by the Board of Directors.

B) Compliance with Law

All Debt of the Issuer shall be issued in accordance with applicable Federal and State laws, rules and regulations, including without limitation the Internal Revenue Code of 1986 (the “Code”) with respect to the issuance of tax-exempt Debt, the Securities Act of 1933 and the Securities Exchange Act of 1934, in each case as supplemented and amended, and regulations promulgated pursuant to such laws.

C) Compliance with Issuer Resolutions and Debt Documents

Debt of the Issuer shall be issued in accordance with applicable resolutions and debt documents of the Issuer, in each case as supplemented and amended.

D) Compliance with Other Agreements

Debt of the Issuer shall be issued in compliance with any other agreements of the Issuer with credit or liquidity providers, bond insurers or other third parties.

E) Compliance with SB 1029

This Debt Policy complies with California Senate Bill 1029 (2016). [As amended by Senate Bill 1029, California Government Code Section 8855\(i\) requires issuers to adopt debt policies addressing each of the five items below:](#)

[1\) The purposes for which the debt proceeds may be used.](#)

[Section V \(Purposes for Debt\) and Section VI \(Types of and Limitations on Debt\) address the purposes for which debt proceeds may be used.](#)

[2\) The types of debt that may be issued.](#)

[Section VI \(Types of and Limitations on Debt\) provides information regarding the types of debt that may be issued.](#)

[3\) The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.](#)

[Section XV \(Budgeting and Capital Planning\) provides information regarding the relationship between the Issuer's debt and budgeting process, including its budgeting process for capital expenditures.](#)

[4\) Policy goals related to the issuer's planning goals and objectives.](#)

[As described in Section I \(Purpose\), Section XVI \(Credit Rating Objectives\), Section XVII \(Debt Affordability\), and other sections, this Policy has been adopted to assist with the Issuer's goals of adhering to sound debt issuance and management practices, achieving the most advantageous cost of capital within prudent risk](#)

parameters, preserving future financial flexibility, and preserving and enhancing the credit ratings assigned to its debt.

5) The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Section IVA.6 (Administration of Debt Policy) provides information regarding the Issuer's internal control procedures designed to ensure that the proceeds of its debt issues are spent as intended.

IV. Administration of Debt Policy

A) Issuer

The Issuer shall be responsible for:

- 1) Approval of the issuance of all Debt and the terms and provisions thereof;
- 2) Appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants, trustee and other professionals retained in connection with the issuance of Debt;
- 3) Approval of this Debt Policy and any supplements or amendments;
- 4) Periodic approval of the Issuer's expenditure plans;
- 5) Periodic approval of proposed Issuer annual and supplemental budgets for submission to the Board of Directors, including without limitation provisions for the timely payment of principal of and interest on all Debt; and
- 6) Maintaining internal control procedures with respect to Debt proceeds. Debt proceeds will be held either by a third-party trustee, which will disburse such proceeds to the Issuer upon the submission of one or more written requisitions, or by the Issuer to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Issuer.

B) Chief Financial Officer

The Chief Financial Officer shall have responsibility and authority for the structure, issuance and management of the Issuer's Debt and financing programs. These responsibilities shall include, but not be limited to, the following:

- 1) Determining the appropriate structure and terms for all proposed debt transactions;

- 2) Undertaking to issue Debt at the most advantageous interest and other costs consistent with prudent levels of risk;
- 3) Ensuring compliance of any proposed Debt with any applicable additional debt limitations under State law, or the Issuer's Debt Policy, resolutions and debt documents;
- 4) Seeking approval from the Board of Directors for the issuance of Debt or other debt obligations;
- 5) Coordinating with other public agencies in connection with necessary approvals associated with Debt issuance;
- 6) Recommending to the Board of Directors the manner of sale of any Debt or other debt transactions;
- 7) Monitoring opportunities to refund outstanding Debt to achieve debt service savings, and recommending such refunding to the Board, as appropriate;
- 8) Providing for and participating in the preparation and review of all legal and disclosure documents in connection with the issuance of any Debt by the Issuer;
- 9) Recommending the appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants and other professionals retained in connection with the Issuer's debt issuance as necessary or appropriate;
- 10) Distributing information regarding the business operations and financial condition of the Issuer to appropriate bodies on a timely basis in compliance with any applicable continuing disclosure requirements;
- 11) Communicating regularly with the rating agencies, bond insurers, investment providers, institutional investors and other market participants related to the Issuer's Debt; and
- 12) Maintaining a database with summary information regarding all of the Issuer's outstanding Debt and other debt obligations.

C) Procedures for Approval of Debt

Any proposed issuance of Debt by the Issuer shall be submitted to and subject to authorization and approval by the Board of Directors.

D) Considerations in Approving Issuance of Debt

The Issuer may take into consideration any or all of the following factors, as appropriate, prior to approving the proposed issuance of Debt:

- 1) Whether the proposed issuance complies with this Debt Policy;
- 2) Source(s) of payment and security for the Debt;
- 3) Projected revenues and other benefits from the projects proposed to be funded;
- 4) Projected operating costs and other costs related to the proposed projects;
- 5) Impacts, if any, on Issuer and Debt credit ratings;
- 6) Period, if any, over which interest on the Debt should be capitalized;
- 7) Extent to which debt service on the Debt should be level or non-level;
- 8) Appropriate lien priority of the Debt; and
- 9) Adequacy of the proposed disclosure document.

V. Purposes for Debt

The Issuer may issue Debt for the purposes of financing and refinancing the costs of capital projects undertaken by the Issuer. The Issuer may also issue Debt for working capital purposes/startup related costs and expenses and to pay other extraordinary unfunded costs, including, but not limited to, termination or other similar payments due in connection with interest rate swaps (if any) and investment agreements entered into in connection with Debt. Proceeds of Debt may be applied to pay costs of issuance, to fund capitalized interest and debt service reserves and to pay costs incurred in connection with securing credit enhancement, including, but not limited to, premiums payable for bond insurance and reserve fund sureties.

A) New Money Debt

New money issues are typically those financings that generate additional funding to be available for expenditure on capital projects. New money proceeds may not be used to fund non-capital operational activities other than working capital or startup related costs. Working capital or startup related costs may be financed by short term Debt, as provided in Section VI.B.

B) Refunding Debt

The Issuer may issue Debt to refund the principal of and interest on outstanding Debt of the Issuer in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded Debt; or (v) modify covenants otherwise binding upon the Issuer. Refunding Debt may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The Issuer may also utilize a tender offer process to refund Debt that is not otherwise subject to optional call by the Issuer.

Refunding Debt should be issued to achieve debt service savings in most cases. Refundings which do not produce savings are permitted if justified based on the need for restructuring to remove covenants/pledges that are restrictive and/or no longer required by the market and/or to make other changes in debt documents that would benefit the current, short-term, or long term capital cost of the Issuer.

VI. Types of and Limitations on Debt

A) Long-Term Debt

The Issuer may issue Debt with longer-term maturities to amortize Issuer capital or other costs over a period commensurate with the expected life, use or benefit provided by the project, program or facilities financed from such Debt. Long-term Debt will generally have a final maturity of five (5) years or more. Long-term debt is appropriate for financing essential capital projects and certain capital equipment where the project being financed will provide benefit over multiple years and the Issuer considers the project to be of vital, time-sensitive need and there are no plausible alternative financing sources after considering other alternatives, such as pay-as-you-go funding or existing funds on hand.

B) Short-Term Debt

The Issuer may issue Debt with shorter-term maturities to provide interim funding for capital projects and expenditures that will ultimately be funded from another source such as a grant, a long-term Debt issue, or the receipt of Federal or State grants, other revenues, and/or for cash flow management (including but not limited to working capital or startup related costs). Short-term Debt generally shall consist of Debt of an issue with a final maturity of ~~less than~~ five (5) years or less and may include, but is not limited to, Debt in the form of Tax and Revenue Anticipation Notes, Bond Anticipation Notes, Grant Anticipation Notes, and/or Commercial Paper.

C) Power Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from power revenues. It is expected that power revenue debt will represent the principal form of Debt of the Issuer.

D) Other Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from other types of revenues.

E) Other Federally Supported Programs

The Issuer may also participate in federal loans administered or provided by the United States as well as federally subsidized taxable and tax-exempt bond programs, and may secure credit enhancement and/or credit support provided under Federal programs, provided such loans, bonds or programs provide an attractive funding cost or other desirable features such as, but not limited to, deep subordination of the repayment obligation, an unusually long repayment term, or no payment due until a certain period after substantial project completion.

F) Fixed-Rate Debt

The Issuer may issue Debt that bears a fixed-rate rate of interest.

G) Variable Rate Debt

The Issuer may also issue Debt that bears a variable rate of interest, including, but not limited to, variable rate demand obligations, commercial paper and floating rate notes.

VII. Terms and Provisions of Debt

A) Debt Service Structure

The Issuer shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility and, as practical, to recapture or maximize its debt capacity for future use. Annual debt service payments will generally be structured on a level basis; however, principal amortization may occur more quickly or slowly where permissible, to mirror debt repayment streams and/or provide future financing flexibility.

B) Amortization of Principal

Long-term Debt of the Issuer shall be issued with maturities that amortize the principal of such Debt over a period commensurate with the expected life, use or benefit (measured in years) provided by the projects, programs and/or facilities financed from the proceeds of such Debt. The weighted average maturity of such Debt (if issued as tax-exempt Debt) should not exceed one hundred and twenty percent (120%) of the reasonably estimated weighted average life, use or benefit (measured in years) of the projects, programs and/or facilities financed from the proceeds of such Debt.

Amortization of principal may be achieved either through serial maturities and/or through term Debt subject to mandatory sinking fund payments and/or optional redemptions.

C) Capitalized Interest

The Issuer may fund interest on Debt from proceeds of Debt for legal, budgeting or structuring purposes.

D) Call Provisions for Debt

- 1) **Optional Call Provisions.** The Issuer shall seek to include the shortest practicable optional call rights, with and/or without a call premium, consistent with optimal pricing of such Debt. Call premiums, if any, should not be in excess of then prevailing market standards and to the extent consistent with the most advantageous borrowing cost for the Issuer. Non-callable maturities may be considered and used to accommodate market requirements or other advantageous benefits to the Issuer.
- 2) **Extraordinary Call Provisions.** The Issuer, at its option, may include extraordinary call provisions, including for example with respect to unspent proceeds, damage to or destruction of the project or facilities financed, or other matters, as the Issuer may determine is necessary or desirable.

E) Payment of Interest

- 1) **Current Interest Debt** may be issued. It is anticipated that the interest on most, if not all, Debt issued will be paid on a current interest basis.
- 2) **Deferred Interest Debt** may also be issued. Debt of the Issuer may be issued with the payment of actual or effective interest deferred in whole or in part to the maturity or redemption date of each debt instrument, or the conversion of such debt instrument to a current interest-paying debt instrument (known, respectively, as capital appreciation bonds, zero coupon bonds and convertible capital appreciation bonds). Deferred Interest Debt may be issued to achieve optimal sizing, debt service structuring, pricing or other purposes.

F) Determination of Variable Interest Rates on Debt

The interest rate from time to time on Debt the interest of which is not fixed to maturity may be determined in such manner that the Issuer determines, including without limitation on a daily, weekly, monthly or other periodic basis, by reference to an index, prevailing market rates or other measures, and by or through an auction or other method.

G) Tender Options on Debt

The Issuer may issue Debt subject to the right or obligation of the holder to tender the Debt back to the Issuer for purchase, including, for example, to enable the holder to liquidate their position, or upon the occurrence of specified credit events, interest rate mode changes or other circumstances. The obligation of the Issuer to make payments to the holder upon any such tender may be secured by (i) a credit or liquidity facility from a financial institution in an amount at least equal to the principal amount of the Debt subject to tender, (ii) a liquidity or similar account into which the Issuer shall deposit and maintain an amount at least equal to the principal amount of the Debt subject to tender, or (iii) other means of self-liquidity that the Issuer deems prudent.

H) Multi-Modal Debt

The Issuer may issue Debt that may be converted between two or more interest rate modes without the necessity of a refunding. Such interest rate modes may include, without limitation: daily interest rates, weekly interest rates, other periodically variable interest rates, commercial paper rates, auction rates, fixed rates for a term and fixed rates to maturity (in each case with or without tender options).

I) Debt Service Reserve Funds

The Issuer may issue Debt that is secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of Debt, and may be funded by proceeds of Debt, other available moneys of the Issuer, and/or by surety policies, letters or lines of credit or other similar instruments. Surety policies, letters or lines of credit or other similar instruments may be substituted for amounts on deposit in a debt service reserve fund if such amounts are needed for capital projects or other purposes.

Amounts in the debt service reserve funds shall be invested in accordance with the requirements of the applicable Debt documents in order to (i) maximize the rate of return on such amounts; (ii) minimize the risk of loss; (iii) minimize volatility in the value of such investments; and (iv) maximize liquidity so that such amounts will be available if it is necessary to draw upon them.

J) Lien Levels

The Issuer may create senior and junior lien pledges, as well as pledges at various lien priority levels, for each fund source which secures Debt repayment in order to optimize financing capacity.

VIII. Maintenance of Liquidity; Reserves

The Issuer may maintain unencumbered reserves in amounts sufficient in the determination of the Issuer to cover unexpected revenue losses, extraordinary payments and other contingencies, and to provide liquidity in connection with the Issuer's outstanding Debt.

IX. Investment of Debt Proceeds and Related Moneys

Proceeds of Debt and amounts in the Issuer's debt service, project fund and debt service reserve funds with respect to outstanding Debt shall be invested in accordance with the terms of the applicable Debt documents and other applicable agreements of the Issuer.

X. Third Party Credit Enhancement

The Issuer may secure credit enhancement for its Debt from third-party credit providers to the extent such credit enhancement is available upon reasonable, competitive and cost-effective terms. Such credit enhancement may include municipal bond insurance ("Bond Insurance"), letters of credit and lines of credit (collectively and individually, "Credit Facilities"), as well as other similar instruments.

A) Bond Insurance

All or any portion of an issue of Debt may be secured by Bond Insurance provided by municipal bond insurers ("Bond Insurers") if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular issue of Debt. The relative cost or benefit of Bond Insurance may be determined by comparing the amount of the Bond Insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

B) Credit Facilities

The issuance of certain types of Debt requires a letter of credit or line of credit (a "Credit Facility") from a commercial bank or other qualified financial institution to provide liquidity and/or credit support. The types of Debt where a Credit Facility may be necessary include commercial paper, variable rate Debt with a tender option and Debt that could not receive an investment grade credit rating in the absence of such a facility.

The criteria for selection of a Credit Facility provider shall include the following:

- 1) Long-term ratings from at least two nationally recognized credit rating agencies (“Rating Agencies”) preferably to be equal to or better than those of the Issuer, if any;
- 2) Short-term ratings as appropriate for the type of Debt being issued;
- 3) Experience providing such facilities to state and local government issuers;
- 4) Fees, including without limitation initial and ongoing costs of the Credit Facility; draw, transfer and related fees; counsel fees; termination fees and any trading differential; and
- 5) Willingness to agree to the terms and conditions proposed or required by the Issuer.

XI. Use of Derivatives

Derivative products include but are not limited to interest rate swaps, interest rates caps and collars and forward or other hedging agreements. Derivative products will be considered in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or, alternatively, where it will reduce total debt service cost in a manner that exceed the risks. Derivative products will only be utilized following the adoption of derivative product policy and with prior Board approval. In addition, an analysis of early termination costs and other conditional terms must be completed by the Issuer’s municipal advisor prior to the approval of any derivative product by the Board. Such analysis will document the risks and benefits associated with the use of the particular derivative product.

XII. Methods of Sale and Pricing of Debt

There are three principal methods for the sale of Debt: (i) competitive; (ii) negotiated and (iii) private placement. In addition, Debt may be incurred as a direct loan. The Issuer shall utilize the method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Debt and (b) provides the Issuer with the flexibility most desirable in connection with the structuring, timing or terms of such Debt. The Issuer shall utilize such method that is likely to provide the most advantageous borrowing costs and execution on behalf of the Issuer.

Debt may be sold at such prices, including at par, a premium or a discount, as the Issuer, in consultation with its municipal advisor, may determine is likely to produce the most advantageous interest cost under then prevailing market conditions, subject to compliance with applicable State law and Federal securities laws.

A) Competitive Sale

The competitive method of sale is appropriate when:

- 1) Bond prices are stable and/or there is strong demand for the bonds;
- 2) Market timing and interest rate sensitivity are not critical to the pricing;
- 3) Issuer has a strong credit rating and is well known to investors;
- 4) The Issuer has straightforward political and organizational structure, and the project, funding, and credit quality are easy to understand and market to potential investors; and
- 5) The Debt type and structure are conventional and the transaction size is manageable.

B) Negotiated Sale

A negotiated sale is appropriate when:

- 1) There is market volatility and/or weak demand and high supply of competing financings;
- 2) The Debt structure is complex;
- 3) Issuer has lower or weakening credit rating and is not well known to investors;
- 4) The Debt has non-standard structural features, such as a forward delivery, issuance of variable rate bonds, use of derivative products, or possesses a specific structuring feature that benefits from a negotiated sale;
- 5) Early structuring and market participation by underwriters are desired and there is strong projected retail demand for the Debt; and
- 6) The Debt size is significantly larger and would limit competition.

For a negotiated bond sale, the Issuer, with the assistance of its municipal advisor, will conduct a competitive underwriter selection process for either a specific Debt issue or through the establishment of an underwriter pool from which to choose over a defined period of time.

C) Private Placement

A private placement is structured for one purchaser or a group of purchasers, who are typically qualified institutional buyers, in a non-public offering conducted by an underwriting firm serving as placement agent. Since no public offering is involved, securities disclosure requirements are not as heavy. If a private placement is considered as the optimal sale method for the Issuer, the municipal advisor will conduct a competitive selection process to recommend the placement agent.

D) Direct Purchase or Direct Loan; Revolving Obligations for one bank (or a syndicate of banks), putting the Issuer and bank in a bilateral borrower-lender relationship. Examples include a direct purchase agreement or revolving credit facility. Securities disclosure requirements are the least burdensome for this structure. A direct purchase or direct loan may be advisable if the Issuer is unable to access the municipal capital markets or for other reasons. If a direct purchase or direct loan is contemplated, the municipal advisor ~~will, if any, should~~ conduct a competitive selection process to recommend the bank. Selection criteria will include:

- 1) A term sheet to be provided along with the request for qualifications, with any requested modifications to be highlighted by the bank and taken into consideration in the evaluation process;
- 2) A representative list of clients for whom the bank has provided similar agreements; and
- 3) Evaluation of fees, specifically, cost of the agreement including index, spread, and other administrative charges. The evaluation of fees, terms and conditions will be compared to other alternative financing methods.

XIII. Debt Redemption Programs

The Issuer may establish from time-to-time a plan or program for the payment and/or redemption of outstanding Debt and/or interest thereon from revenues and/or other available funds pursuant to a recommendation from the Chief Financial Officer. Such plan or program may be for the purposes of reducing outstanding Debt, managing the amount of debt service payable in any year, or other suitable purposes, as determined by the Issuer.

XIV. Professional Services

The Issuer may retain professional services providers as necessary or desirable in connection with: (i) the structuring, issuance and sale of its Debt; (ii) monitoring of and advice regarding its outstanding Debt; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives and investment agreements; and (iv) other similar or related matters. Professional service providers may include municipal advisors, bond counsel, disclosure counsel, Issuer consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

The Issuer shall require that its Municipal Advisors, bond and disclosure counsel and other Issuer consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained.

A) Municipal Advisors

The Issuer may utilize one or more municipal advisors to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives, investment agreements and other similar matters. Municipal advisors must be registered with the Municipal Securities Rulemaking Board and as a municipal advisor as such term is defined in the Securities Exchange Act of 1934 and shall be required to disclose any conflicts of interest.

B) Bond Counsel, Disclosure Counsel and Other Legal Counsel

- 1) **Bond Counsel.** The Issuer may utilize one or more bond counsel firms to provide ongoing legal advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Credit Facilities, Derivatives, investment agreements and other similar matters. All Debt issued by the Issuer shall require a written opinion from the Issuer's bond counsel, as appropriate, regarding (i) the validity and binding effect of the Debt, and (ii) the exemption of interest from Federal and State income taxes.
- 2) **Disclosure Counsel.** The Issuer may utilize a disclosure counsel firm to provide ongoing legal advisory services with respect to initial and continuing disclosure in connection with the Issuer's outstanding and proposed Debt. Such firm may be one of the Issuer's bond counsel firms.
- 3) **Other Legal Counsel.** The Issuer may encourage or require, as appropriate, the retention and use of legal counsel by other parties involved in the issuance of Debt and the execution of related agreements which are approved by the Issuer.

C) Issuer Consultant

The Issuer may utilize one or more outside Issuer consultants to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt, Issuer fares, strategic business and financial decisions and such other matters as the Issuer requires.

D) Trustees and Fiscal Agents

The Issuer may engage bond trustees and/or fiscal agents, paying agents and tender agents, as necessary or appropriate, in connection with the issuance of its Debt.

E) Underwriters/Remarketing Agents/Broker-Dealers

The Issuer may engage an underwriter or a team of underwriters, including a senior managing underwriter, in connection with the negotiated sale of its Debt. The Issuer also may engage one or more underwriters, as necessary or appropriate, to serve as remarketing agents, broker-dealers or in other similar capacities with respect to variable rate, auction, tender option, commercial paper and other similar types of Debt issued by the Issuer.

F) Feasibility Consultants

The Issuer may retain feasibility consultants in connection with proposed project, programs, facilities or activities to be financed in whole or in part from proceeds of Debt. The criteria for the selection of such feasibility consultants, in addition to those set forth above, shall include their expertise and experience with projects, programs, facilities or activities similar to those proposed to be undertaken by the Issuer.

G) Arbitrage Rebate Services Providers

Because of the complexity of the Federal arbitrage rebate statutes and regulations, and the severity of potential penalties for non-compliance, the Issuer may retain an arbitrage rebate services provider in connection with its outstanding and proposed Debt, and may also solicit related legal and tax advice from its bond counsel or separate tax counsel. The responsibilities of the arbitrage rebate services provider shall include: (i) the periodic calculation of any accrued arbitrage rebate liability and of any rebate payments due under and in accordance with the Code and the related rebate regulations; (ii) advice regarding strategies for minimizing arbitrage rebate liability; (iii) the preparation and filing of periodic forms and information required to be submitted to the Internal Revenue Service; (iv) the preparation and filing of requests for reimbursement of any prior overpayments; and (v) other related matters as requested by the Issuer.

The Issuer shall maintain necessary and appropriate records regarding (i) the expenditure of proceeds of Debt, including the individual projects and facilities financed and the amounts expended thereon, and (ii) investment earnings on such Debt proceeds. The Issuer shall maintain such records for such period of time as shall be required by the Code.

H) Other Professional Services

The Issuer may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, as may be necessary or appropriate in connection with its Debt.

XV. Budgeting and Capital Planning

The Issuer's budgeting process, including its budgeting process for capital expenditures, shall provide a framework for evaluating proposed Debt issuances.

XVI. Credit Rating Objectives

The Issuer shall seek to preserve and enhance the credit ratings with respect to its outstanding Debt, if any, to the extent consistent with the Issuer's current and anticipated business operations and financial condition, strategic plans and goals and other objectives, and in accordance with any developed credit strategies.

XVII. Debt Affordability

The Issuer shall periodically review its debt affordability levels and capacity for the undertaking of new financing obligations to fund its expenditure plans. Debt affordability measures shall be based upon the credit objectives of the Issuer, criteria identified by rating agencies, comparison of industry peers and other internal factors of the Issuer.

XVIII. Relationships with Market Participants

The Issuer shall seek to preserve and enhance its relationships with the various participants in the municipal bond market, including without limitation, the Rating Agencies, Bond Insurers, credit/liquidity providers and current and prospective investors, including through periodic communication with such participants.

The Issuer shall prepare or cause to be prepared appropriate disclosures as required by the Securities and Exchange Commission Rule 15c2-12, the federal government, the State of California, rating agencies and other persons or entities entitled to disclosure to ensure compliance with applicable laws and regulations and agreements to provide ongoing disclosure.

XIX. Periodic Review

The Chief Financial Officer shall review this Debt Policy on a periodic basis, and recommend any changes to the Board for consideration.

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Input:	
Document 1 ID	netdocuments://4815-8209-0710/2
Description	CEA Debt Management Policy
Document 2 ID	netdocuments://4815-8209-0710/4
Description	CEA Debt Management Policy
Rendering set	standard

Legend:	
Insertion	
Deletion	
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Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	25
Deletions	5
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	30

Exhibit B

UPDATED DEBT POLICY

(See attachment)

CLEAN ENERGY ALLIANCE

DEBT POLICY

Updated as of December 30, 2021

I. Purpose

The purpose of this Debt Policy (the “Debt Policy”) is to establish comprehensive guidelines for the issuance and management of debt (herein referred as “Debt”) issued by the Clean Energy Alliance (the “Issuer”). This Debt Policy is intended to help ensure that: (i) the Issuer, the governing body of the Issuer (the “Board of Directors” or the “Board”), and Issuer management and staff adhere to sound debt issuance and management practices; (ii) the Issuer achieves the most advantageous cost of capital within prudent risk parameters; (iii) the Issuer preserves future financial flexibility; and (iii) the Issuer preserves and enhances the credit ratings assigned to its debt.

II. Scope of Debt Policy

This Debt Policy shall provide guidance for the issuance and management of bonds and other forms of indebtedness of the Issuer, together with any credit, liquidity and other ancillary instruments and agreements secured or executed in connection with such transactions. While adherence to this Debt Policy is recommended in applicable circumstances, the Issuer recognizes that changes in the capital markets, Issuer programs and other unforeseen circumstances may produce situations that are not covered by the Debt Policy or require modifications or exceptions to achieve Debt Policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained. The Issuer may approve Debt and other related agreements the terms or provisions of which deviate from this Debt Policy, upon the recommendation and approval of the Chief Financial Officer of the Issuer (the “Chief Financial Officer”) as circumstances warrant. The failure by the Issuer to comply with any provision of this Debt Policy shall not affect the validity of any Debt that is otherwise duly authorized and executed.

The Chief Financial Officer is the designated administrator of the Debt Policy. The Chief Financial Officer shall have the day-to-day responsibility and authority for structuring, implementing and managing the Issuer's debt and financing program. The Debt Policy requires that each debt issuance be specifically authorized by the Board of Directors.

III. Legal Authority; Compliance with Laws, Resolutions, Debt Documents and Contracts

A) Legal Authority

The Issuer has exclusive authority to plan and issue Debt for Issuer related purposes, subject to approval by the Board of Directors.

B) Compliance with Law

All Debt of the Issuer shall be issued in accordance with applicable Federal and State laws, rules and regulations, including without limitation the Internal Revenue Code of 1986 (the “Code”) with respect to the issuance of tax-exempt Debt, the Securities Act of 1933 and the Securities Exchange Act of 1934, in each case as supplemented and amended, and regulations promulgated pursuant to such laws.

C) Compliance with Issuer Resolutions and Debt Documents

Debt of the Issuer shall be issued in accordance with applicable resolutions and debt documents of the Issuer, in each case as supplemented and amended.

D) Compliance with Other Agreements

Debt of the Issuer shall be issued in compliance with any other agreements of the Issuer with credit or liquidity providers, bond insurers or other third parties.

E) Compliance with SB 1029

This Debt Policy complies with California Senate Bill 1029 (2016). As amended by Senate Bill 1029, California Government Code Section 8855(i) requires issuers to adopt debt policies addressing each of the five items below:

1) *The purposes for which the debt proceeds may be used.*

Section V (Purposes for Debt) and Section VI (Types of and Limitations on Debt) address the purposes for which debt proceeds may be used.

2) *The types of debt that may be issued.*

Section VI (Types of and Limitations on Debt) provides information regarding the types of debt that may be issued.

3) *The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.*

Section XV (Budgeting and Capital Planning) provides information regarding the relationship between the Issuer’s debt and budgeting process, including its budgeting process for capital expenditures.

4) *Policy goals related to the issuer's planning goals and objectives.*

As described in Section I (Purpose), Section XVI (Credit Rating Objectives), Section XVII (Debt Affordability), and other sections, this Policy has been adopted to assist with the Issuer’s goals of adhering to sound debt issuance and management practices, achieving the most advantageous cost of capital within prudent risk

parameters, preserving future financial flexibility, and preserving and enhancing the credit ratings assigned to its debt.

5) The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Section IVA.6 (Administration of Debt Policy) provides information regarding the Issuer's internal control procedures designed to ensure that the proceeds of its debt issues are spent as intended.

IV. Administration of Debt Policy

A) Issuer

The Issuer shall be responsible for:

- 1) Approval of the issuance of all Debt and the terms and provisions thereof;
- 2) Appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants, trustee and other professionals retained in connection with the issuance of Debt;
- 3) Approval of this Debt Policy and any supplements or amendments;
- 4) Periodic approval of the Issuer's expenditure plans;
- 5) Periodic approval of proposed Issuer annual and supplemental budgets for submission to the Board of Directors, including without limitation provisions for the timely payment of principal of and interest on all Debt; and
- 6) Maintaining internal control procedures with respect to Debt proceeds. Debt proceeds will be held either by a third-party trustee, which will disburse such proceeds to the Issuer upon the submission of one or more written requisitions, or by the Issuer to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Issuer.

B) Chief Financial Officer

The Chief Financial Officer shall have responsibility and authority for the structure, issuance and management of the Issuer's Debt and financing programs. These responsibilities shall include, but not be limited to, the following:

- 1) Determining the appropriate structure and terms for all proposed debt transactions;

- 2) Undertaking to issue Debt at the most advantageous interest and other costs consistent with prudent levels of risk;
- 3) Ensuring compliance of any proposed Debt with any applicable additional debt limitations under State law, or the Issuer's Debt Policy, resolutions and debt documents;
- 4) Seeking approval from the Board of Directors for the issuance of Debt or other debt obligations;
- 5) Coordinating with other public agencies in connection with necessary approvals associated with Debt issuance;
- 6) Recommending to the Board of Directors the manner of sale of any Debt or other debt transactions;
- 7) Monitoring opportunities to refund outstanding Debt to achieve debt service savings, and recommending such refunding to the Board, as appropriate;
- 8) Providing for and participating in the preparation and review of all legal and disclosure documents in connection with the issuance of any Debt by the Issuer;
- 9) Recommending the appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants and other professionals retained in connection with the Issuer's debt issuance as necessary or appropriate;
- 10) Distributing information regarding the business operations and financial condition of the Issuer to appropriate bodies on a timely basis in compliance with any applicable continuing disclosure requirements;
- 11) Communicating regularly with the rating agencies, bond insurers, investment providers, institutional investors and other market participants related to the Issuer's Debt; and
- 12) Maintaining a database with summary information regarding all of the Issuer's outstanding Debt and other debt obligations.

C) Procedures for Approval of Debt

Any proposed issuance of Debt by the Issuer shall be submitted to and subject to authorization and approval by the Board of Directors.

D) Considerations in Approving Issuance of Debt

The Issuer may take into consideration any or all of the following factors, as appropriate, prior to approving the proposed issuance of Debt:

- 1) Whether the proposed issuance complies with this Debt Policy;
- 2) Source(s) of payment and security for the Debt;
- 3) Projected revenues and other benefits from the projects proposed to be funded;
- 4) Projected operating costs and other costs related to the proposed projects;
- 5) Impacts, if any, on Issuer and Debt credit ratings;
- 6) Period, if any, over which interest on the Debt should be capitalized;
- 7) Extent to which debt service on the Debt should be level or non-level;
- 8) Appropriate lien priority of the Debt; and
- 9) Adequacy of the proposed disclosure document.

V. Purposes for Debt

The Issuer may issue Debt for the purposes of financing and refinancing the costs of capital projects undertaken by the Issuer. The Issuer may also issue Debt for working capital purposes/startup related costs and expenses and to pay other extraordinary unfunded costs, including, but not limited to, termination or other similar payments due in connection with interest rate swaps (if any) and investment agreements entered into in connection with Debt. Proceeds of Debt may be applied to pay costs of issuance, to fund capitalized interest and debt service reserves and to pay costs incurred in connection with securing credit enhancement, including, but not limited to, premiums payable for bond insurance and reserve fund sureties.

A) New Money Debt

New money issues are typically those financings that generate additional funding to be available for expenditure on capital projects. New money proceeds may not be used to fund non-capital operational activities other than working capital or startup related costs. Working capital or startup related costs may be financed by short term Debt, as provided in Section VI.B.

B) Refunding Debt

The Issuer may issue Debt to refund the principal of and interest on outstanding Debt of the Issuer in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded Debt; or (v) modify covenants otherwise binding upon the Issuer. Refunding Debt may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The Issuer may also utilize a tender offer process to refund Debt that is not otherwise subject to optional call by the Issuer.

Refunding Debt should be issued to achieve debt service savings in most cases. Refundings which do not produce savings are permitted if justified based on the need for restructuring to remove covenants/pledges that are restrictive and/or no longer required by the market and/or to make other changes in debt documents that would benefit the current, short-term, or long term capital cost of the Issuer.

VI. Types of and Limitations on Debt

A) Long-Term Debt

The Issuer may issue Debt with longer-term maturities to amortize Issuer capital or other costs over a period commensurate with the expected life, use or benefit provided by the project, program or facilities financed from such Debt. Long-term Debt will generally have a final maturity of five (5) years or more. Long-term debt is appropriate for financing essential capital projects and certain capital equipment where the project being financed will provide benefit over multiple years and the Issuer considers the project to be of vital, time-sensitive need and there are no plausible alternative financing sources after considering other alternatives, such as pay-as-you-go funding or existing funds on hand.

B) Short-Term Debt

The Issuer may issue Debt with shorter-term maturities to provide interim funding for capital projects and expenditures that will ultimately be funded from another source such as a grant, a long-term Debt issue, or the receipt of Federal or State grants, other revenues, and/or for cash flow management (including but not limited to working capital or startup related costs). Short-term Debt generally shall consist of Debt of an issue with a final maturity of five (5) years or less and may include, but is not limited to, Debt in the form of Tax and Revenue Anticipation Notes, Bond Anticipation Notes, Grant Anticipation Notes, and/or Commercial Paper.

C) Power Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from power revenues. It is

expected that power revenue debt will represent the principal form of Debt of the Issuer.

D) Other Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from other types of revenues.

E) Other Federally Supported Programs

The Issuer may also participate in federal loans administered or provided by the United States as well as federally subsidized taxable and tax-exempt bond programs, and may secure credit enhancement and/or credit support provided under Federal programs, provided such loans, bonds or programs provide an attractive funding cost or other desirable features such as, but not limited to, deep subordination of the repayment obligation, an unusually long repayment term, or no payment due until a certain period after substantial project completion.

F) Fixed-Rate Debt

The Issuer may issue Debt that bears a fixed-rate rate of interest.

G) Variable Rate Debt

The Issuer may also issue Debt that bears a variable rate of interest, including, but not limited to, variable rate demand obligations, commercial paper and floating rate notes.

VII. Terms and Provisions of Debt

A) Debt Service Structure

The Issuer shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility and, as practical, to recapture or maximize its debt capacity for future use. Annual debt service payments will generally be structured on a level basis; however, principal amortization may occur more quickly or slowly where permissible, to mirror debt repayment streams and/or provide future financing flexibility.

B) Amortization of Principal

Long-term Debt of the Issuer shall be issued with maturities that amortize the principal of such Debt over a period commensurate with the expected life, use or benefit (measured in years) provided by the projects, programs and/or facilities financed from the proceeds of such Debt. The weighted average maturity of such Debt (if issued as tax-exempt Debt) should not exceed one hundred and twenty percent (120%) of the reasonably estimated weighted average life, use or benefit (measured in years) of the projects, programs and/or facilities financed from the proceeds of such Debt.

Amortization of principal may be achieved either through serial maturities and/or through term Debt subject to mandatory sinking fund payments and/or optional redemptions.

C) Capitalized Interest

The Issuer may fund interest on Debt from proceeds of Debt for legal, budgeting or structuring purposes.

D) Call Provisions for Debt

- 1) Optional Call Provisions. The Issuer shall seek to include the shortest practicable optional call rights, with and/or without a call premium, consistent with optimal pricing of such Debt. Call premiums, if any, should not be in excess of then prevailing market standards and to the extent consistent with the most advantageous borrowing cost for the Issuer. Non-callable maturities may be considered and used to accommodate market requirements or other advantageous benefits to the Issuer.
- 2) Extraordinary Call Provisions. The Issuer, at its option, may include extraordinary call provisions, including for example with respect to unspent proceeds, damage to or destruction of the project or facilities financed, or other matters, as the Issuer may determine is necessary or desirable.

E) Payment of Interest

- 1) Current Interest Debt may be issued. It is anticipated that the interest on most, if not all, Debt issued will be paid on a current interest basis.
- 2) Deferred Interest Debt may also be issued. Debt of the Issuer may be issued with the payment of actual or effective interest deferred in whole or in part to the maturity or redemption date of each debt instrument, or the conversion of such debt instrument to a current interest-paying debt instrument (known, respectively, as capital appreciation bonds, zero coupon bonds and convertible capital

appreciation bonds). Deferred Interest Debt may be issued to achieve optimal sizing, debt service structuring, pricing or other purposes.

F) Determination of Variable Interest Rates on Debt

The interest rate from time to time on Debt the interest of which is not fixed to maturity may be determined in such manner that the Issuer determines, including without limitation on a daily, weekly, monthly or other periodic basis, by reference to an index, prevailing market rates or other measures, and by or through an auction or other method.

G) Tender Options on Debt

The Issuer may issue Debt subject to the right or obligation of the holder to tender the Debt back to the Issuer for purchase, including, for example, to enable the holder to liquidate their position, or upon the occurrence of specified credit events, interest rate mode changes or other circumstances. The obligation of the Issuer to make payments to the holder upon any such tender may be secured by (i) a credit or liquidity facility from a financial institution in an amount at least equal to the principal amount of the Debt subject to tender, (ii) a liquidity or similar account into which the Issuer shall deposit and maintain an amount at least equal to the principal amount of the Debt subject to tender, or (iii) other means of self-liquidity that the Issuer deems prudent.

H) Multi-Modal Debt

The Issuer may issue Debt that may be converted between two or more interest rate modes without the necessity of a refunding. Such interest rate modes may include, without limitation: daily interest rates, weekly interest rates, other periodically variable interest rates, commercial paper rates, auction rates, fixed rates for a term and fixed rates to maturity (in each case with or without tender options).

I) Debt Service Reserve Funds

The Issuer may issue Debt that is secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of Debt, and may be funded by proceeds of Debt, other available moneys of the Issuer, and/or by surety policies, letters or lines of credit or other similar instruments. Surety policies, letters or lines of credit or other similar instruments may be substituted for amounts on deposit in a debt service reserve fund if such amounts are needed for capital projects or other purposes.

Amounts in the debt service reserve funds shall be invested in accordance with the requirements of the applicable Debt documents in order to (i) maximize the rate of return on such amounts; (ii) minimize the risk of loss; (iii) minimize volatility in the

value of such investments; and (iv) maximize liquidity so that such amounts will be available if it is necessary to draw upon them.

J) Lien Levels

The Issuer may create senior and junior lien pledges, as well as pledges at various lien priority levels, for each fund source which secures Debt repayment in order to optimize financing capacity.

VIII. Maintenance of Liquidity; Reserves

The Issuer may maintain unencumbered reserves in amounts sufficient in the determination of the Issuer to cover unexpected revenue losses, extraordinary payments and other contingencies, and to provide liquidity in connection with the Issuer's outstanding Debt.

IX. Investment of Debt Proceeds and Related Moneys

Proceeds of Debt and amounts in the Issuer's debt service, project fund and debt service reserve funds with respect to outstanding Debt shall be invested in accordance with the terms of the applicable Debt documents and other applicable agreements of the Issuer.

X. Third Party Credit Enhancement

The Issuer may secure credit enhancement for its Debt from third-party credit providers to the extent such credit enhancement is available upon reasonable, competitive and cost-effective terms. Such credit enhancement may include municipal bond insurance ("Bond Insurance"), letters of credit and lines of credit (collectively and individually, "Credit Facilities"), as well as other similar instruments.

A) Bond Insurance

All or any portion of an issue of Debt may be secured by Bond Insurance provided by municipal bond insurers ("Bond Insurers") if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular issue of Debt. The relative cost or benefit of Bond Insurance may be determined by comparing the amount of the Bond Insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

B) Credit Facilities

The issuance of certain types of Debt requires a letter of credit or line of credit (a "Credit Facility") from a commercial bank or other qualified financial institution to provide liquidity and/or credit support. The types of Debt where a Credit Facility may be necessary include commercial paper, variable rate Debt with a tender option and

Debt that could not receive an investment grade credit rating in the absence of such a facility.

The criteria for selection of a Credit Facility provider shall include the following:

- 1) Long-term ratings from at least two nationally recognized credit rating agencies (“Rating Agencies”) preferably to be equal to or better than those of the Issuer, if any;
- 2) Short-term ratings as appropriate for the type of Debt being issued;
- 3) Experience providing such facilities to state and local government issuers;
- 4) Fees, including without limitation initial and ongoing costs of the Credit Facility; draw, transfer and related fees; counsel fees; termination fees and any trading differential; and
- 5) Willingness to agree to the terms and conditions proposed or required by the Issuer.

XI. Use of Derivatives

Derivative products include but are not limited to interest rate swaps, interest rates caps and collars and forward or other hedging agreements. Derivative products will be considered in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or, alternatively, where it will reduce total debt service cost in a manner that exceed the risks. Derivative products will only be utilized following the adoption of derivative product policy and with prior Board approval. In addition, an analysis of early termination costs and other conditional terms must be completed by the Issuer’s municipal advisor prior to the approval of any derivative product by the Board. Such analysis will document the risks and benefits associated with the use of the particular derivative product.

XII. Methods of Sale and Pricing of Debt

There are three principal methods for the sale of Debt: (i) competitive; (ii) negotiated and (iii) private placement. In addition, Debt may be incurred as a direct loan. The Issuer shall utilize the method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Debt and (b) provides the Issuer with the flexibility most desirable in connection with the structuring, timing or terms of such Debt. The Issuer shall utilize such method that is likely to provide the most advantageous borrowing costs and execution on behalf of the Issuer.

Debt may be sold at such prices, including at par, a premium or a discount, as the Issuer, in consultation with its municipal advisor, may determine is likely to produce the most

advantageous interest cost under then prevailing market conditions, subject to compliance with applicable State law and Federal securities laws.

A) Competitive Sale

The competitive method of sale is appropriate when:

- 1) Bond prices are stable and/or there is strong demand for the bonds;
- 2) Market timing and interest rate sensitivity are not critical to the pricing;
- 3) Issuer has a strong credit rating and is well known to investors;
- 4) The Issuer has straightforward political and organizational structure, and the project, funding, and credit quality are easy to understand and market to potential investors; and
- 5) The Debt type and structure are conventional and the transaction size is manageable.

B) Negotiated Sale

A negotiated sale is appropriate when:

- 1) There is market volatility and/or weak demand and high supply of competing financings;
- 2) The Debt structure is complex;
- 3) Issuer has lower or weakening credit rating and is not well known to investors;
- 4) The Debt has non-standard structural features, such as a forward delivery, issuance of variable rate bonds, use of derivative products, or possesses a specific structuring feature that benefits from a negotiated sale;
- 5) Early structuring and market participation by underwriters are desired and there is strong projected retail demand for the Debt; and
- 6) The Debt size is significantly larger and would limit competition.

For a negotiated bond sale, the Issuer, with the assistance of its municipal advisor, will conduct a competitive underwriter selection process for either a specific Debt issue or through the establishment of an underwriter pool from which to choose over a defined period of time.

C) Private Placement

A private placement is structured for one purchaser or a group of purchasers, who are typically qualified institutional buyers, in a non-public offering conducted by an underwriting firm serving as placement agent. Since no public offering is involved, securities disclosure requirements are not as heavy. If a private placement is considered as the optimal sale method for the Issuer, the municipal advisor will conduct a competitive selection process to recommend the placement agent.

D) Direct Purchase; Direct Loan; Revolving Obligations

A direct purchase or direct loan is structured specifically for one bank (or a syndicate of banks), putting the Issuer and bank in a bilateral borrower-lender relationship. Examples include a direct purchase agreement or revolving credit facility. Securities disclosure requirements are the least burdensome for this structure. A direct purchase or direct loan may be advisable if the Issuer is unable to access the municipal capital markets or for other reasons. If a direct purchase or direct loan is contemplated, a municipal advisor, if any, should conduct a competitive selection process to recommend the bank. Selection criteria will include:

- 1) A term sheet to be provided along with the request for qualifications, with any requested modifications to be highlighted by the bank and taken into consideration in the evaluation process;
- 2) A representative list of clients for whom the bank has provided similar agreements; and
- 3) Evaluation of fees, specifically, cost of the agreement including index, spread, and other administrative charges. The evaluation of fees, terms and conditions will be compared to other alternative financing methods.

XIII. Debt Redemption Programs

The Issuer may establish from time-to-time a plan or program for the payment and/or redemption of outstanding Debt and/or interest thereon from revenues and/or other available funds pursuant to a recommendation from the Chief Financial Officer. Such plan or program may be for the purposes of reducing outstanding Debt, managing the amount of debt service payable in any year, or other suitable purposes, as determined by the Issuer.

XIV. Professional Services

The Issuer may retain professional services providers as necessary or desirable in connection with: (i) the structuring, issuance and sale of its Debt; (ii) monitoring of and advice regarding its outstanding Debt; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation Bond Insurance, Credit Facilities,

Derivatives and investment agreements; and (iv) other similar or related matters. Professional service providers may include municipal advisors, bond counsel, disclosure counsel, Issuer consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

The Issuer shall require that its Municipal Advisors, bond and disclosure counsel and other Issuer consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained.

A) Municipal Advisors

The Issuer may utilize one or more municipal advisors to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives, investment agreements and other similar matters. Municipal advisors must be registered with the Municipal Securities Rulemaking Board and as a municipal advisor as such term is defined in the Securities Exchange Act of 1934 and shall be required to disclose any conflicts of interest.

B) Bond Counsel, Disclosure Counsel and Other Legal Counsel

- 1) Bond Counsel. The Issuer may utilize one or more bond counsel firms to provide ongoing legal advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Credit Facilities, Derivatives, investment agreements and other similar matters. All Debt issued by the Issuer shall require a written opinion from the Issuer's bond counsel, as appropriate, regarding (i) the validity and binding effect of the Debt, and (ii) the exemption of interest from Federal and State income taxes.
- 2) Disclosure Counsel. The Issuer may utilize a disclosure counsel firm to provide ongoing legal advisory services with respect to initial and continuing disclosure in connection with the Issuer's outstanding and proposed Debt. Such firm may be one of the Issuer's bond counsel firms.
- 3) Other Legal Counsel. The Issuer may encourage or require, as appropriate, the retention and use of legal counsel by other parties involved in the issuance of Debt and the execution of related agreements which are approved by the Issuer.

C) Issuer Consultant

The Issuer may utilize one or more outside Issuer consultants to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt, Issuer fares, strategic business and financial decisions and such other matters as the Issuer requires.

D) Trustees and Fiscal Agents

The Issuer may engage bond trustees and/or fiscal agents, paying agents and tender agents, as necessary or appropriate, in connection with the issuance of its Debt.

E) Underwriters/Remarketing Agents/Broker-Dealers

The Issuer may engage an underwriter or a team of underwriters, including a senior managing underwriter, in connection with the negotiated sale of its Debt. The Issuer also may engage one or more underwriters, as necessary or appropriate, to serve as remarketing agents, broker-dealers or in other similar capacities with respect to variable rate, auction, tender option, commercial paper and other similar types of Debt issued by the Issuer.

F) Feasibility Consultants

The Issuer may retain feasibility consultants in connection with proposed project, programs, facilities or activities to be financed in whole or in part from proceeds of Debt. The criteria for the selection of such feasibility consultants, in addition to those set forth above, shall include their expertise and experience with projects, programs, facilities or activities similar to those proposed to be undertaken by the Issuer.

G) Arbitrage Rebate Services Providers

Because of the complexity of the Federal arbitrage rebate statutes and regulations, and the severity of potential penalties for non-compliance, the Issuer may retain an arbitrage rebate services provider in connection with its outstanding and proposed Debt, and may also solicit related legal and tax advice from its bond counsel or separate tax counsel. The responsibilities of the arbitrage rebate services provider shall include: (i) the periodic calculation of any accrued arbitrage rebate liability and of any rebate payments due under and in accordance with the Code and the related rebate regulations; (ii) advice regarding strategies for minimizing arbitrage rebate liability; (iii) the preparation and filing of periodic forms and information required to be submitted to the Internal Revenue Service; (iv) the preparation and filing of requests for reimbursement of any prior overpayments; and (v) other related matters as requested by the Issuer.

The Issuer shall maintain necessary and appropriate records regarding (i) the expenditure of proceeds of Debt, including the individual projects and facilities financed and the amounts expended thereon, and (ii) investment earnings on such Debt proceeds. The Issuer shall maintain such records for such period of time as shall be required by the Code.

H) Other Professional Services

The Issuer may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, as may be necessary or appropriate in connection with its Debt.

XV. Budgeting and Capital Planning

The Issuer's budgeting process, including its budgeting process for capital expenditures, shall provide a framework for evaluating proposed Debt issuances.

XVI. Credit Rating Objectives

The Issuer shall seek to preserve and enhance the credit ratings with respect to its outstanding Debt, if any, to the extent consistent with the Issuer's current and anticipated business operations and financial condition, strategic plans and goals and other objectives, and in accordance with any developed credit strategies.

XVII. Debt Affordability

The Issuer shall periodically review its debt affordability levels and capacity for the undertaking of new financing obligations to fund its expenditure plans. Debt affordability measures shall be based upon the credit objectives of the Issuer, criteria identified by rating agencies, comparison of industry peers and other internal factors of the Issuer.

XVIII. Relationships with Market Participants

The Issuer shall seek to preserve and enhance its relationships with the various participants in the municipal bond market, including without limitation, the Rating Agencies, Bond Insurers, credit/liquidity providers and current and prospective investors, including through periodic communication with such participants.

The Issuer shall prepare or cause to be prepared appropriate disclosures as required by the Securities and Exchange Commission Rule 15c2-12, the federal government, the State of California, rating agencies and other persons or entities entitled to disclosure to ensure compliance with applicable laws and regulations and agreements to provide ongoing disclosure.

XIX. Periodic Review

The Chief Financial Officer shall review this Debt Policy on a periodic basis, and recommend any changes to the Board for consideration.



Staff Report

DATE: December 30, 2021

TO: Clean Energy Alliance Board of Directors

FROM: Barbara Boswell, Chief Executive Officer

ITEM 4: Consider Adoption of Resolution No. 2021-017, Amending Resolution No. 2021-007, Setting Rates for Clean Energy Alliance

RECOMMENDATION

Adopt Resolution No. 2021-017, amending Resolution No. 2021-007, setting rates for Clean Energy Alliance and authorize staff to adjust the rate schedule as appropriate to ensure all rates are treated equitably regarding achieving savings compared to the San Diego Gas & Electric 2022 rate schedules.

BACKGROUND AND DISCUSSION

At its March 4, 2021 meeting, the Clean Energy Alliance (CEA) Board set initial rates that are charged to customers for energy consumed through adoption of Resolution No. 2021-007. CEA's rates are set to achieve the following goals:

- Generate revenue sufficient to cover costs
- Provide funds to meet financial reserve policy of minimum 5% contribution per year
- Meet credit facility covenants
- Maintain competitiveness with San Diego Gas & Electric (SDG&E)
 - Target 2% customer savings on generation related costs as calculated on CEA's Clean Impact power supply product
- Provide rate stability – minimize rate changes

For ease in customer understanding and comparison to SDG&E, CEA mirrors SDG&E rate schedules including time-of-use periods. In developing rates, CEA begins with SDG&E's rate schedules, deducts exit fees that SDG&E charges CEA customers, and then applies a 2% discount. CEA analyzes the resulting revenue generated by these rates to determine revenue sufficiency. If rates are not sufficient to cover operating costs, the discount is adjusted until revenue sufficiency is achieved.

SDG&E's rates are approved by the California Public Utilities Commission (CPUC) through its Energy Resource Recovery Account (ERRA) application. The application for 2022 rates was initially submitted to the CPUC in May 2021, was amended in November 2021 to update assumptions used in determining SDG&E's revenue requirements and resulting rate adjustment and finally approved through the CPUC final decision on December 16, 2021. Through this lengthy process, SDG&E actual rate schedules are not

made available until after final CPUC approval, however, CEA used the system average changes as reflected in SDG&E’s ERRRA filings to prepare the recommended CEA rate schedules.

The resulting CEA rate schedule, based on using SG&E’s system average rate adjustment, meets CEA’s rate setting goals including maintaining the 2% discount on the Clean Impact power supply product. Since the rate adjustment is only in effect for part of FY 2022, and would be reflected in the lower winter rates, the revenue does not fully recover costs for FY 2022. Staff will be presenting a credit solution that provides the necessary funds at a future agenda item.

Impact of Rate Change - Average Residential Customer

The tables below summarize the impact of proposed rate change for an average residential customer for the two Power Charge Indifference Adjustment (PCIA) vintages (2020 for the Carlsbad and Del Mar customers and 2017 for Solana Beach). The comparison is based on comparing CEA’s Clean Impact, 50% minimum renewable power supply to SDG&E’s 31.3% base power supply product (Per SDG&E’s 2019 Power Content label, the most current information available).

2020 PCIA Vintage – Carlsbad & Del Mar Customers

Rate: Residential DR	Current Rates		Proposed Rates		% Change	
	Eff 3/1/21		Eff 1/1/22		CEA	SDG&E
	CEA	SDG&E	CEA	SDG&E		
Generation	\$ 30.13	\$ 45.80	\$ 37.75	\$ 49.64		
SDG&E PCIA & FF	\$ 14.64		\$ 10.90			
Total Generation Related Costs	\$ 44.77	\$ 45.80	\$ 48.65	\$ 49.64	8.67%	8.38%
SDG&E Delivery *	\$ 71.26	\$ 71.26	\$ 71.26	\$ 71.26		
TOTAL AVERAGE MONTHLY BILL	\$ 116.03	\$ 117.06	\$ 119.91	\$ 120.90	3.34%	3.28%
GENERATION COST SAVINGS		-2.25%		-1.99%		
TOTAL BILL SAVINGS		-0.88%		-0.82%		

* Delivery charges are kept constant to isolate the impact of the generation cost changes.

For Carlsbad & Del Mar residential customers in the 2020 PCIA vintage, the average customer will have an approximately 3.3% increase in their total bill, or an average \$3.88 per month. The generation cost savings is maintained at the target 2% savings.

2017 PCIA Vintage – Solana Beach Customers

Rate: Residential DR	Current Rates		Proposed Rates		% Change	
	Eff 3/1/21		Eff 1/1/22		CEA	SDG&E
	CEA	SDG&E	CEA	SDG&E		
Generation	\$ 30.13	\$ 45.80	\$ 37.75	\$ 49.64		
SDG&E PCIA & FF	\$ 16.78		\$ 8.75			
Total Generation Related Costs	\$ 46.91	\$ 45.80	\$ 46.50	\$ 49.64	-0.87%	8.38%
SDG&E Delivery *	\$ 71.26	\$ 71.26	\$ 71.26	\$ 71.26		
TOTAL AVERAGE MONTHLY BILL	\$ 118.17	\$ 117.06	\$ 117.76	\$ 120.90	-0.35%	3.28%
GENERATION COST SAVINGS		2.42%		-6.33%		
TOTAL BILL SAVINGS		0.95%		-2.60%		

Solana Beach customers in the 2017 PCIA vintage will see an average bill decrease of .35% or \$.41. Generation related costs in 2021 were at an average 2.42% premium to SDG&E and will be at a 6.33% discount for 2022.

All customers, regardless of PCIA vintage, pay the same generation costs to CEA, the difference in bill is due to the differences in the PCIA that SDG&E charges CEA customers.

CEA staff will review SDG&E’s actual rate schedules once available and compare to assumptions used in developing the rate schedules proposed to the CEA Board for adoption. Staff recommends CEA Board direct staff to make any appropriate adjustment to the adopted rate schedule to ensure equity among the various rates regarding comparability to SDG&E (e.g., each rate has the same discount compared to SDG&E).

FISCAL IMPACT

The proposed rates generate sufficient revenue to cover costs in the future fiscal years when rates are effective a full year. For FY 2021/22, a credit solution will be needed to ensure sufficient funds are available for expenses through fiscal year end which will be presented to the Board at a future agenda item.

ATTACHMENTS

Resolution No. 2021-017, Amending Resolution No. 2021-007, Setting Rates for Clean Energy Alliance 2022 Proposed Rate Schedule

CLEAN ENERGY ALLIANCE
RESOLUTION NO. 2021-017

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN ENERGY
ALLIANCE AMENDING RESOLUTION NO. 2021-007, SETTING RATES FOR
CLEAN ENERGY ALLIANCE

WHEREAS, the Clean Energy Alliance (CEA) is a joint powers agency formed on November 4, 2019, under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar created by the cities of Carlsbad, Del Mar, and Solana Beach; and

WHEREAS, Section 4.6 of the Joint Powers Authority (JPA) Agreement establishes the specific responsibility of the CEA Board of Directors to adopt retail rates for power; and

WHEREAS, Section 6.5 of the JPA Agreement states CEA's power supply base product will be greater than or equal to 50% qualified renewable resources and the Board shall establish other product offerings; and

WHEREAS, CEA established initial rates through adoption of Resolution 2021-007; and

WHEREAS, the CEA Board desires to amend Resolution No. 2021-007 and set rates to ensure revenues sufficient to cover costs and comparability with San Diego Gas & Electric rates.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. The Board of Directors of the Clean Energy Alliance hereby approves CEA Rates as detailed in Exhibit A.

The foregoing Resolution was passed and adopted this 30th day of December 2021, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Kristi Becker, Chair

ATTEST:

Sheila Cobian, Interim Board Secretary



PROPOSED RATES EFFECTIVE JANUARY 1, 2022

The rates below reflect Clean Energy Alliance's (CEA) generation rate, and do not include San Diego Gas & Electric (SDG&E) delivery charge, General Municipal Surcharge (GMS), or the Power Charge Indifference Adjustment (Exit Fees) on SDG&E's CCA-CRS rate tariff. Information for these charges can be found at www.sdge.com.

SDG&E to SDG&E Rate Mapping

The table below maps SDG&E rates to CEA rates

SDG&E RATE	CEA RATE
RESIDENTIAL	
Schedule DR-LI and Medical Baseline Customers	DR-LI-MB
DR-TOU, DR-TOU-CARE, DR-TOU-MB	DR-TOU
DR-SES, DR-SES-CARE, DR-SES-MB	DR-SES
EV-TOU	EV-TOU
EV-TOU-2, EV-TOU-2-CARE, EV-TOU-2-MB	EV-TOU-2
EV-TOU-5, EV-TOU-5-CARE, EV-TOU-5-MB	EV-TOU-5
TOU-DR-1, TOU-DR-1-CARE, TOU-DR-1-MB	TOU-DR-1
TOU-DR-2, TOU-DR-CARE, TOU-DR-2-MB	TOU-DR-2
TOU-DR, TOU-DR-CARE, TOU-DR-MB	TOU-DR
DR-SES (Grandfathered)	G-DR-SES
EV-TOU (Grandfathered)	G-EV-TOU
EV-TOU-2, EV-TOU-2-CARE, EV-TOU-2-MB (Grandfathered)	G-EV-TOU-2
TOU-DR, TOU-DR-CARE, TOU-DR-MB (Grandfathered)	G-TOU-DR
COMMERCIAL/INDUSTRIAL	
TOU-A	TOU-A-S
TOU-A	TOU-A-P
TOU-A-LI, TOU-A-2-LI, TOU-M-LI	E-LI-TOU
AL-TOU-LI, DG-R-LI	E-LI-NR
TOU-A-2 – Secondary	TOU-A-2-S
TOU-A-2 – Primary	TOU-A-2-P
TOU-A-3 – Secondary	TOU-A-3-S
TOU-A-3 -Primary	TOU-A-3-P
TOU-M	TOU-M
A-TC	A-TC
OL-TOU	OL-TOU
AL-TOU – Secondary	AL-TOU-S
AL-TOU – Primary	AL-TOU-P
AL-TOU - Transmission	AL-TOU-T
AL-TOU-2 - Secondary	AL-TOU-2-S
AL-TOU-2 - Primary	AL-TOU-2-P

SDG&E RATE	CEA RATE
AL-TOU-2 - Transmission	AL-TOU-2-T
DG-R – Secondary	DG-R-S
DG-R – Primary	DG-R-P
DG-T - Transmission	DG-R-T
A6-TOU – Primary	A6-TOU-P
A6-TOU - Transmission	A6-TOU-T
TOU-M (Grandfathered)	G-TOU-M
OL-TOU (Grandfathered)	G-OL-TOU
TOU-A (Grandfathered) – Secondary	G-TOU-A-S
TOU-A (Grandfathered) – Primary	G-TOU-A-P
AL-TOU (Grandfathered) – Secondary	G-AL-TOU-S
AL-TOU (Grandfathered) – Primary	G-AL-TOU-P
AL-TOU (Grandfathered) – Transmission	G-AL-TOU-T
DG-R (Grandfathered) – Secondary	G-DG-R-S
DG-R (Grandfathered) – Primary	G-DG-R-P
DG-R (Grandfathered) – Transmission	G-DG-R-T
A6-TOU (Grandfathered) – Primary	G-A6-TOU-P
A6-TOU (Grandfathered) – Transmission	G-A6-TOU-T
PUMPING/AGRICULTURE	
TOU-PA<20kW – Secondary	TOU-PA-S
TOU-PA<20kW – Primary	TOU-PA-P
TOU-PA-2>=20kW – Secondary	TOU-PA-2-S
TOU-PA-2>=20kW – Primary	TOU-PA-2-P
TOU-PA-3<20kW – Secondary	TOU-PA-3-S<20kW
TOU-PA-3<20kW – Primary	TOU-PA-3-P<20kW
TOU-PA-3>=20kW – Secondary	TOU-PA-3-S>=20kW
TOU-PA-3>=20kW – Primary	TOU-PA-3-P>=20kW
PA-T-1 – Secondary	PA-T-1-S
PA-T-1 – Primary	PA-T-1-P
PA-T-1 - Transmission	PA-T-1-T
PA-T-1 (Grandfathered) – Secondary	G-PA-T-1-S
PA-T-1 (Grandfathered) – Primary	G-PA-T-1-P
PA-T-1 (Grandfathered) – Transmission	G-PA-T-1-T
TOU-PA<20kW (Grandfathered) – Secondary	G-TOU-PA-S
TOU-PA<20kW (Grandfathered) – Primary	G-TOU-PA-P
TOU-PA>=20kW (Grandfathered) – Secondary	G-TOU-PA-2-S
TOU-PA>=20kW (Grandfathered) – Primary	G-TOU-PA-2-P
LIGHTING	
LS-1, LS-2, LS-3, OL-1, DWL and LS-2 DS	LS
OL-2	OL-2
LS-2 AD	LS-2-AD

TIME-OF-USE PERIODS

Weekdays	Summer June 1 – October 31	Winter November 1 – May 31
On-Peak	4pm – 9pm	4pm – 9pm
Off-Peak	6am – 4pm; 9pm – midnight	6am – 4pm Excluding 10am-2pm in March & April; 9pm – midnight
Super Off-Peak	Midnight – 6am	Midnight- 6am 10am – 2pm in March & April

Weekends	Summer June 1 – October 31	Winter November 1 – May 31
On-Peak	4pm – 9pm	4pm – 9pm
Off-Peak	2pm – 4pm; 9pm – midnight	2pm – 4pm 9pm – midnight
Super Off-Peak	Midnight – 2pm	Midnight- 2pm

GRANDFATHERED TIME-OF-USE PERIODS

	Summer June 1 – October 31	Winter November 1 – May 31
On-Peak	11am-6pm Monday through Friday, excluding Holidays	N/A
Semi-Peak	6am-11am and 6pm- 10pm Monday through Friday, excluding Holidays	6am-6pm weekdays, and all hours on weekends and Holidays
Off-Peak	10pm-6am weekdays, and all hours weekends and Holidays	6pm-6am weekdays, and all hours on weekends and Holidays

CLEAN ENERGY ALLIANCE RATES

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
RESIDENTIAL			
DR	All	\$.15057	\$.06334
DR-LI-MB	All	\$.15057	\$.06334
E-LI-TOU	All	\$.06169	\$.04128
E-LI-NR	All	\$.07444	\$.05044
DR-SES	On-Peak	\$.38676	\$.06258
DR-SES	Off-Peak	\$.10523	\$.05244
DR-SES	Super Off-Peak	\$.04025	\$.04122
G-DR-SES (Grandfathered)	On-Peak	\$.38344	
G-DR-SES (Grandfathered)	Semi-Peak	\$.38342	\$.10447
G-DR-SES (Grandfathered)	Off-Peak	\$.10839	\$.09277
EV-TOU	On-Peak	\$.38676	\$.06258
EV-TOU	Off-Peak	\$.10523	\$.05244
EV-TOU	Super Off-Peak	\$.04025	\$.04122
G-EV-TOU (Grandfathered)	On-Peak	\$.33252	\$.08824
G-EV-TOU (Grandfathered)	Off-Peak	\$.31188	\$.07982
G-EV-TOU (Grandfathered)	Super Off-Peak	\$.06908	\$.06781
EV-TOU-2	On-Peak	\$.38676	\$.06258
EV-TOU-2	Off-Peak	\$.10523	\$.05244
EV-TOU-2	Super Off-Peak	\$.04025	\$.04122
G-EV-TOU-2 (Grandfathered)	On-Peak	\$.32796	\$.08404
G-EV-TOU-2 (Grandfathered)	Off-Peak	\$.28762	\$.08305
G-EV-TOU-2 (Grandfathered)	Super Off-Peak	\$.06908	\$.06781
EV-TOU-5	On-Peak	\$.38676	\$.06258
EV-TOU-5	Off-Peak	\$.10523	\$.05244
EV-TOU-5	Super Off-Peak	\$.04025	\$.04122
TOU-DR-1	On-Peak	\$.35487	\$.07591
TOU-DR-1	Off-Peak	\$.09513	\$.06428
TOU-DR-1	Super Off-Peak	\$.03510	\$.05138
TOU-DR-2	On-Peak	\$.35487	\$.07591
TOU-DR-2	Off-Peak	\$.07238	\$.05859
TOU-DR	On-Peak	\$.22978	\$.06194
TOU-DR	Off-Peak	\$.16515	\$.05188
TOU-DR	Super Off-Peak	\$.10116	\$.04072
G-TOU-DR (Grandfathered)	On-Peak	\$.27379	\$.07114

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
G-TOU-DR (Grandfathered)	Semi-Peak	\$.16999	\$.05630
G-TOU-DR (Grandfathered)	Off-Peak	\$.2316	\$.04728
COMMERCIAL/INDUSTRIAL			
TOU-A-S	On-Peak	\$.23526	\$.07037
TOU-A-S	Off-Peak	\$.11725	\$.05365
G-TOU-A-S (Grandfathered)	On-Peak	\$.24815	\$.07349
G-TOU-A-S (Grandfathered)	Semi-Peak	\$.13522	\$.05896
G-TOU-A-S (Grandfathered)	Off-Peak	\$.04828	\$.04976
TOU-A-P	On-Peak	\$.23397	\$.06993
TOU-A-P	Off-Peak	\$.11655	\$.05336
G-TOU-A-P (Grandfathered)	On-Peak	\$.24672	\$.07302
G-TOU-A-P (Grandfathered)	Semi-Peak	\$.13439	\$.05859
G-TOU-A-P (Grandfathered)	Off-Peak	\$.04791	\$.04952
TOU-A-2-S	On-Peak	\$.31111	\$.06836
TOU-A-2-S	Off-Peak	\$.10460	\$.05796
TOU-A-2-S	Super Off-Peak	\$.04627	\$.04630
TOU-A-2-P	On-Peak	\$.30949	\$.06794
TOU-A-2-P	Off-Peak	\$.10398	\$.05762
TOU-A-2-P	Super Off-Peak	\$.00000	\$.04608
TOU-A-3-S	On-Peak	\$.23897	\$.06837
TOU-A-3-S	Off-Peak	\$.13756	\$.05797
TOU-A-3-S	Super Off-Peak	\$.04589	\$.04631
TOU-A-3-P	On-Peak	\$.23771	\$.06795
TOU-A-3-P	Off-Peak	\$.13678	\$.05763
TOU-A-3-P	Super Off-Peak	\$.04556	\$.04609
A-TC	All	\$.05799	\$.05799
TOU-M	On-Peak	\$.31458	\$.06857
TOU-M	Off-Peak	\$.10539	\$.05814
TOU-M	Super Off-Peak	\$.04739	\$.04647
G-TOU-M (Grandfathered)	On-Peak	\$.20156	\$.07815
G-TOU-M (Grandfathered)	Semi-Peak	\$.19549	\$.06291
G-TOU-M (Grandfathered)	Off-Peak	\$.05705	\$.05329
OL-TOU	On-Peak	\$.40751	\$.08527
OL-TOU	Off-Peak	\$.13429	\$.07280
OL-TOU	Super Off-Peak	\$.05778	\$.05897

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
G-OL-TOU (Grandfathered)	On-Peak	\$.26036	\$.09291
G-OL-TOU (Grandfathered)	Semi-Peak	\$.24216	\$.07508
G-OL-TOU (Grandfathered)	Off-Peak	\$.07489	\$.06422
AL-TOU-S DEMAND	On-Peak	\$13.25	\$0
AL-TOU-S	On-Peak	\$.13677	\$.11279
AL-TOU-S	Off-Peak	\$.11000	\$.09720
AL-TOU-S	Super Off-Peak	\$.07845	\$.07991
G-AL-TOU-S DEMAND (Grandfathered)	On-Peak	\$7.55	\$0
G-AL-TOU-S (Grandfathered)	On-Peak	\$.12995	\$.12572
G-AL-TOU-S (Grandfathered)	Semi-Peak	\$.12212	\$.10294
G-AL-TOU-S (Grandfathered)	Off-Peak	\$.09183	\$.08907
AL-TOU-P DEMAND	On-Peak	\$13.19	\$0
AL-TOU-P	On-Peak	\$.13599	\$.11214
AL-TOU-P	Off-Peak	\$.10937	\$.09670
AL-TOU-P	Super Off-Peak	\$.07809	\$.07957
G-AL-TOU-P DEMAND (Grandfathered)	On-Peak	\$7.50	\$0
G-AL-TOU-P (Grandfathered)	On-Peak	\$.12913	\$.12500
G-AL-TOU-P (Grandfathered)	Semi-Peak	\$.12142	\$.10237
G-AL-TOU-P (Grandfathered)	Off-Peak	\$.09140	\$.08868
AL-TOU-T DEMAND	On-Peak	\$12.62	\$0
AL-TOU-T	On-Peak	\$.12904	\$.10634
AL-TOU-T	Off-Peak	\$.10362	\$.09166
AL-TOU-T	Super Off-Peak	\$.07390	\$.07533
G-AL-TOU-T DEMAND (Grandfathered)	On-Peak	\$7.17	\$0
G-AL-TOU-T (Grandfathered)	On-Peak	\$.12227	\$.11853
G-AL-TOU-T (Grandfathered)	Semi-Peak	\$.11517	\$.09704
G-AL-TOU-T (Grandfathered)	Off-Peak	\$.08665	\$.08406
AL-TOU-2-S DEMAND	On-Peak	\$23.17	\$0

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
AL-TOU-2-S	On-Peak	\$.12251	\$.09990
AL-TOU-2-S	Off-Peak	\$.09816	\$.08577
AL-TOU-2-S	Super Off-Peak	\$.06876	\$.07009
AL-TOU-2-P DEMAND	On-Peak	\$23.06	\$0
AL-TOU-2-P	On-Peak	\$.12179	\$.09932
AL-TOU-2-P	Off-Peak	\$.09758	\$.08530
AL-TOU-2-P	Super Off-Peak	\$.06844	\$.06977
AL-TOU-2-T DEMAND	On-Peak	\$22.07	\$0
AL-TOU-2-T	On-Peak	\$.11546	\$.09406
AL-TOU-2-T	Off-Peak	\$.09233	\$.08074
AL-TOU-2-T	Super Off-Peak	\$.06463	\$.06592
DG-R-S	On-Peak	\$.40619	\$.08533
DG-R-S	Off-Peak	\$.19946	\$.07284
DG-R-S	Super Off-Peak	\$.12199	\$.05898
G-DG-R-S (Grandfathered)	On-Peak	\$.26901	\$.09783
G-DG-R-S (Grandfathered)	Semi-Peak	\$.25370	\$.06144
G-DG-R-S (Grandfathered)	Off-Peak	\$.11735	\$.06792
DG-R-P	On-Peak	\$.40555	\$.08482
DG-R-P	Off-Peak	\$.19873	\$.07243
DG-R-P	Super Off-Peak	\$.12171	\$.05870
G-DG-R-P (Grandfathered)	On-Peak	\$.26833	\$.09723
G-DG-R-P (Grandfathered)	Semi-Peak	\$.25303	\$.07878
G-DG-R-P (Grandfathered)	Off-Peak	\$.11697	\$.06759
DG-R-T	On-Peak	\$.39991	\$.08016
DG-R-T	Off-Peak	\$.19210	\$.06839
DG-R-T	Super Off-Peak	\$.11836	\$.05530
G-DG-R-T (Grandfathered)	On-Peak	\$.26264	\$.09196
G-DG-R-T (Grandfathered)	Semi-Peak	\$.24739	\$.07443
G-DG-R-T (Grandfathered)	Off-Peak	\$.11273	\$.06383
A6-TOU-P DEMAND	On-Peak	\$13.19	\$0
A6-TOU-P	On-Peak	\$.13599	\$.11214
A6-TOU-P	Off-Peak	\$.10937	\$.09670
A6-TOU-P	Super Off-Peak	\$.07809	\$.07957
G-A6-TOU-P DEMAND (Grandfathered)	All	\$7.50	\$0
G-A6-TOU-P (Grandfathered)	On-Peak	\$.12913	\$.12500
G-A6-TOU-P (Grandfathered)	Semi-Peak	\$.12142	\$.10237
G-A6-TOU-P (Grandfathered)	Off-Peak	\$.09140	\$.08868
A6-TOU-T DEMAND	On-Peak	\$12.62	\$0
A6-TOU-T	On-Peak	\$.12904	\$.10634

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
A6-TOU-T	Off-Peak	\$.10362	\$.09166
A6-TOU-T	Super Off-Peak	\$.07390	\$.07533
G-A6-TOU-T DEMAND (Grandfathered)	All	\$ 7.17	\$ 0
G-A6-TOU-T (Grandfathered)	On-Peak	\$.12227	\$.11853
G-A6-TOU-T (Grandfathered)	Semi-Peak	\$.11517	\$.09704
G-A6-TOU-T (Grandfathered)	Off-Peak	\$.08665	\$.08406
PUMPING & AGRICULTURE			
TOU-PA-S	On-Peak	\$.18316	\$.05676
TOU-PA-S	Off-Peak	\$.09261	\$.04238
G-TOU-PA-S (Grandfathered)	On-Peak	\$.23006	\$.05934
G-TOU-PA-S (Grandfathered)	Semi-Peak	\$.09791	\$.04752
G-TOU-PA-S (Grandfathered)	Off-Peak	\$.04508	\$.04033
TOU-PA-P	On-Peak	\$.18215	\$.05641
TOU-PA-P	Off-Peak	\$.09205	\$.04215
G-TOU-PA-P (Grandfathered)	On-Peak	\$.22875	\$.05896
G-TOU-PA-P (Grandfathered)	Semi-Peak	\$.09729	\$.04723
G-TOU-PA-P (Grandfathered)	Off-Peak	\$.04474	\$.04013
TOU-PA-2-S DEMAND	On-Peak	\$ 9.51	\$ 0
TOU-PA-2-S	On-Peak	\$.07965	\$.06916
TOU-PA-2-S	Off-Peak	\$.06283	\$.05922
TOU-PA-2-S	Super Off-Peak	\$.04727	\$.04821
G-TOU-PA-2-S DEMAND (Grandfathered)	On-Peak	\$ 1.06	\$ 0
G-TOU-PA-2-S (Grandfathered)	On-Peak	\$.18038	\$.07927
G-TOU-PA-2-S (Grandfathered)	Semi-Peak	\$.09868	\$.06446
G-TOU-PA-2-S (Grandfathered)	Off-Peak	\$.03689	\$.05544
TOU-PA-2-P DEMAND	On-Peak	\$ 9.47	\$ 0
TOU-PA-2-P	On-Peak	\$.07919	\$.06876
TOU-PA-2-P	Off-Peak	\$.06244	\$.05890
TOU-PA-2-P	Super Off-Peak	\$.04695	\$.04799
G-TOU-PA-2-P DEMAND (Grandfathered)	On-Peak	\$ 1.05	\$ 0

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
G-TOU-PA-2-P (Grandfathered)	On-Peak	\$.17933	\$.07879
G-TOU-PA-2-P (Grandfathered)	Semi-Peak	\$.09806	\$.06408
G-TOU-PA-2-P (Grandfathered)	Off-Peak	\$.03659	\$.05519
TOU-PA-3-S<20kW	On-Peak	\$.21362	\$.05536
TOU-PA-3-S<20kW	Off-Peak	\$.10095	\$.04697
TOU-PA-3-S<20kW	Super Off-Peak	\$.04084	\$.03768
TOU-PA-3-P<20kW	On-Peak	\$.21250	\$.05501
TOU-PA-3-P<20kW	Off-Peak	\$.10037	\$.04670
TOU-PA-3-P<20kW	Super Off-Peak	\$.04055	\$.03749
TOU-PA-3-S>=20kW DEMAND	On-Peak	\$ 2.25	\$ 0
TOU-PA-3-S>=20kW	On-Peak	\$.13779	\$.06973
TOU-PA-3-S>=20kW	Off-Peak	\$.10706	\$.05974
TOU-PA-3-S>=20kW	Super Off-Peak	\$.03172	\$.04864
TOU-PA-3-P>=20kW DEMAND	On-Peak	\$ 2.24	\$ 0
TOU-PA-3-P>=20kW	On-Peak	\$.13705	\$.06932
TOU-PA-3-P>=20kW	Off-Peak	\$.10645	\$.05940
TOU-PA-3-P>=20kW	Super Off-Peak	\$.03148	\$.04842
PA-T-1-S DEMAND	On-Peak	\$ 5.29	\$ 0
PA-T-1-S	On-Peak	\$.09057	\$.07941
PA-T-1-S	Off-Peak	\$.07202	\$.06831
PA-T-1-S	Super Off-Peak	\$.05497	\$.05602
G-PA-T-1-S DEMAND (Grandfathered)	On-Peak	\$ 2.57	\$ 0
PA-T-1-S (Grandfathered)	On-Peak	\$.08463	\$.08854
PA-T-1-S (Grandfathered)	Semi-Peak	\$.07965	\$.07233
PA-T-1-S (Grandfathered)	Off-Peak	\$.06442	\$.06247
PA-T-1-P DEMAND	On-Peak	\$ 5.27	\$ 0
PA-T-1-P	On-Peak	\$.09005	\$.07896
PA-T-1-P	Off-Peak	\$.07160	\$.06796
PA-T-1-P	Super Off-Peak	\$.05472	\$.05578
G-PA-T-1-P DEMAND (Grandfathered)	On-Peak	\$ 2.56	\$ 0
PA-T-1-P (Grandfathered)	On-Peak	\$.08408	\$.08801
PA-T-1-P (Grandfathered)	Semi-Peak	\$.07919	\$.07193
PA-T-1-P (Grandfathered)	Off-Peak	\$.06412	\$.06218
PA-T-1-T DEMAND	On-Peak	\$ 5.04	\$ 0
PA-T-1-T	On-Peak	\$.08537	\$.07482
PA-T-1-T	Off-Peak	\$.06774	\$.06438
PA-T-1-T	Super Off-Peak	\$.05174	\$.05275

CEA RATE	TIME-OF-USE PERIOD	SUMMER RATE	WINTER
		June 1 – October 31 Per kWh	November 1 – May 31 Per kWh
G-PA-T-1-T DEMAND (Grandfathered)	On-Peak	\$2.45	\$0
PA-T-1-T (Grandfathered)	On-Peak	\$0.07951	\$0.08341
PA-T-1-T (Grandfathered)	Semi-Peak	\$0.07501	\$0.06814
PA-T-1-T (Grandfathered)	Off-Peak	\$0.06074	\$0.05891
LIGHTING			
LS	All	\$0.06747	\$0.05338
OL-2	All	\$0.07911	\$0.06420
LS-2-AD	On-Peak	\$0.24009	\$0.07247
LS-2-AD	Off-Peak	\$0.14046	\$0.06225
LS-2-AD	Super Off-Peak	\$0.05039	\$0.05080
PREMIUM POWER SUPPLY PRODUCTS			
Clean Impact Plus Premium – 75% Carbon Free		\$0.00100	\$0.00100
Green Impact Premium – 100% Renewable		\$0.00750	\$0.00750
NET ENERGY METERING			
Personal Impact – Net Surplus Compensation		\$0.06	\$0.06



Staff Report

DATE: December 30, 2021

TO: Clean Energy Alliance Board of Directors

FROM: Barbara Boswell, Chief Executive Officer

ITEM 5: Consider Adoption of Resolution No. 2021-019 Approving Implementation Plan Addendum No. 1 Addressing Service Expansion to the Cities of Escondido and San Marcos

RECOMMENDATION

Adopt Resolution No. 2021-019 approving Implementation Plan Addendum No. 1 addressing service expansion to the cities of Escondido and San Marcos and direct staff to file the Implementation Plan with the California Public Utilities Commission.

BACKGROUND AND DISCUSSION

Subsequent to Clean Energy Alliance's (CEA) successful launch, the cities of Escondido and San Marcos requested membership in CEA for the purpose of offering community choice energy within their communities. Based on the expressed interest in joining CEA, an assessment of the impacts of expanding CEA operations into the two communities was performed, utilizing historical energy usage data from San Diego Gas & Electric (SDG&E). The results of the assessment reflected that service expansion would have a positive impact on CEA and was consistent with CEA's goals. At its special meeting November 18, 2021, the CEA Board adopted Resolution No. 2021-014, authorizing the City of Escondido to join CEA and at its special meeting December 17, 2021, the CEA Board adopted Resolution No. 2021-015 authorizing the City of San Marcos to join CEA.

The assessment report determined the optimal time to begin service in Escondido and San Marcos to be April 2023. In order to be eligible to expand service in 2023, CEA is required by the California Public Utilities Commission (CPUC) to revise its Implementation Plan, highlighting key impacts and consequences associated with the addition of the new communities. Through adoption of Resolution E-4907, the CPUC established a timeline related to CCA service expansion, which specifies that the Implementation Plan Addendum must be submitted to the CPUC no later than January 1 of the year prior to the desired CCA service establishment date. Consistent with this timing, CEA must file its Implementation Plan Addendum No. 1 (Addendum No. 1), no later than January 1, 2022, for service commencement in April 2023. Addendum No. 1 is attached to this staff report.

Addendum No. 1 (Attachment A) has been prepared in conformance with CPUC requirements pursuant to CPUC Resolution E-4907 and direction provided in subsequent CPUC rulings.

FISCAL IMPACT

Based on the results of the energy usage analysis as described in the assessment reports, revenue generated from energy sales within the cities of Escondido and San Marcos is sufficient to cover the anticipated expenses related to providing CCA services to those cities. Operational costs will be included in the Fiscal Year 2022/23 budget.

ATTACHMENTS

Resolution No. 2021-019 approving Implementation Plan Addendum No. 1 Addressing Service Expansion to the cities of Escondido and San Marcos.

Attachment A Clean Energy Alliance Implementation Plan and Statement of Intent Addendum No. 1

CLEAN ENERGY ALLIANCE
RESOLUTION NO. 2021-019

A RESOLUTION OF THE CLEAN ENERGY ALLIANCE
APPROVING THE COMMUNITY CHOICE AGGREGATION
IMPLEMENTATION PLAN ADDENDUM NO. 1
AND STATEMENT OF INTENT

WHEREAS, the Clean Energy Alliance (CEA) is a joint powers agency formed on November 4, 2019, under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar created by the cities of Carlsbad, Del Mar and Solana Beach; and

WHEREAS, CEA authorized the City of Escondido joining as a member of CEA through adoption of Resolution 2021-014 on November 18, 2021; and

WHEREAS, CEA authorized the City of San Marcos joining as a member of CEA through adoption of Resolution 2021-015 on December 17, 2021; and

WHEREAS, the cities of Escondido and San Marcos desire to establish a community choice aggregation (CCA) program in support of meeting their respective Climate Action Plan goals; and

WHEREAS, Public Utilities Code Section 366.2(c)(3) requires that prior to establishing electrical load aggregation, a community choice aggregator must prepare an implementation plan and statement of intent detailing the process and consequences of aggregation, and that the implementation plan, and any subsequent changes to it, must be considered and adopted at a duly noticed public meeting; and

WHEREAS, pursuant to Public Utilities Code Section 366.2(c)(3) and provide electrical load aggregation to the cities of Escondido and San Marcos, CEA has prepared an Addendum No. 1 to the CEA Community Choice Aggregation Implementation Plan and Statement of Intent (Addendum No. 1) which will be submitted to the California Public Utilities Commission on or before December 31, 2021 ; and

WHEREAS, Addendum No. 1 was presented to the CEA Board of Directors for consideration at a duly noticed public meeting on December 30, 2021.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. In accordance with California Public Utilities Code Section 366.3(c)(3), the CEA Board of Directors hereby considers and adopts the Implementation Plan Addendum No. 1

at a duly noticed public meeting held on December 30, 2021, held via teleconference in compliance with certain provisions of the Ralph M. Brown Act pursuant to Government Code Section 54953(e)(1)(A), in relation to the COVID-19 State of Emergency, at 2:00 p.m., after allowing interested persons the opportunity to provide public comment on the Implementation Plan Addendum No. 1.

Section 2. The Board of Directors hereby directs the Chief Executive Officer to file the Implementation Plan Addendum No. 1 with the California Public Utilities Commission no later than December 31, 2021.

The foregoing Resolution was passed and adopted this 30th day of December 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

Kristi Becker, Chair

ATTEST:

Susan Caputo, Interim Board Clerk



CLEAN ENERGY ALLIANCE

ADDENDUM NO. 1 TO THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

TO ADDRESS EXPANSION TO THE CITIES OF ESCONDIDO AND SAN MARCOS

DECEMBER 30, 2021

Table of Contents

CHAPTER 1 – Introduction3

CHAPTER 2 – Changes to Address CEA Expansion to the CITIES of ESCONDIDO and SAN MARCOS .4

 Aggregation Process5

 Consequences of Aggregation.....5

 Organization and Governance Structure5

 Program Phase-In5

 Load Forecast and Resource Plan6

 Customer Forecast.....7

 Sales Forecast8

 Capacity Requirements8

 Renewables Portfolio Standards Energy Requirements9

 Financial Plan9

 Expansion Addendum Appendices11

CHAPTER 1 – INTRODUCTION

The purpose of this document is to make certain revisions to the Clean Energy Alliance Implementation Plan and Statement of Intent to address the expansion of Clean Energy Alliance (“CEA”) to the Cities of Escondido and San Marcos. CEA is a California Joint Powers Agency formed on November 4, 2019 with the primary purpose of administering a Community Choice Aggregation (“CCA”) program to serve the retail electric service accounts of the original three CEA communities, including the Cities of Carlsbad, Del Mar, and Solana Beach. In anticipation of CCA program implementation and in compliance with state law, CEA submitted the Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on December 23, 2019, which was certified by the CPUC on March 16, 2020. Consistent with its expressed intent, CEA successfully launched the Clean Energy Alliance CCA program (“CEA” or “Program”) on May 1, 2021 and has been serving customers since that time.

CEA’s Board approved the membership request of the City of Escondido on November 18, 2021 via Resolution No. 2021-014 (attached hereto as Appendix A). CEA’s Board similarly approved the membership request of the City of San Marcos on December 17, 2021 via Resolution No. 2021-015 (attached hereto as Appendix B). These additions to the membership of CEA require certain changes that are addressed within this Addendum No. 1 to CEA’s Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 1”).

The CEA program currently provides electric generation service to approximately 60,000 customers, including a cross section of commercial and agricultural accounts, street lighting and traffic accounts, and residential accounts. When other municipalities request membership in CEA, related evaluations may be conducted, as directed by CEA’s Board, and to the extent such membership evaluations demonstrate favorable results, the subject community(ies) may be invited to join CEA. In such instances, CEA’s Implementation Plan will be revised through a related addendum, highlighting key impacts and consequences associated with the addition of such new community/communities to CEA’s membership.

In response to public interest and CEA’s successful CCA launch, the Cities of Escondido and San Marcos requested CEA membership, and adopted the requisite ordinances for offering CCA service within their respective jurisdictions; these ordinances are attached hereto as Appendices C and D, respectively. As previously noted, CEA’s Board approved the membership request of City of Escondido at a duly noticed public meeting on November 18, 2021 through Resolution 2021-014 and similarly approved the membership request of the City of San Marcos at a duly noticed public meeting on December 17, 2021 through Resolution 2021-015.

This Addendum No. 1 describes CEA’s expansion plans to include the Cities of Escondido and San Marcos. CEA intends to enroll such customers in its CCA Program during the month of April 2023, consistent with the Commission’s requirements described in Resolution E-4907, which define relevant timing for Implementation Plan filing in advance of service commencement. According to the Commission, the Energy Division is required to receive and review a revised

CEA implementation plan reflecting changes/consequences of additional members. With this in mind, CEA has reviewed its Implementation Plan, which was filed with the Commission in December 2019, and identified certain information that requires updating to reflect the changes and consequences of adding the Cities of Escondido and San Marcos as well as other forecast modifications. This Addendum No. 1 reflects pertinent changes that are expected to result from the new member additions as well as updated projections that are considerate of recent operations. This document format, including references to CEA’s Implementation Plan filed December 23, 2019, addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to CEA’s anticipated expansion. The original Implementation Plan is attached hereto as Appendix E.

CHAPTER 2 – CHANGES TO ADDRESS CEA EXPANSION TO THE CITIES OF ESCONDIDO AND SAN MARCOS

As previously noted, this Addendum No. 1 addresses the anticipated impacts of CEA’s planned expansion to the Cities of Escondido and San Marcos. As a result of this member addition, certain assumptions regarding CEA’s future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 1, CEA represents that such information shall remain unchanged relative to the December 2019 Implementation Plan filing.

With regard to the defined terms Members and Member Agencies, the following Communities are now signatories to the CEA Joint Powers Agreement and represent CEA’s current membership:

Member Agencies	
City of Carlsbad	City of Escondido
City of Del Mar	City of San Marcos
City of Solana Beach	

Throughout this document, use of the terms Members and Member Agencies refer to the aforementioned Communities. To the extent that the discussion herein addresses the process of aggregation and CEA organization, each of these communities is now an CEA Member and the electric customers of such jurisdictions have been or will be offered CCA service consistent with the noted phase-in schedule.

Aggregation Process

CEA's aggregation process was discussed in Chapter 2 of CEA's December 2019 Implementation Plan. The fifth paragraph in section 2.1 Introduction should have the following sentence added at the end:

On December 30, 2021, the CEA Board of Directors, at a duly noticed public hearing, considered and adopted an amendment to this Implementation Plan, by Resolution, which expanded service to the Cities of Escondido and San Marcos.

Consequences of Aggregation

The following sentence should be added to the fourth paragraph of section 2.3.1 Rate Impacts:

Eligible Escondido and San Marcos customers who transition to CEA service will be assigned a 2022 vintage.

Organization and Governance Structure

Under section 3.2 Governance, the second sentence is replaced with the following sentence:

The Members of CEA include five (5) municipalities within the County of San Diego, Del Mar, Carlsbad, Solana Beach, Escondido, and San Marcos, all of which have elected to allow CEA to provide electric generation service within their respective jurisdictions.

Program Phase-In

Program phase-in was discussed in Chapter 5 of CEA's December 2019 Implementation Plan filing. The following paragraph is added after the existing paragraphs in Chapter 5:

As approved by the CEA Board of Directors at their December 30, 2021 meeting in Resolution 2021-019, Phase 2 of the Program will commence at the earliest possible date during the month of April 2023, enrolling eligible customer accounts within the Cities of Escondido and San Marcos on each customer's regularly scheduled meter reading date. It is anticipated that approximately 86,000 additional customers, comprised of residential, commercial, industrial, agriculture, municipal, street lighting and traffic control accounts will be included in Phase 2.

To the extent that additional customers require enrollment after the completion of Phase 2, CEA will evaluate a subsequent phase of CCA enrollments. CEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

Load Forecast and Resource Plan

With regard to CEA’s load forecast and resource plan overview, which is addressed in Chapter 6, Load Forecast and Resource Plan, the following is added to the fourth paragraph in Section 6.2, Resource Plan Overview:

The following table has been updated by a Resolution 2021-019 approved by the CEA Board of Directors at a duly noted public meeting on December 30, 2021, which expanded CEA’s membership to include the Cities of Escondido and San Marcos.

Due to the change in planned customer enrollments, certain information in CEA’s Implementation Plan needs to be updated. Table 1 (Revised) reflects the changes that were made to the enrollment schedule and is intended to replace Table 1 from the original Implementation Plan:

Table 1 (Revised): CEA Proposed Resource Plan
 Clean Energy Alliance
 Proposed Resource Plan (MWh)
 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand (MWh)										
Retail	393,573	623,808	1,253,365	1,453,337	1,460,603	1,467,906	1,475,246	1,482,622	1,490,035	1,497,486
Losses	16,924	26,824	53,895	62,493	62,806	63,120	63,436	63,753	64,072	64,392
Wholesale	410,497	650,632	1,307,260	1,515,830	1,523,409	1,531,026	1,538,682	1,546,375	1,554,107	1,561,877
Supply (MWh)										
Renewable	200,722	339,975	726,952	893,802	949,392	1,005,516	1,062,177	1,119,380	1,177,128	1,235,426
System	209,775	310,656	580,308	622,028	574,017	525,511	476,504	426,995	376,979	326,452
Total Supply	410,497	650,632	1,307,260	1,515,830	1,523,409	1,531,026	1,538,682	1,546,375	1,554,107	1,561,877

CEA also adds the following paragraphs at the end of sub-section 6.2, Resource Plan Overview:

SB 255 (2019) added Section 366.2(c)(3)(H), which requires community choice aggregators to include in their implementation plans “[t]he methods for ensuring procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system [sic], and smart grid projects.” As a public agency, CEA is prohibited by Article 1, Section 31 of the California Constitution from granting any preferential treatment to “any individual group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.” While these restrictions prevent CEA from “ensuring” procurement from certain diverse businesses, CEA remains committed to local economic development, and has taken several steps to diversify its procurement to the extent possible. CEA will continue to build its strategy and consider new methods for diversifying its procurement as appropriate.

CEA will continue to engage with the diverse business community in its service area and statewide, to inform businesses of the benefits of certification as a diverse business, as well as upcoming Requests for Proposals and other solicitations. While CEA cannot give any preference in the selection process to any business on the basis of race, sex, color, ethnicity, or national origin, CEA can ensure that diverse businesses are aware of upcoming contract opportunities.

CEA will, to the extent possible and reasonable, consider preferences for procurement from diverse business categories that are not prohibited, including but not limited to small and/or local businesses and businesses owned by disabled veterans or lesbian, gay, bisexual and/or transgender individuals (“LGBT”). CEA will consider parallel preferences for prime contractors that demonstrate an intent to contract with diverse subcontractors, as permitted by law.

Customer Forecast

The expansion to include the new members also necessitates changes to Section 6.5, Customer Forecasts. The following sentences should be added to the first paragraph in this section:

The tables have been updated by a resolution approved on December 30, 2021, which expanded CEA to include the Cities of Escondido and San Marcos.

Table 2 and Table 3 from the original Implementation Plan, are updated as follows:

**Table 2 (Revised): Total Customer Accounts
(End of Month)**

	May-21	Apr-23
Residential	50,089	124,749
Commercial & Agriculture	8,294	19,565
Street Lighting & Traffic	<u>188</u>	<u>517</u>
Total	58,571	144,831

Table 3 (Revised): Customer Accounts by Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	50,089	50,339	124,749	125,372	125,999	126,629	127,262	127,899	128,538	129,181
Commercial & Agriculture	8,294	8,331	19,565	19,662	19,760	19,859	19,958	20,058	20,158	20,259
Street Lighting & Traffic	<u>188</u>	<u>189</u>	<u>517</u>	<u>519</u>	<u>522</u>	<u>524</u>	<u>527</u>	<u>530</u>	<u>532</u>	<u>535</u>
Total	58,571	58,859	144,831	145,553	146,281	147,012	147,748	148,486	149,229	149,975

Sales Forecast

With regard to CEA’s sales forecast, which is addressed in Section 6.6, Sales Forecast, CEA assumes that total annual retail sales will increase to approximately 1,500 GWh following the expansion. Table 4 from the original Implementation Plan is updated as follows:

Table 4 (Revised): Demand Forecast in MWh, 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand (MWh)										
Retail	393,573	623,808	1,253,365	1,453,337	1,460,603	1,467,906	1,475,246	1,482,622	1,490,035	1,497,486
Losses	16,924	26,824	53,895	62,493	62,806	63,120	63,436	63,753	64,072	64,392
Wholesale	410,497	650,632	1,307,260	1,515,830	1,523,409	1,531,026	1,538,682	1,546,375	1,554,107	1,561,877

Capacity Requirements

The expansion to include new members requires changes to the proposed resources secured by CEA. The last sentence in the paragraph between Table 6 and Table 7 should be replaced with:

A preliminary estimate of CEA’s annual maximum local capacity requirement for the ten-year planning period ranges between 103-297 MW as shown in Table 7.

Table 5: Forward Capacity Requirements (Total) for 2021-2023 in MW, Table 6: Annual Maximum Capacity Requirements 2021-2030, and Table 7: Annual Maximum Local Capacity Requirements 2021-2030 from the original Implementation Plan, are updated below:

Table 5 (Revised): Forward Capacity Requirements (Total) for 2021-2023 in MW

Month	2021	2022	2023
January		123	127
February		108	112
March		108	112
April		95	223
May	88	88	209
June	80	93	217
July	97	113	265
August	106	117	285
September	119	128	333
October	95	108	284
November	108	101	251
December	93	102	234

Table 6 (Revised): Annual Maximum Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	119	128	333	334	336	338	340	341	343	345
Reserve Requirement (15%)	18	19	50	50	50	51	51	51	51	52
Total Capacity Requirement	137	148	383	385	387	389	390	392	394	396

Table 7 (Revised): Annual Maximum Local Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	137	148	383	385	387	389	390	392	394	396
Local Capacity (% of Total)	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
San Diego - IV (MW)	103	111	287	288	290	291	293	294	296	297

Renewables Portfolio Standards Energy Requirements

CEA’s annual Renewable Portfolio Standards Energy Requirements will also change with the expansion. Table 8: Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030 is revised as follows:

Table 8 (Revised): Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	393,573	623,808	1,253,365	1,453,337	1,460,603	1,467,906	1,475,246	1,482,622	1,490,035	1,497,486
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MW)	140,899	240,166	517,640	639,468	682,102	723,678	767,128	810,994	853,790	898,491
CEA % Target*	51%	55%	58%	62%	65%	69%	72%	76%	79%	83%
CEA Target (MWh)	200,722	339,975	726,952	893,802	949,392	1,005,516	1,062,177	1,119,380	1,177,128	1,235,426

*Includes assumed 2% participation in voluntary 100% renewable service option ("Green Impact").

Financial Plan

With regard to CEA’s financial plan, which is addressed in Chapter 7, Financial Plan, CEA has updated its expected operating results, which now include projected impacts related to service expansion to the Cities of Escondido and San Marcos. It is important to note this pro forma is just a snapshot in time for informational purposes and will change regularly with regular operations. It is also important to recognize that the pro forma is based on fiscal year totals so it may not match other tables in this Implementation Plan. Table 9: Pro Forma including Reserves Accumulation in Section 7.5 Program Implementation Pro-Forma is updated as follows:

Table 9 (Revised): Pro Forma including Reserves Accumulation 2021-2025

Fiscal Year Ending:	2021	2022	2023	2024	2025
I. Revenue	6,763,869	57,950,474	82,400,157	151,487,446	152,244,884
Revenue - Voluntary 100% Green	10,499	93,438	120,604	217,420	218,507
Subtotal Revenue	6,774,368	58,043,912	82,520,760	151,704,867	152,463,391
II. Operating Expenses					
Power Supply	8,237,063	58,254,052	70,512,221	125,033,793	120,894,562
Staff	120,000	300,000	600,000	1,000,000	1,030,000
Professional/Technical services	313,000	423,400	436,102	449,185	462,661
Legal	270,000	278,100	286,443	295,036	303,887
Communications, Mktg, Enrollment	194,666	180,000	185,400	190,962	196,691
Other General and Administrative	-	-	-	-	-
Regulatory and CalCCA Fees	40,000	41,200	42,436	43,709	45,020
Data Management	119,000	775,038	1,060,646	1,935,749	1,964,629
Utility Service Fees	40,027	264,615	374,452	694,197	718,593
Uncollectibles/Other	20,193	302,582	367,489	648,213	628,080
Subtotal Operating Expenses	9,353,950	60,818,986	73,865,189	130,290,845	126,244,124
Operating Margin	(2,579,581)	(2,775,074)	8,655,572	21,414,022	26,219,267
III. Financing					
Interest	93,313	313,281	450,000	325,000	240,625
Principal	650,000	-	-	5,533,800	7,000,000
Subtotal Financing	743,313	313,281	450,000	5,858,800	7,240,625
Operating Margin Less Financing	(3,322,894)	(3,088,355)	8,205,572	15,555,222	18,978,642
IV. Cash From Financing	6,400,000	6,250,000	-	-	-
V. Other Uses					
CPUC and CAISO Deposits	500,000	-	-	-	-
Collateral	685,000	-	-	-	-
Reserve Additions	338,718	2,902,196	4,126,038	7,585,243	7,623,170
Subtotal Other Uses	1,523,718	2,902,196	4,126,038	7,585,243	7,623,170
VI. Net Surplus/(Deficit)	1,553,388	259,449	4,079,534	7,969,979	11,355,473
VII. Cumulative Reserve	338,718	3,240,914	7,366,952	14,952,195	22,575,365

Expansion Addendum Appendices

Appendix A: Clean Energy Alliance Resolution No. 2021-014

Appendix B: Clean Energy Alliance Resolution No. 2021-015

Appendix C: City of Escondido CCA Ordinance 2021-12

Appendix D: City of San Marcos CCA Ordinance 2021-1508

Appendix E: Clean Energy Alliance Implementation Plan and Statement of Intent
(December 23, 2019)

RESOLUTION NO. 2021-014

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CLEAN ENERGY ALLIANCE AUTHORIZING THE CITY OF ESCONDIDO TO BECOME A
PARTY TO THE JOINT POWERS AGREEMENT AND A MEMBER OF THE CLEAN ENERGY ALLIANCE**

THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

WHEREAS, on September 24, 2002, the Governor of California signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the “Act”), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (“CCA”); and

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency; and on November 4, 2019, the Clean Energy Alliance (“CEA” or “the Agency”) was formed under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar to work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the parties and their constituents, including, but not limited to, establishing and operating a CCA program; and

WHEREAS, on March 16, 2020, the California Public Utilities Commission (“CPUC”) certified the “Implementation Plan” of CEA, confirming CEA’s compliance with the requirements of the Act; and

WHEREAS, Section 2.4 of the CEA Joint Powers Agreement (“Agreement”) sets forth the procedures for the addition of new member jurisdictions; and

WHEREAS, including new member jurisdictions within CEA’s Joint Powers Authority can benefit CEA communities, customers, and the general public by 1) expanding access to competitively-priced renewable and carbon-free energy; 2) achieving greater economies of scale while accelerating the reduction of greenhouse gas emissions; 3) enhancing CEA’s financial strength through increased revenues and reserves; 4) expanding the opportunities for local renewable energy and decarbonization projects and programs and the creation of local jobs; and 5) empowering local stakeholders with more direct representation before State-level regulators and elected officials; and

WHEREAS, on October 27, 2021, through a unanimous vote of its City Council, the City of Escondido adopted Resolution No. 2021-169 authorizing the execution of the Joint Exercise of Powers Agreement of the Clean Energy Alliance and authorizing staff to take other actions necessary for the City of Escondido to join CEA, and introduced Ordinance No. 2021-12 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

WHEREAS, on November 17, 2021, the City of Escondido conducted a second reading and adopted ordinance No. 2021-12 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

WHEREAS, Pacific Energy Advisors on behalf of CEA conducted an assessment of the financial and resource planning impacts of adding Escondido as a member of CEA and concluded that there would be an overall positive financial effect; and

WHEREAS, per CPUC rules, prospective member jurisdictions must join CEA before the end of calendar year 2021 in order to begin customer enrollments in CEA's service options by 2023; and

WHEREAS, Section 2.4 of the Agreement requires the Board of Directors to adopt a resolution by a two-thirds vote of the entire Board authorizing the membership of additional member jurisdictions, and specifying the conditions for membership, if any.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City of Escondido is hereby authorized to become a party to the Agreement and a member of CEA, subject to the following conditions:

- (a) The Community Choice Aggregation ordinance adopted by the City of Escondido becoming effective.
- (b) The execution of the Agreement by the duly authorized official of the City of Escondido.
- (c) Reimbursement to CEA by City of Escondido of CEA costs incurred in connection with adding a new agency, including, but not limited to, the cost of analysis of historical usage data using CEA's financial pro forma model to determine impact to CEA of the proposed member; and preparation of an Amended Implementation Plan and related activities of the expansion.

PASSED AND ADOPTED by the Board of Directors of the Clean Energy Alliance this 18th day of November 2021, by the following vote:

AYES: Druker, Bhat-Patel, Becker

NOES: None

ABSENT: None

DocuSigned by:
Kristi Becker
7E04F23CDAA04F8...

Kristi Becker, Chair

ATTEST:

DocuSigned by:
Sheila R. Cobian, Board Secretary
23A78749748246C...
Sheila Cobian, Interim Board Secretary

RESOLUTION NO. 2021-015

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CLEAN ENERGY ALLIANCE AUTHORIZING THE CITY OF SAN MARCOS TO BECOME A
PARTY TO THE JOINT POWERS AGREEMENT AND A MEMBER OF THE CLEAN ENERGY ALLIANCE**

THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

WHEREAS, on September 24, 2002, the Governor of California signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the “Act”), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (“CCA”); and

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency; and on November 4, 2019, the Clean Energy Alliance (“CEA” or “the Agency”) was formed under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar to work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the parties and their constituents, including, but not limited to, establishing and operating a CCA program; and

WHEREAS, on March 16, 2020, the California Public Utilities Commission (“CPUC”) certified the “Implementation Plan” of CEA, confirming CEA’s compliance with the requirements of the Act; and

WHEREAS, Section 2.4 of the CEA Joint Powers Agreement (“Agreement”) sets forth the procedures for the addition of new member jurisdictions; and

WHEREAS, including new member jurisdictions within CEA’s Joint Powers Authority can benefit CEA communities, customers, and the general public by 1) expanding access to competitively-priced renewable and carbon-free energy; 2) achieving greater economies of scale while accelerating the reduction of greenhouse gas emissions; 3) enhancing CEA’s financial strength through increased revenues and reserves; 4) expanding the opportunities for local renewable energy and decarbonization projects and programs and the creation of local jobs; and 5) empowering local stakeholders with more direct representation before State-level regulators and elected officials; and

WHEREAS, on November 9, 2021, through a unanimous vote of its City Council, the City of San Marcos adopted Resolution No. 2021-8950 authorizing the execution of the Joint Exercise of Powers Agreement of the Clean Energy Alliance and authorizing staff to take other

actions necessary for the City of San Marcos to join CEA, and introduced Ordinance No. 2021-1508 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

WHEREAS, on November 23, 2021, the City of San Marcos conducted a second reading and adopted ordinance No. 2021-1508 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

WHEREAS, Pacific Energy Advisors on behalf of CEA conducted an assessment of the financial and resource planning impacts of adding San Marcos as a member of CEA and concluded that there would be an overall positive financial effect; and

WHEREAS, per CPUC rules, prospective member jurisdictions must join CEA before the end of calendar year 2021 in order to begin customer enrollments in CEA's service options by 2023; and

WHEREAS, Section 2.4 of the Agreement requires the Board of Directors to adopt a resolution by a two-thirds vote of the entire Board authorizing the membership of additional member jurisdictions, and specifying the conditions for membership, if any.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City of San Marcos is hereby authorized to become a party to the Agreement and a member of CEA, subject to the following conditions:

- (a) The Community Choice Aggregation ordinance adopted by the City of San Marcos becoming effective.
- (b) The execution of the Agreement by the duly authorized official of the City of San Marcos.
- (c) Reimbursement to CEA by City of San Marcos of CEA costs incurred in connection with adding a new agency, including, but not limited to, the cost of analysis of historical usage data using CEA's financial pro forma model to determine impact to CEA of the proposed member; and preparation of an Amended Implementation Plan and related activities of the expansion.

PASSED AND ADOPTED by the Board of Directors of the Clean Energy Alliance this 17th day of December 2021, by the following vote:

AYES: Druker, Inscoe, Bhat-Patel, Becker

NOES: None

ABSENT: None

DocuSigned by:
Kristi Becker
7E04F23CDAA04F8...

Kristi Becker, Chair

ATTEST:

DocuSigned by:
Sheila R. Cobian
D87CF7B87878476...

Sheila Cobian, Interim Board Secretary

ORDINANCE NO. 2021-12

AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING MEMBERSHIP IN CLEAN
ENERGY ALLIANCE, A COMMUNITY CHOICE
AGGREGATION PROGRAM

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

WHEREAS, California Public Utilities Code section 366.2 (the "Act") authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as Community Choice Aggregation ("CCA"); and

WHEREAS, the Community Choice Technical Feasibility Study, dated May 24, 2021 ("Feasibility Study"), determined that a Community Choice Aggregation program would be both technically and financially feasible and beneficial in the City of Escondido; and

WHEREAS, on October 27, 2021, the Escondido City Council adopted Resolution 2021-169 authorizing the City Manager to execute the Clean Energy Alliance Joint Powers Agreement, and related documents, for membership in the Clean Energy Alliance ("CEA") formed pursuant to the provisions of the Joint Exercise of Powers Act on or about November 4, 2019; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt-out of electric service through CEA and instead continue to receive electric service from the incumbent utility; and

WHEREAS, Public Utilities Code section 366.2(c)(12) provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines, as (1) it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment (14 Cal. Code Regs, § 15378(a)); (2) there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment (14 Cal. Code Regs. § 15061(b)(3)); and, (3) because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

NOW, THEREFORE, the City Council of the City of Escondido hereby ordains as follows:

SECTION 1. That the recitals set forth above are true and correct and are incorporated as though fully set forth herein.

SECTION 2. In order to provide a choice of electric service providers to the customers within the City, the City Council hereby elects pursuant to Public Utilities Code section 366.2(c)(12) to implement a Community Choice Aggregation ("CCA") program within the jurisdiction of the City of Escondido, by participating in the Clean Energy Alliance ("CEA"), under the terms and conditions provided in its Clean Energy Alliance Joint Powers Agreement, as amended, on file with the City Clerk.

SECTION 3. This Ordinance was introduced by the City Council October 27, 2021, along with City Council Resolution No. 2021-169.

SECTION 4. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 5. That as of the effective date of this ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 6. That the City Clerk is hereby directed to certify to the passage of this ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation for the City of Escondido.

SECTION 7. This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Escondido at a regular meeting thereof this 17th day of November, 2021 by the following vote to wit:

AYES : Councilmembers: GARCIA, INSCOE, MORASCO, MARTINEZ, MCNAMARA

NOES : Councilmembers: NONE

ABSENT : Councilmembers: NONE

APPROVED:

DocuSigned by:
Paul McNamara
E:AA052978395A08
PAUL MCNAMARA, Mayor of the
City of Escondido, California

ATTEST:

DocuSigned by:
Zack Beck
E:68F25791DC1630
ZACK BECK, City Clerk of the
City of Escondido, California

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO : ss.
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of the City of Escondido, hereby certify that the foregoing ORDINANCE NO. 2021-12 passed at a regular meeting of the City Council of the City of Escondido held on the 17th day of November, 2021, after having been read at the regular meeting of said City Council held on the 27th day of October, 2021.

DocuSigned by:
Zack Beck
E:68F25791DC1630
ZACK BECK, City Clerk of the
City of Escondido, California

ORDINANCE NO. 2021-12

ORDINANCE NO 2021 – 1508

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and

WHEREAS, Measure E-3 of the City's 2020 Climate Action Plan aims to increase grid-supply renewable and zero-carbon electricity in the City of San Marcos; and

WHEREAS, the City completed a CCA feasibility study which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and

WHEREAS, the City wishes to implement a CCA program at this time joining as a member to the Joint Powers Authority known as Clean Energy Alliance, consisting of the member agencies of Carlsbad, Del Mar, and Solana Beach; and

WHEREAS, under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utilities; and

WHEREAS, 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) To the extent necessary, the City Manager or designee shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA guidelines.

NOW THEREFORE, the City Council of the City of San Marcos, in accordance with the freedom accorded to charter cities generally, and by the Charter of the City of San Marcos specifically, does ordain as follows:

Section 1. The above recitals are true and correct.

Section 2. In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Section 366.2(c)(12) of the Act to implement a CCA program within the jurisdiction of the City of San Marcos by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

Section 3. Effective Date. This Ordinance shall take effect and be in force thirty (30) days after its passage.


Section 4. Publication. Within fifteen (15) days following its adoption, the City Clerk shall certify to the passage of this Ordinance and cause the same to be published, or the title thereof as a summary, in accordance with the provisions of State law in a newspaper of general circulation designated for legal notices publication in the City of San Marcos.

INTRODUCED at a regular meeting of the City Council of the City of San Marcos, California, held on the November 9, 2021; and


PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of San Marcos, California, held on the 23rd day of November, 2021, by the following roll call vote:

AYES: COUNCIL MEMBERS: JENKINS, MUSGROVE, NUÑEZ, WALTON, JONES
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE


APPROVED:


Rebecca D. Jones, Mayor

ATTEST:


Phillip Scollick, City Clerk
City of San Marcos

APPROVED AS TO FORM:


Helen Holmes Peak, City Attorney
City of San Marcos

CLEAN ENERGY ALLIANCE

Community Choice Aggregation Implementation Plan and Statement of Intent

December 2019

TABLE OF CONTENTS

1	Introduction	4
1.1	Statement of Intent	5
1.2	Organization of this Implementation Plan.....	6
2	Aggregation Process.....	7
2.1	Introduction.....	7
2.2	Process of Aggregation	8
2.3	Consequences of Aggregation	9
2.3.1	Rate Impacts.....	9
2.3.2	Renewable Energy Impacts	10
2.3.3	Greenhouse Gas Reduction.....	10
3	Organization and Governance Structure.....	11
3.1	Organizational Overview	11
3.2	Governance	11
3.3	Management	11
3.4	Administration.....	12
3.5	Finance	12
3.6	Marketing & Public Affairs.....	12
3.7	Power Resources & Energy Programs	13
3.7.1	Electric Supply Operations	13
3.8	Governmental Affairs & Legal Support.....	14
4	Startup Plan and Funding.....	15
4.1	Startup Activities	15
4.2	Staffing and Contract Services.....	16
4.3	Capital Requirements	16
4.4	Financing Plan.....	17
5	Program Phase-In	18
6	Load Forecast & Resource Plan.....	19

Clean Energy Alliance Implementation Plan

6.1	Introduction	19
6.2	Resource Plan Overview	20
6.3	Supply Requirements.....	21
6.4	Customer Participation Rates	22
6.5	Customer Forecast.....	22
6.6	Sales Forecast	23
6.7	Capacity Requirements.....	23
6.8	Renewables Portfolio Standards Energy Requirements	25
6.8.1	Basic RPS Requirements	25
6.8.2	CEA’s Renewables Portfolio Standards Requirement	25
6.9	Purchased Power	25
6.10	Renewable Resources.....	26
6.11	Small, Local and Diverse Business Enterprise Procurement.....	26
6.12	Energy Efficiency.....	26
7	Financial Plan	27
7.1	Description of Cash Flow Analysis	27
7.2	Cost of Program Operations	27
7.3	Revenues from CCA Program Operations.....	27
7.4	Cash Flow Analysis Results	28
7.5	Program Implementation Pro Forma	28
7.6	Clean Energy Alliance Financings.....	29
7.7	Renewable Resource Project Financing.....	29
8	Rate Setting, Program Terms and Conditions	30
8.1	Introduction.....	30
8.2	Rate Policies.....	30
8.3	Rate Competitiveness.....	30
8.4	Rate Stability.....	31
8.5	Equity among Customer Classes.....	31
8.6	Customer Understanding	31

Clean Energy Alliance Implementation Plan

8.7	Revenue Sufficiency.....	31
8.8	Rate Design.....	32
8.9	Net Energy Metering	32
8.10	Disclosure and Due Process in Setting Rates and Allocating Costs among Participants.....	32
9	Customer Rights and Responsibilities	33
9.1	Customer Notices	33
9.2	Termination Fee	34
9.3	Customer Confidentiality.....	34
9.4	Responsibility for Payment.....	34
9.5	Customer Deposits	35
10	Procurement Process	36
10.1	Introduction.....	36
10.2	Procurement Methods	36
10.3	Key Contracts.....	36
10.3.1	Electric Supply	36
10.3.2	Data Management Contract.....	37
11	Contingency Plan for Program Termination.....	37
11.1	Introduction.....	37
11.2	Termination by Clean Energy Alliance	37
12	Appendix A: Clean Energy Alliance Resolution No. 2019-003 (Adopting Implementation Plan) ..	39

1 INTRODUCTION

The Clean Energy Alliance (“CEA” or “Alliance”), located within San Diego County, is a Joint Powers Authority (“JPA”) pursuing the implementation of a community choice aggregation program (“CCA” or “Program”). Founding Member Agencies of CEA include the following three (3) municipalities within the County of San Diego, which have elected to allow the JPA to provide electric generation service within their respective jurisdictions:

City of Carlsbad
City of Del Mar
City of Solana Beach

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes CEA’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of the Member Agencies. Electric customers within the Cities of Carlsbad and Del Mar currently take bundled electric service from San Diego Gas and Electric (“SDG&E”). Electric customers within the City of Solana Beach currently have the option of taking electric service from Solana Energy Alliance (“SEA”), an existing Community Choice Aggregation program, or as a bundled customer of SDG&E. The Program will provide electricity customers the opportunity to jointly procure electricity from competitive suppliers, with such electricity being delivered over SDG&E’s transmission and distribution system. The planned start date for the Program is May 1, 2021. All current SDG&E customers within the Del Mar and Carlsbad service area will receive information describing the CEA Program and will have multiple opportunities to opt out and choose to remain full requirement (“bundled”) customers of SDG&E, in which case they will not be enrolled. Current SEA customers will receive information describing the CEA Program and their transition from SEA to CEA. They will also have multiple opportunities to opt out. Thus, participation in the CEA Program is completely voluntary. However, as provided by law, customers will be automatically enrolled according to the anticipated schedule later described in Chapter 5 unless they affirmatively elect to opt-out. Once, and as long as CEA is operational and all SEA customers have transitioned to CEA, SEA will cease to be an operational CCA.

Implementation of CEA will enable customers within CEA’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law.

CEA’s primary objectives in implementing this Program are to:

- 1) Procure an electric supply portfolio with higher renewable content than SDG&E;
- 2) Provide cost competitive electric services when compared to SDG&E;
- 3) Gain local control in rate setting to provide long-term rate stability for residents and businesses;
- 4) Meet Climate Action Plan goals of the Member Agencies.

The California Public Utilities Code provides the relevant legal authority for the Alliance to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the CEA Program. The CPUC also has responsibility for registering the JPA as a Community Choice Aggregator and ensuring compliance with

Clean Energy Alliance Implementation Plan

basic consumer protection rules. The Public Utilities Code requires adoption of an Implementation Plan at a duly noticed public hearing. The plan must then be filed with the Commission.

The Alliance is also aware that a CCA Program-specific Renewables Portfolio Standard (“RPS”) Procurement Plan must be completed and submitted to the CPUC during its CCA registration process – the Alliance anticipates that the renewable energy targets reflected in this Implementation Plan will meet or exceed applicable procurement mandates, including prudent planning reserves.

On December 19, 2019, the JPA, at a duly noticed public hearing, adopted this Implementation Plan, through Resolution No. 2019-003 (a copy of which is included as part of Appendix A).

The Commission has established the methodology to use to determine the cost recovery mechanism, and SDG&E has approved tariffs for imposition of the cost recovery mechanism. The cities of Del Mar and Carlsbad have adopted an ordinance to implement a CCA program through its participation in CEA and Solana Beach adopted its ordinance to implement a CCA program as part of implementing SEA. Each of the Members has adopted a resolution permitting CEA to provide service within its jurisdiction¹. Having accomplished these milestones, CEA submits this Implementation Plan to the CPUC. Following the CPUC’s acknowledgement of its receipt of this Implementation Plan and resolution of any outstanding issues, CEA will submit a draft customer notice, file a draft Renewable Portfolio Standards Procurement Plan, submit the Financial Security Requirement and execute the Service Agreement with San Diego Gas & Electric as established in CPUC Resolution E-4907. CEA will take the final steps needed to register as a CCA and participate in the year-ahead Resource Adequacy (“RA”) process prior to initiating the customer notification and enrollment process.

1.1 STATEMENT OF INTENT

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides the Alliance’s statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

¹ Copies of individual ordinances adopted by the Clean Energy Alliance’s Members are included within Appendix A

Clean Energy Alliance Implementation Plan

1.2 ORGANIZATION OF THIS IMPLEMENTATION PLAN

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process

Chapter 3: Organizational Structure

Chapter 4: Startup Plan & Funding

Chapter 5: Program Phase-In

Chapter 6: Load Forecast & Resource Plan

Chapter 7: Financial Plan

Chapter 8: Rate setting

Chapter 9: Customer Rights and Responsibilities

Chapter 10: Procurement Process

Chapter 11: Contingency Plan for Program Termination

Appendix A: Clean Energy Alliance Resolution No. 2019-XXX (Adopting Implementation Plan)

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

Clean Energy Alliance Implementation Plan

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Methods for ensuring procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects.	Chapter 6: Load Forecast and Resource Plan

2 AGGREGATION PROCESS

2.1 INTRODUCTION

This Chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Clean Energy Alliance Implementation Plan

In 2017 the cities of Del Mar, Carlsbad and other interested partner agencies engaged the assistance of a technical consultant to evaluate the feasibility of establishing a CCA program, considering various agency member formations. The studies revealed that a CCA program was viable, offering customers rates competitive with SDG&E. Throughout early 2019 the Member Agencies evaluated several different options related to the provision of CCA services to their service territories. SEA has been a financially stable CCA since launching in June 2018. The financial model reflected in Section 7, Table 9, demonstrates that the proposed CEA is a financially viable CCA program.

The CEA was formed with the following objectives: 1) procure a power supply from a minimum 50% renewable energy sources; 2) help meet the goals of the Member Agency's Climate Action Plans to reduce GHG emissions; 3) provide cost-competitive electric services to the customers of CEA; 4) gain local control of the territory's energy procurement needs; and 5) provide local clean energy programs and benefits.

The City of Solana Beach ("Solana Beach") currently operates SEA, the only CCA that is currently serving customers in SDG&E territory. Solana Beach intends to transition its customers from SEA to CEA during CEA's launch month of May 2021. Once its customers are fully transferred to CEA, Solana Beach will no longer operate SEA. Solana Beach will submit an amended Implementation Plan, concurrent with this CEA Implementation Plan, that reflects its customers transitioning to CEA.

The Alliance released a draft Implementation Plan in November 2019, which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by the CEA Board of Directors.

The CEA Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the residents and business community within the service territory. The Alliance plans to expand the energy choices available to eligible customers through creation of innovative new programs for voluntary purchases of renewable energy and net energy metering to promote customer-owned renewable generation.

2.2 PROCESS OF AGGREGATION

Before they are enrolled in the Program, prospective CEA customers in Carlsbad and Del Mar will receive two written notices in the mail that will provide information needed to understand the Program's terms and conditions of service and explain how customers, if they desire, can opt-out of the Program. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to customers in March 2021, with a second notice being provided in April 2021.

Customers currently being served by SEA were provided the required enrollment notices during their transition from SDG&E service in 2018. These customers are not subject to the four required notices for customers leaving SDG&E service, however, they will be provided at least one notice notifying them of the transition from SEA service to CEA service and any rate or service impacts.

Customers enrolled in the CEA Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (SDG&E). The electric bill for Program customers will show

Clean Energy Alliance Implementation Plan

separate charges for generation procured by CEA as well as other charges related to electricity delivery and other utility charges assessed by SDG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the CEA Program without penalty and return to the distribution utility (SDG&E). CEA customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by CEA but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the CEA Program and to have agreed to the CEA Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

2.3 CONSEQUENCES OF AGGREGATION

2.3.1 Rate Impacts

CEA customers will pay the generation charges set by the Alliance and no longer pay the costs of SDG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

The Alliance's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (SDG&E). The Alliance will establish rates sufficient to recover all costs related to operation of the Program, and the CEA Board will adopt actual rates.

Initial CEA Program rates will be established following approval of the Alliance's inaugural program budget, reflecting final costs from the CEA Program's energy procurement. The Alliance's rate policies and procedures are detailed in Chapter 7. Information regarding final CEA Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once CEA gives definitive notice to SDG&E that it will commence service, CEA customers will generally not be responsible for costs associated with SDG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by SDG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in SDG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both SDG&E bundled customers as well as CCA and Direct Access customers². SEA customers that transition to CEA will maintain their current Power Charge Indifference Adjustment ("PCIA") vintage of 2017, having already departed from SDG&E generation services. Eligible Del Mar and Carlsbad customers who transition to CEA service will be assigned a 2020 PCIA vintage.

² For SDG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the CCA-CRS rate tariff.

Clean Energy Alliance Implementation Plan

2.3.2 Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by RPS-eligible renewable resources. The resource plan includes procurement of renewable energy in excess of California's renewable energy procurement mandate, and SDG&E's forecast renewable percentage, with a goal of providing a minimum of 50% renewable energy at launch, for all enrolled customers. Consistent with Senate Bill 100, CEA renewable energy will increase toward 60% by 2030. CEA customers may also voluntarily participate in a higher renewable supply option, potentially up to 100%. To the extent that customers choose CEA's voluntary renewable energy option, the renewable content of CEA's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more short-term power purchase agreements; however, shortly after launching operations, long-term procurement of renewable energy will begin to meet California's long-term renewable energy contracting requirements that become effective in Compliance Period 4 and beyond³. Over time, the Alliance will also consider independent development of new renewable generation resources.

2.3.3 Greenhouse Gas Reduction

A third consequence of the Program will be an anticipated reduction in the greenhouse gas emissions attributed to the CEA supply portfolio as compared to SDG&E. An important objective of the CEA formation is to support the Climate Action Plans of the Member Agencies. Therefore, CEA will set aggressive GHG-emissions reduction targets and acquire zero or low GHG-emitting supply to achieve those targets.

³ Under California's RPS Program, 65 percent of mandated renewable energy purchases must be sourced from eligible long-term contracts beginning in calendar year 2021.

3 ORGANIZATION AND GOVERNANCE STRUCTURE

This section provides an overview of the organizational structure of CEA and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of CEA are outlined and discussed below.

3.1 ORGANIZATIONAL OVERVIEW

CEA is a joint powers authority formed under the California Joint Exercise of Powers Act. It was established on November 4, 2019 with a Board of Directors serving as its Governing Board. The Board is responsible for establishing CEA's Program policies and objectives and overseeing CEA's operation. In December 2019, the Board appointed an Interim Chief Executive Officer ("CEO") to manage the operation of the Alliance in accordance with policies adopted by the Board.

3.2 GOVERNANCE

The CEA Program will be governed by the CEA Board, which shall include one appointed designee from each of the Member Agencies. The Members of CEA include three (3) municipalities within the County of San Diego, Del Mar, Carlsbad and Solana Beach, all of which have elected to allow CEA to provide electric generation service within their respective jurisdictions. The Alliance's Board will be comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The CEA Program will be operated under the direction of an CEO appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the CEO, who has general responsibility for program operations, consistent with the policies established by the Board. The Board will elect a Chair and Vice Chair and may form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect the Alliance and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board in these regards.

3.3 MANAGEMENT

The CEA CEO has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs, as well as the assisting the Board with overall supervision of the legal services provided by the Alliance's General Counsel. In performing the defined obligations to CEA, the CEO may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, will be performed by experienced third-party contractors.

Major functions of the Alliance that will be managed by the CEO are summarized below.

Clean Energy Alliance Implementation Plan

3.4 ADMINISTRATION

CEA's CEO will be responsible for managing the organization's human resources and administrative functions and will coordinate with the CEA Board, as necessary, with regard to these functions. The functional area of administration will include oversight of any employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues. It is likely that existing Member Agency staff will initially assist with this function.

3.5 FINANCE

The CEO is also responsible for managing the financial affairs of the Alliance, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. The Alliance will have the flexibility to consider rate adjustments, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as encouraging renewable generation and incentivizing peak demand reduction, provided that the overall revenue requirement is achieved.

CEA's finance function will be responsible for preparing the annual budget, arranging financing necessary for any capital projects, preparing financial reports, managing required audits and ensuring sufficient cash flow for successful operation of the CEA Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, the Alliance will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

3.6 MARKETING & PUBLIC AFFAIRS

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. The Alliance will conduct program marketing to raise consumer awareness of the CEA Program and to establish its "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the CEA Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance the Alliance's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. CEA, through its data services provider, will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the CEA Program, maintaining a current database of enrolled customers. This function

Clean Energy Alliance Implementation Plan

coordinates the issuance of monthly bills through SDG&E's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with SDG&E and CEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of the Alliance.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. The Alliance will contract with an experienced third party to perform the customer account and billing services functions.

3.7 POWER RESOURCES & ENERGY PROGRAMS

CEA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. CEA's long-term resource plans (addressing the 10-20-year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. In particular, CEA is aware of compulsory Integrated Resource Planning requirements, as identified in Senate Bill 350 (de León, 2015), which require, among other provisions, that CCAs periodically submit integrated resource planning documents and related materials to the CPUC. Specifically, the Public Utilities Code requires that, "The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of section 366.2". The Alliance intends to comply with this requirement similar to the manner in which other CCA organizations have complied and will rely on the experience gained by such organizations in completing pertinent data templates and documentation during future processes. Integrated resource planning efforts of the Alliance will make use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by the Board as required by state law and applicable regulations. The Alliance is also aware of the need to periodically prepare and submit RPS Procurement Plans, which shall address the manner in which the CEA Program will achieve compliance with pertinent provisions of California's RPS mandate. As required, the first RPS Procurement Plans will be developed and submitted during the 90-day certification period related to this Implementation Plan.

The Alliance may develop and administer complementary energy programs that may be offered to CEA customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of the Alliance.

3.7.1 Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.

Clean Energy Alliance Implementation Plan

- *Load Forecasting* – develop load forecasts, both long-term for resource planning, short-term for the electricity purchases, and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (“CAISO”).

The Alliance will contract with one or more experienced and financially sound third-party energy services firms to perform most of the electric supply operations for the CEA Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

3.8 GOVERNMENTAL AFFAIRS & LEGAL SUPPORT

The CEA Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, RA, compliance with California’s RPS program and overall representation on issues that will impact CEA customers. The Alliance will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator (“CAISO”), the California legislature and, as necessary, the Federal Energy Regulatory Commission with either in-house staff or contracted third parties with experience in the energy market arena.

CEA’s General Counsel is hired by and reports to the Board of Directors. However, the CEO will assist the Board in supervising the legal services as provided by General Counsel. The Alliance may retain specialized outside legal services, as necessary, to review power purchase agreements, give advice on regulatory matters, and provide other specialized legal services related to activities of the CEA Program. In addition, CEA’s wholesale services provider may assist with regulatory filings related to wholesale procurement.

4 STARTUP PLAN AND FUNDING

This Chapter presents the Alliance's plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, the Alliance will utilize a mix of internal staff and contractors in its CCA Program implementation and operation.

4.1 STARTUP ACTIVITIES

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Adopt policies and procedures for the operation of CEA
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
 - Electric supplier and scheduling coordinator
 - Data management provider (if separate from energy supply)
- Define and execute communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
 - Website
- Post financial security requirement and complete requisite registration requirements
- Establish reserves that may be required by energy suppliers
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Some costs related to starting up the CEA Program may be the responsibility of the CEA Program's contractors. These may include capital requirements needed for collateral/credit support for electric

Clean Energy Alliance Implementation Plan

supply expenses, customer information system costs, bond requirements, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

4.2 STAFFING AND CONTRACT SERVICES

Personnel in the form of Alliance staff, Member Agency staff, or contractors will be utilized as needed to match workloads involved in forming CEA, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements may include a CEO, legal support, and other personnel needed to support regulatory, procurement, finance, legal, marketing, and communications activities. This support will come from existing Member Agency staff and contractors. Once operational, additional staff and/or contractors may be retained, as needed, to support the rollout of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

4.3 CAPITAL REQUIREMENTS

The start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) operating cash flow. Based on the Alliance's anticipated start-up activities and implementation schedule, a total need of \$4.4M has been identified to support the aforementioned functions. Out of the \$4.4 capital requirements, \$450,000 will be funded from member advances for costs incurred in fiscal year 19/20, \$959,000 is related to the implementation/startup efforts (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, SDG&E security deposit, etc.) in order to serve customers by May 2021. A deposit in the amount of \$500,000 will also need to be posted to CAISO for the Alliance to be a Congestion Revenue Rights Holder. The remaining \$2,500,000 is the "float" required for CEA to pay its monthly bills before the program generates enough internal cash to self-fund its working capital needs.

The capital requirement is further broken down as follows:

**Clean Energy Alliance
Draft Budget
Fiscal Years 19/20 and 20/21**

	FY 19/20	FY 20/21
Staffing/Consultants	\$ 50,000.00	\$ 235,000.00
Legal Services	130,000.00	200,000.00
Professional Services	115,000.00	200,000.00
CCA Bond	147,000.00	
CAISO Fee		500,000.00
CalCCA Membership & Dues	1,500.00	130,000.00
Print/Mail Services		132,000.00
Advertising		10,000.00
Graphic Design Services	6,500.00	10,000.00
Website Maintenance		2,500.00
Audit Services		40,000.00
Cash Flow & Lockbox Reserves		2,500,000.00
TOTAL PROJECTED BUDGET	\$ 450,000.00	\$ 3,959,500.00

Clean Energy Alliance Implementation Plan

The finance plan in Chapter 7 provides additional detail regarding the Alliance's expected capital requirements and general Program finances. All the capital required for start-up will be provided through in-kind support from Member Agencies, deferred fees, Member advances and direct loans.

Related to the Alliance's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations; 2) deposit with the CAISO prior to commencing market operations (if required); 3) Financial Security Requirement (CCA bond posted with the CPUC); and 4) SDG&E service fee deposit, if required.

Operating revenues from sales of electricity will be remitted to CEA beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. CEA will need working capital to support electricity procurement and costs related to program management, which is included in CEA's initial \$4,400,000 capital requirement.

4.4 FINANCING PLAN

CEA's initial capital requirement will be met through a combination of financing mechanisms. CEA will be seeking assistance through deferred fees from contractors and vendors, loans and/or lines of credit from financial institutions and in-kind services and advances provided by Member Agencies (to be reimbursed in the future). CEA will repay back the principal and interest costs associated with the start-up funding via retail generation rates charged to CEA customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first three years of operations.

5 PROGRAM PHASE-IN

CEA plans to roll out its service offering to all eligible customers in a single phase at start-up. There are approximately 58,000 eligible customer accounts within the Alliance’s boundaries, resulting in a single-phase roll-out being reasonable and the most efficient way for CEA to serve customers beginning in May 2021.

Solana Beach is currently providing energy to its residents and businesses through SEA, its community choice aggregation program. During May 2021, SEA customers will transfer from SEA to CEA. Once, and as long as CEA is operational and all SEA customers have transitioned to CEA, SEA will cease operating as a community choice aggregation program.

It is possible that Net Energy Metering (“NEM”) customers may be enrolled over multiple periods to mitigate the impact of SDG&E NEM true-up treatment.

6 LOAD FORECAST & RESOURCE PLAN

6.1 INTRODUCTION

This Chapter describes the planned mix of electric resources that will meet the energy demands of CEA customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. The key policies are as follows:

- Develop a portfolio with a minimum 50% renewable energy and lower greenhouse gas (“GHG”) emissions than SDG&E.
- Manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- Comply with RA procurement requirements as established by CPUC Resolution E-4907.
- Comply with applicable renewable energy procurement mandates, as increased under Senate Bill 100 (“SB 100”; de León, 2018).
- Comply with SB 350, periodically preparing and submitting (for certification by the CPUC) an Integrated Resource Plan (“IRP”).
- Comply with applicable requirements for ensuring procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255 (“SB 255”; Bradford, 2019).
- As applicable, annually prepare and submit a detailed and verifiable plan to the CPUC for increasing procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255.
- As applicable, annually prepare and submit a report to the CPUC regarding its procurement from women, minority, disabled veteran and LGBTQ business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255.

The plan described in this section would accomplish the following:

- **Procure Competitive Supply:** Procure energy, RA, renewables and low-GHG supply through competitive processes in the open market to support the potential offering of service options to include a 100% renewable energy voluntary opt-up product.
- **Use Best Practices Risk Management:** Maintain rate competitiveness by using a dollar-cost-averaging approach with particular attention to the methodology used in the power charge indifference adjustment (“PCIA”) calculation. Use stochastic modeling to measure and achieve risk management objectives.
- **Achieve Environmental Objectives:** Procure supply to offer two distinct generation rate tariffs: 1) a voluntary 100% renewable energy offered to CEA customers on a price premium basis relative

Clean Energy Alliance Implementation Plan

to CEA's default retail option; and 2) a default CEA service option that is sourced from a minimum 50% renewable energy.

- **Provide NEM Tariff:** Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff that is more remunerative than SDG&E's NEM tariff.
- **Compliance:** Ensure compliance with participation in the Annual and Monthly RA process.
- **Diversity:** Encourage procurement from small, local and diverse business enterprises.

CEA will comply with regulatory rules applicable to California load serving entities. CEA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. CEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve CEA's customers, even if there were a need for the Alliance's Program to cease operations and return customers to SDG&E. In addition, the Alliance will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS mandate (33 percent renewable energy by 2020, increasing to 60 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to RA and the RPS.

In relation to its RPS procurement obligation, CEA is aware that SB 100 was signed into law by Governor Brown on September 10, 2018, with an effective date of January 1, 2019. One of SB 100's key requirements is to increase California's RPS procurement mandate to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. The Alliance is also aware of applicable long-term renewable energy contracting requirements and plans to satisfy such requirements with one or more eligible contracts put in place prior to or during early-stage operation of the CCA Program. As a local governmental agency, the Alliance's resource planning and procurement activities are subject to and overseen by its Board through an open and public process.

In relation to its small, local and diverse business enterprise procurement requirement, the Alliance is aware that SB 255 was signed into law by Governor Newsom on October 2, 2019. SB 255 requires the CEA Implementation Plan that to include the methods for ensuring procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects. These methods are described in the Small, Local and Diverse Business Enterprise Procurement section.

6.2 RESOURCE PLAN OVERVIEW

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to CEA's status as a California load serving entity, CEA's resource plan includes a diverse mix of power purchases, renewable energy, and potentially, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The planned power supply will initially be comprised of power purchases from third party electric suppliers and, in the longer-term, may include renewable generation assets owned and/or controlled by CEA.

Clean Energy Alliance Implementation Plan

Once the CEA Program demonstrates it can operate successfully, CEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by CEA or controlled under a long-term power purchase agreement with a proven public power developer, could provide a portion of CEA’s electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the CEA Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions in new renewable generating assets will be made following appropriate environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, CEA may consider partnering with an experienced public power developer or other Joint Powers Authorities and could enter into a long-term (15-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the CEA Program’s operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract.

CEA’s indicative resource plan for the years 2021 through 2030 is summarized in the following table. Note that CEA’s projections reflect a portfolio mix of renewable energy compliant with the annual RPS requirement and all other supply coming in the form of conventional resources or CAISO system power⁴.

Table 1: Proposed Resource Plan

Clean Energy Alliance Proposed Resource Plan (MWh) 2021 - 2030										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand (MWh)										
Retail	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
Losses	6,193	39,932	40,824	41,521	42,149	42,607	42,879	43,737	44,612	45,504
Wholesale	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736
Supply (MWh)										
Renewable	72,011	464,327	474,703	482,808	490,109	495,433	518,542	556,036	594,823	634,939
System	78,204	504,259	515,527	524,329	532,259	538,041	521,533	504,840	487,271	468,797
Total Supply	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736

6.3 SUPPLY REQUIREMENTS

The starting point for CEA’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile.” The electric sales forecast and load profile will be affected by CEA’s plan to introduce the CEA Program to customers in one

⁴ The Alliance has applied known RPS procurement targets, as reflected in SB 100, for calendar years 2024, 2027 and 2030. In the intervening years, the Alliance has assumed a general straight-line trajectory between each of the aforementioned years (which are associated with the final years of Compliance Periods 4, 5 and 6 respectively).

Clean Energy Alliance Implementation Plan

single phase and the degree to which customers choose to remain with SDG&E during the customer enrollment and opt-out period. The Alliance’s rollout plan and assumptions regarding customer participation rates are discussed below.

6.4 CUSTOMER PARTICIPATION RATES

Customers will be automatically enrolled in the CEA Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. The Alliance anticipates an overall customer participation rate of approximately 90 percent of eligible SDG&E bundled service customers, based on reported opt-out rates for already operating CCAs. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part because the Alliance will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as CEA’s public outreach and market research efforts continue to develop.

6.5 CUSTOMER FORECAST

Once customers enroll, they will be transferred to service by CEA on their regularly scheduled meter read date over an approximately thirty-one-day period. Approximately 2,900 service accounts per day will be transferred during the first month of service. The number of accounts anticipated to be served by CEA at the end of the enrollment period is shown in Table 2.

Table 2: Total Customer Counts at the end of First Month of Operation, here presuming enrollment occurs in May 2021.

	<u>May-21</u>
Residential	49,800
Commercial & Agriculture	8,000
Street Lighting & Traffic	200

The Alliance assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (<1% annual growth) over the noted planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it difficult to anticipate the actual levels of customer participation within the CEA Program. The Alliance believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth (based on SDG&E data) within the JPA and the potential for continuing customer opt-outs following mandatory customer notification periods. The following table shows the forecast of service accounts (customers) served by CEA for each of the next ten years.

Table 3: Customer Accounts by Year

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Residential	49,800	49,800	49,900	49,900	50,000	50,100	50,100	51,100	52,200	53,200
Commercial & Agriculture	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,200	8,400	8,500
Street Lighting & Traffic	200	200	200	200	200	200	200	200	200	200

Clean Energy Alliance Implementation Plan

6.6 SALES FORECAST

The Alliance’s forecast reflects the rollout and customer enrollment schedule shown above.

Annual energy requirements are shown in Table 4.

Table 4: Demand Forecast in MWh, 2021-2030

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Demand (MWh)										
Retail	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
Losses	6,193	39,932	40,824	41,521	42,149	42,607	42,879	43,737	44,612	45,504
Wholesale	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736

6.7 CAPACITY REQUIREMENTS

The CPUC’s RA standards applicable to the CEA Program require a demonstration one year in advance that CEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin.

Additionally, the Alliance must demonstrate one year in advance that it has secured physical capacity for 100 percent of its local RA obligation across all months in the upcoming compliance year 2021 and the following compliance year 2022 and 50 percent across all months in 2023. On a month-ahead basis, CEA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin. Per CPUC Resolution E-4907, the Alliance must participate in the year-ahead RA compliance cycle in order to serve customers in the following calendar year. The Alliance will follow the prescribed year-ahead RA compliance timeline outlined within Appendix A of Resolution E-4907; this includes:

- Submission of year-ahead load forecast to the CEC and CPUC in April 2020;
- Submission of updated year-ahead load forecast to the CEC and CPUC in August 2020;
- Submission of year-ahead compliance materials in October 2020; and
- Submission of month-ahead load migration forecast by February 2021.

A portion of CEA’s capacity requirements must be procured locally, from the San Diego – Imperial Valley local capacity area as defined by the CAISO. The Alliance would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (SDG&E service area) local capacity requirements adopted by the CPUC based on CEA’s forecasted peak load. CEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

CEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible RA framework.

Clean Energy Alliance Implementation Plan

The estimated forward RA requirements for 2021 through 2023 are shown in the following tables⁵:

Table 5: Forward Capacity Requirements (Total) for 2021-2023 in MW, presuming service starts in May 2021

Month	2021	2022	2023
January		182.8	186.1
February		171.2	174.2
March		151.2	153.8
April		144.1	152.4
May	139.9	143.7	140.5
June	165.6	170.1	172.9
July	176.0	188.0	191.2
August	168.8	167.0	169.8
September	172.7	177.4	180.5
October	164.5	168.9	171.7
November	155.3	159.5	162.2
December	172.1	176.7	186.9

CEA's plan ensures that sufficient reserves will be procured to meet its peak load at all times. The projected CEA annual capacity requirements are shown in the following table:

Table 6: Annual Maximum Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	176.0	188.0	191.2	191.2	189.2	190.6	194.6	198.5	202.5	206.5
Reserve Requirement (15%)	26.4	28.2	28.7	28.7	28.4	28.6	29.2	29.8	30.4	31.0
Total Capacity Requirement	202.4	216.2	219.8	219.9	217.5	219.2	223.8	228.3	232.9	237.5

Local capacity requirements are a function of the SDG&E area RA requirements and CEA's projected peak demand. CEA will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of CEA's annual maximum local capacity requirement for the ten-year planning period ranges between 132-155 MW as shown in Table 7.

Table 7: Annual Maximum Local Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	176.0	188.0	191.2	191.2	189.2	190.6	194.6	198.5	202.5	206.5
Local Capacity (% of Total)	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
San Diego - IV (MW)	132.0	141.0	143.4	143.4	141.9	142.9	146.0	148.9	151.9	154.9

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

CEA will coordinate with SDG&E and appropriate state agencies to manage the transition of responsibility for RA from SDG&E to CEA during CCA program phase-in. For system RA requirements, CEA will make month-ahead showings for each month that CEA plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. CEA will work with the California Energy

⁵ The figures shown in the tables are estimates. CEA's RA requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC's RA compliance process.

Clean Energy Alliance Implementation Plan

Commission and CPUC prior to commencing service to customers to ensure it meets its local and system RA obligations through its agreement(s) with its chosen electric supplier(s).

6.8 RENEWABLES PORTFOLIO STANDARDS ENERGY REQUIREMENTS

6.8.1 Basic RPS Requirements

CEA will be required by statute and CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining CEA's renewable energy requirements, many of the same standards for RPS compliance that are applicable to the distribution utilities will apply to CEA.

California's RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California's RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. The RPS program was further amended on September 10, 2018 when Governor Brown signed SB 100, increasing California's RPS procurement target to 60 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 100 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 60 percent procurement mandate. For planning purposes, CEA has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 60 percent RPS in 2030. CEA will also adopt an integrated resource plan in compliance with SB 350. Furthermore, the Alliance will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

6.8.2 CEA's Renewables Portfolio Standards Requirement

CEA's annual RPS procurement requirements, as specified under California's RPS program, are shown in Table 8.

Table 8: Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MWh)	51,560	357,532	392,105	424,871	457,762	488,497	518,542	556,036	594,823	634,939
CEA % Target	50%	50%	50%	50%	50%	50%	52%	55%	57%	60%
CEA Target (MWh)	72,011	464,327	474,703	482,808	490,109	495,433	518,542	556,036	594,823	634,939

6.9 PURCHASED POWER

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of CEA Program operation. CEA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including CEA's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the CEA Program.

6.10 RENEWABLE RESOURCES

CEA will initially secure necessary renewable power supply from its third-party electric supplier(s). CEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by CEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by CEA, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by the Alliance. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of CEA's load zone, as defined by the CAISO.

6.11 SMALL, LOCAL AND DIVERSE BUSINESS ENTERPRISE PROCUREMENT

CEA's procurement processes will be developed to ensure compliance with SB 255 regarding procurement from small, local and diverse business enterprises as applicable. These methods may include, but are not limited to, providing preferences to small, local and diverse business enterprises as permitted by law, developing specifications that encourage responses by small, local and diverse business enterprises, conducting outreach to these enterprises and other methods as may be directed by the CEA Board. CEA will request from contractors and information related to the hiring of small, local and diverse business enterprises that will be reported to commission.

6.12 ENERGY EFFICIENCY

CEA does not currently anticipate running locally managed energy efficiency programs. In the future, CEA may apply to become EE program administrators. In the meantime, CEA will support already existing energy efficiency efforts within its service territory.

7 FINANCIAL PLAN

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the CEA Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

7.1 DESCRIPTION OF CASH FLOW ANALYSIS

The Alliance's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the CEA Program's monthly costs and revenues and the lags between when costs are incurred and revenues received.

7.2 COST OF PROGRAM OPERATIONS

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit; and,
- Pre-Startup Cost Reimbursement.

7.3 REVENUES FROM CCA PROGRAM OPERATIONS

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that CEA charges a standard, default electricity tariff similar to the generation rates of SDG&E for each customer class and an optional renewable energy tariff (with a renewable energy content that exceeds the CEA default retail option) at a premium reflective of incremental renewable power costs. More detail on CEA Program rates can be found in Chapter 8.

Clean Energy Alliance Implementation Plan

7.4 CASH FLOW ANALYSIS RESULTS

The results of the cash flow analysis provide an estimate of the level of capital required for the Alliance to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by CEA, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with the customer enrollments, is determined to be \$4.4M. Of the \$4.4M in capital requirements, \$1.4 is related to the implementation/startup efforts, to be incurred during fiscal years 19/20 and 20/21, (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, CPUC bond, SDG&E security deposit, etc.) in order to serve customers by May 2021. A deposit in the amount of \$500,000 will also need to be posted to CAISO for the Alliance to be a Congestion Revenue Rights Holder. The other \$2,500,000 is the “float” required for CEA to pay its monthly bills before the program generates enough internal cash to self-fund its working capital needs. Working capital requirements peak soon after enrollment of all CEA customers.

7.5 PROGRAM IMPLEMENTATION PRO FORMA

In addition to developing a cash flow analysis that estimates the level of working capital required to move CEA through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown in Table 9. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for loan repayments are included as a cost item.

The results of the pro forma analysis are shown in Table 9. In particular, the summary of CCA program startup and phase-in addresses projected CEA Program operations for the period beginning May 2021 through June 2030. The Alliance has also included a summary of Program reserves, which are expected to accrue over this same period.

Table 9: Pro Forma including Reserves Accumulation 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues from Operations (\$)										
Electric Sales Revenues	\$ 11,461,369	\$ 71,583,581	\$ 73,964,197	\$ 76,857,180	\$ 79,688,575	\$ 83,285,097	\$ 88,240,950	\$ 90,005,769	\$ 91,805,885	\$ 93,642,002
Uncollected Accounts	\$ (34,384)	\$ (214,751)	\$ (221,893)	\$ (230,572)	\$ (239,066)	\$ (249,855)	\$ (264,723)	\$ (270,017)	\$ (275,418)	\$ (280,926)
Total Revenues	\$ 11,426,985	\$ 71,368,830	\$ 73,742,304	\$ 76,626,609	\$ 79,449,510	\$ 83,035,242	\$ 87,976,228	\$ 89,735,752	\$ 91,530,467	\$ 93,361,076
Cost of Operations (\$)										
Staffing & Consulting	\$ 421,013	\$ 2,570,281	\$ 2,647,390	\$ 2,726,811	\$ 2,808,616	\$ 2,892,874	\$ 2,979,660	\$ 3,039,254	\$ 3,100,039	\$ 3,162,040
Wholesale Services	\$ 152,250	\$ 929,318	\$ 957,197	\$ 985,913	\$ 1,015,490	\$ 1,045,955	\$ 1,077,334	\$ 1,098,880	\$ 1,120,858	\$ 1,143,275
Data Management Services	\$ 146,492	\$ 879,504	\$ 880,609	\$ 881,725	\$ 882,853	\$ 883,992	\$ 885,142	\$ 902,845	\$ 920,902	\$ 939,320
IOU Fees	\$ 33,662	\$ 203,090	\$ 205,339	\$ 207,615	\$ 209,919	\$ 212,252	\$ 214,613	\$ 218,906	\$ 223,284	\$ 227,749
Energy Procurement	\$ 5,866,343	\$ 54,089,555	\$ 59,546,313	\$ 61,419,452	\$ 62,917,913	\$ 64,521,128	\$ 66,312,081	\$ 67,638,323	\$ 68,991,089	\$ 70,370,911
Total Operations	\$ 6,619,760	\$ 58,671,747	\$ 64,236,847	\$ 66,221,516	\$ 67,834,791	\$ 69,556,202	\$ 71,468,831	\$ 72,898,208	\$ 74,356,172	\$ 75,843,295
Net Program Revenues	\$ 4,807,225	\$ 12,697,083	\$ 9,505,457	\$ 10,405,092	\$ 11,614,718	\$ 13,479,041	\$ 16,507,397	\$ 16,837,545	\$ 17,174,295	\$ 17,517,781
Cumulative Reserves	\$ 4,807,225	\$ 17,504,308	\$ 27,009,765	\$ 37,414,858	\$ 49,029,576	\$ 62,508,617	\$ 79,016,013	\$ 95,853,558	\$ 113,027,853	\$ 130,545,635

Clean Energy Alliance Implementation Plan

The surpluses achieved during the phase-in period serve to build CEA's net financial position and credit profile and to provide operating reserves for CEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

7.6 CLEAN ENERGY ALLIANCE FINANCINGS

It is anticipated that CEA will need financing for its start-up activities. CEA plans to seek financing through its service providers that will amortize their start-up costs over the subsequent months following when revenues begin flowing, through a loan or line of credit from a financial institution and through in-kind services and advances from its Member Agencies that will be repaid in the future. Subsequent capital requirements will be self-funded from accrued CEA financial reserves.

7.7 RENEWABLE RESOURCE PROJECT FINANCING

CEA may consider project financings for renewable resources, likely local wind and solar projects. These financings would only occur after a sustained period of successful CEA Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs and would likely extend over a 20 to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of CEA.

8 RATE SETTING, PROGRAM TERMS AND CONDITIONS

8.1 INTRODUCTION

This Chapter describes the initial policies proposed for CEA in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the CEA Board. The Alliance would retain authority to modify program policies from time to time at its discretion.

8.2 RATE POLICIES

The Alliance will establish rates sufficient to recover all costs related to operation of the CEA Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by CEA. As a general policy, rates will be uniform for all similarly situated customers enrolled in the CEA Program throughout the JPA service territory.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option (default service offering), including a proportionate quantity of renewable energy in excess of California's prevailing renewable energy procurement mandate;
- Voluntary renewable energy supply option (renewable content greater than the CEA default retail service offering);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

8.3 RATE COMPETITIVENESS

The primary goal is to offer competitive rates for electric services that CEA would provide to participating customers. For participants in the CEA default energy product, the goal would be for CEA Program target generation rates to be initially at least two percent below, subject to actual energy product pricing and decisions of the Board, similar generation rates offered by SDG&E. For participants in the CEA's Program's voluntary 100% renewable energy product, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers.

Competitive rates will be critical to attracting and retaining key customers. In order for CEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled SDG&E alternative. As planned, the value provided by the CEA Program will include a local community focus, investment and control.

Clean Energy Alliance Implementation Plan

As previously discussed, the CEA Program will increase renewable energy supply to program customers by offering two distinct energy products. The default product for CEA Program customers will increase renewable energy supply to a minimum 50%, while maintaining generation rates that are targeted to provide a minimum two percent discount from comparable SDG&E rates. The initial renewable energy content provided under CEA's default product will exceed California's prevailing renewable energy procurement mandate during the initial years of operation, increasing to 60% by 2030. CEA will also offer its customers a voluntary 100% renewable energy tariff at rates that reflect CEA's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy ("CARE") program, will be automatically enrolled in the default energy product and will continue to receive related discounts on monthly electricity bills through SDG&E.

8.4 RATE STABILITY

CEA will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent CEA Program rates from directly tracking similar rates offered by the distribution utility, SDG&E, and may result in differences from the general rate-related targets initially established for the CEA Program. The Alliance plans to offer the most competitive rates possible after all Program operating costs are recovered and reserve targets are achieved.

8.5 EQUITY AMONG CUSTOMER CLASSES

Initial rates of the CEA Program will be set based on cost-of-service considerations with reference to the rates customers would otherwise pay to SDG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Alliance.

8.6 CUSTOMER UNDERSTANDING

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the CEA Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

8.7 REVENUE SUFFICIENCY

CEA Program rates must collect sufficient revenue from participating customers to fully fund the annual CEA operating budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all costs of the CEA Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in CEA's rate stabilization reserve may be used from time to time to augment operating revenues.

8.8 RATE DESIGN

CEA will generally match the rate structures from SDG&E's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the CEA Program.

8.9 NET ENERGY METERING

As planned, customers with on-site generation eligible for net metering from SDG&E will be offered a net energy metering rate from CEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. CEA's net energy metering tariff will apply to the generation component of the bill, and the SDG&E net energy metering tariff will apply to the utility's portion of the bill. CEA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the JPA. The goal is to offer a higher payout for surplus generation than SDG&E. In order to minimize the impact of mid-relevant period true-ups, NEM customers may be enrolled over multiple phases.

8.10 DISCLOSURE AND DUE PROCESS IN SETTING RATES AND ALLOCATING COSTS AMONG PARTICIPANTS

Initial program rates will be adopted by the CEA Board following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, CEA will prepare an annual budget and corresponding customer rates. Following the commencement of service, any proposed rate adjustment will be made to the Board and affected customers will be given the opportunity to provide comment on the proposed rate changes.

After proposing a rate adjustment, CEA will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, by including a related message directly on the customer's monthly electricity bill (on the page addressing CEA charges) or by following CEA's public hearing noticing procedures adopted by the Board. The notice will provide a summary of the proposed rate adjustment and will include a link to the CEA Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of the CEA Program to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

9 CUSTOMER RIGHTS AND RESPONSIBILITIES

This Chapter discusses customer rights, including the right to opt-out of the CEA Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board from time to time.

By adopting this Implementation Plan, the Alliance will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Alliance retains authority to modify program policies from time to time at its discretion.

9.1 CUSTOMER NOTICES

At the initiation of the customer enrollment process, four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. The Alliance will likely use its own mailing service for requisite enrollment notices rather than including the notices in SDG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying CEA using the CEA Program's designated telephone-based or Internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting SDG&E, they would be transferred to the CEA Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after CEA service commences. Opt-out requests made on or before the sixtieth day following start of CEA Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by CEA during the time the customer took service from the CEA Program, but will otherwise not be subject to any penalty or transfer fee from CEA.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the CEA Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post-enrollment period. Such customers will also receive a notice detailing CEA's privacy policy regarding customer usage information. CEA will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the CEA Program's customer base.

9.2 TERMINATION FEE

Customers that are automatically enrolled in the CEA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which CEA reserves the right to impose, if deemed necessary. Customers that relocate within CEA's service territory would have CEA service continued at their new address. If a customer relocating to an address within CEA's service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of CEA's service territory would not be subject to the Termination Fee. If deemed applicable by CEA, SDG&E would collect the Termination Fee from returning customers as part of CEA's final bill to the customer.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be adopted or changed by the CEA Board subject to applicable customer noticing requirements. Other CCAs have adopted small or zero-dollar termination fees, and CEA would likely do the same initially.

Customers electing to terminate service after the initial notification period would be transferred to SDG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the reentry fees imposed by SDG&E and would be subject to SDG&E's current terms and conditions, including being required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

9.3 CUSTOMER CONFIDENTIALITY

CEA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. CEA will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of the CEA Program or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable CEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. CEA will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at CEA's discretion.

9.4 RESPONSIBILITY FOR PAYMENT

Customers will be obligated to pay CEA Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, CEA will not be able to direct that electricity service be shut off for failure to pay CEA bills. However, SDG&E has the right to shut off electricity to customers for failure to pay electricity bills, and SDG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between SDG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SDG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill

Clean Energy Alliance Implementation Plan

due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

9.5 CUSTOMER DEPOSITS

Under certain circumstances, CEA customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the CEA Program. A deposit would be required for an applicant who previously had been a customer of SDG&E or CEA and whose electric service has been discontinued by SDG&E or CEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SDG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment⁶. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SDG&E.

⁶ A customer whose service is discontinued by Clean Energy Alliance is returned to SDG&E generation service.

10 PROCUREMENT PROCESS

10.1 INTRODUCTION

This Chapter describes CEA's initial procurement policies and the key third party service agreements by which the Alliance will obtain operational services for the CEA Program. By adopting this Implementation Plan, the Alliance will have approved the general procurement policies contained herein to be effective at Program initiation. CEA retains authority to modify Program policies from time to time at its discretion.

10.2 PROCUREMENT METHODS

CEA will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that CEA will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

CEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at CEA's discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

10.3 KEY CONTRACTS

10.3.1 Electric Supply

CEA will procure initial energy supply, as well as Scheduling Coordinator Services, through competitive solicitation in the over-the-counter electricity markets. Suppliers will be selected to hedge CEA's financial risk, meet its capacity obligations and achieve its environmental objectives. CEA will administer Request for Proposal processes for energy supply. Procurement will commence once this implementation plan has been approved and the CEA Board has made the final determination to proceed to going live with the CCA.

Procurement will be an ongoing process in order to achieve desired levels of risk mitigation by dollar-cost-averaging supply costs. In addition, particular strategies will be employed to mitigate the risk of changes to the PCIA impacting CEA's rate competitiveness. Specifically, this entails procuring a certain amount of supply annually during the month of October when the PCIA market price benchmark is set for the coming year.

CEA's wholesale services provider will also serve as the Scheduling Coordinator for scheduling loads, resources and Inter-SC trades into the CAISO market. In addition, the provider will be responsible for ensuring CEA's compliance with all applicable RA and regulatory requirements imposed by the CPUC or FERC.

Clean Energy Alliance Implementation Plan

10.3.2 Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SDG&E, billing, remittance processing, and account management). The data management contract will be awarded to an experienced data management services provider.

The data manager is responsible for the following services:

- Data exchange with SDG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract provides the JPA with greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

11 CONTINGENCY PLAN FOR PROGRAM TERMINATION

11.1 INTRODUCTION

This Chapter describes the process to be followed in the case of CEA Program termination. By adopting the original Implementation Plan, the Alliance will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that the JPA would terminate the CEA Program and return its customers to SDG&E service, the proposed process is designed to minimize the impacts on its customers and on SDG&E. The proposed termination plan follows the requirements set forth in SDG&E's tariff Rule 27 governing service to CCAs. The JPA retains authority to modify program policies from time to time at its discretion.

11.2 TERMINATION BY CLEAN ENERGY ALLIANCE

CEA will offer services for the long term with no planned Program termination date. In the unanticipated event that the JPA decides to terminate the Program, the Board would vote on Program termination.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SDG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable

Clean Energy Alliance Implementation Plan

distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice would be provided to SDG&E and the CPUC before transferring customers, and CEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

CEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCA Service Requests). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. CEA will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

12 APPENDIX A: CLEAN ENERGY ALLIANCE RESOLUTION No. 2019-003 (ADOPTING IMPLEMENTATION PLAN)

Clean Energy Alliance
JOINT POWERS AUTHORITY

RESOLUTION NO. 2019-003

A RESOLUTION OF THE CLEAN ENERGY ALLIANCE APPROVING THE
COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND
STATEMENT OF INTENT

WHEREAS, the Clean Energy Alliance (Alliance) is a joint powers agency created by the cities of Carlsbad, Del Mar and Solana Beach; and

WHEREAS, the members of the Alliance desire to establish a community choice aggregation (CCA) program in support of meeting their respective Climate Action Plan goals; and

WHEREAS, Public Utilities Code Section 366.2(c)(3) requires a prospective CCA to file an implementation plan and statement of intent ("Plan") with the California Public Utilities Commission (CPUC) for review and certification; and

WHEREAS, an Implementation Plan and Statement of Intent was drafted and presented to the CEA Board of Directors for review on November 19, 2019; and

WHEREAS, the final Implementation Plan and Statement of Intent was presented to the CEA Board of Directors at a duly noticed public hearing for its consideration and adoption on December 19, 2019.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Clean Energy Alliance, as follows:

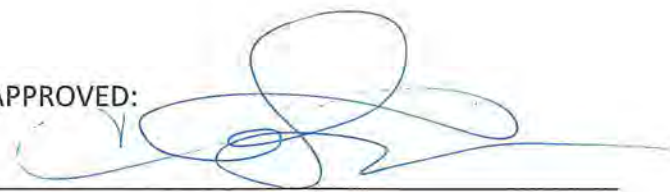
Section 1. The Board of Directors of the Clean Energy Alliance hereby approves the Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent.

Section 2. CEA staff is directed to file the Implementation Plan and Statement of Intent with the California Public Utilities Commission no later than December 31, 2019.

The foregoing Resolution was passed and adopted this 19th day of December, 2019, by the following vote:

AYES: Schumacher, Haviland, Becker.
NAYS: None.
ABSENT: None.
ABSTAIN: None.

APPROVED:



Cori Schumacher, Chair

ATTEST:



Sheila Cobian, Board Secretary

ORDINANCE NO. CS-362

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
CARLSBAD AUTHORIZING THE IMPLEMENTATION OF A
COMMUNITY CHOICE AGGREGATION PROGRAM**

WHEREAS, California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and

WHEREAS, since 2017 the City has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, the City completed a CCA feasibility study which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and

WHEREAS, the City wishes to implement a CCA program at this time through a Joint Powers Authority together with other Founding Members, which will be called the Clean Energy Alliance; and

WHEREAS, under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utility; and

WHEREAS, 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs.

§ 15308.) To the extent necessary, the Director of Community and Economic Development shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the City Council of the City of Carlsbad, California, ordains as follows:

1. The above recitations are true and correct.

2. In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Section 366.2(c)(12) of the Act to implement a CCA program within the jurisdiction of the City of Carlsbad by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

EFFECTIVE DATE: This ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

INTRODUCED AND FIRST READ at a regular meeting of the Carlsbad City Council on the 8th day of October 2019, and thereafter

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Carlsbad on the 15th day of October 2019, by the following vote, to wit:

AYES: Hall, Blackburn, Bhat-Patel, Schumacher.


NAYS: None.

ABSENT: None.

APPROVED AS TO FORM AND LEGALITY:


CELIA A. BREWER, City Attorney


MATT HALL, Mayor

 *Hector Gomez, Deputy City Clerk*
for BARBARA ENGLESON, City Clerk

(SEAL)



RESOLUTION NO. 2019-197

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD
APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT
EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY
ALLIANCE, A COMMUNITY CHOICE AGGREGATION JOINT POWERS
AUTHORITY

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities, counties or a combination of two or more cities and counties to conduct a community choice aggregation (CCA) program through the creation of a JPA; and

WHEREAS, the creation of a CCA JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, the City of Carlsbad desires to enter into a Joint Exercise of Powers Agreement to establish the Clean Energy Alliance, a CCA JPA along with the Cities of Del Mar, Santee, Solana Beach and the County of San Diego, and any additional members approved by the JPA Board in the future.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California as follows:

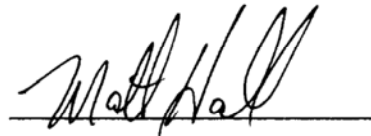
1. The Joint Exercise of Powers Agreement Creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority (Clean Energy Alliance) ("Agreement") is hereby approved, and the City Manager is authorized to execute the Agreement in substantially the form attached hereto as Attachment A, together with minor technical or clerical corrections, if any.
2. Staff is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.
3. This Resolution and the creation of the Clean Energy Alliance is exempt from the requirements of the California Environmental Quality Act (CEQA), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 8th day of October 2019, by the following vote, to wit:

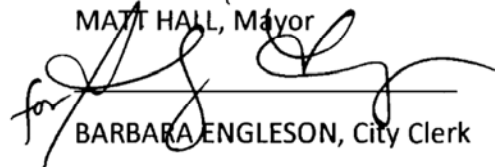
AYES: Hall, Blackburn, Bhat-Patel, Schumacher, Hamilton.

NAYS: None.

ABSENT: None.



MATT HALL, Mayor



BARBARA ENGLESON, City Clerk

(SEAL)



Clean Energy Alliance Joint Powers Agreement

Effective 10/10/19

CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of 10/10/19, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

RECITALS

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their customers.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings, and fostering consumer choice and local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to state, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
6. By establishing the Authority, the Parties seek to:
 - (a) Provide electricity service to residents and businesses located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative, and efficient manner;

- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving—and sustaining—the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (j) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the

Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
 - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
 - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
 - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
 - 3.2.1 make and enter into contracts;
 - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;

- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4.12.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA's on the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.

- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the “project”) developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

4. **GOVERNANCE**

4.1 **Board of Directors.**

- 4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.
- 4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.
- 4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.
- 4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

- 4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.
- 4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:
 - a. Unexcused absences from three consecutive Board meetings.
 - b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information

or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.

4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.

4.5 **Purpose of Board.** The general purpose of the Board is to:

4.5.1 Provide structure for administrative and fiscal oversight;

4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;

4.5.3 Retain legal counsel;

4.5.4 Identify and pursue funding sources;

4.5.5 Set policy;

4.5.6 Optimize the utilization of available resources; and

4.5.7 Oversee all Committee activities.

4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:

4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;

4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;

4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;

4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;

- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
 - 4.6.6 Establish standing and ad hoc committees as necessary;
 - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
 - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
 - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
 - 4.6.10 Arrange for an annual independent fiscal audit;
 - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
 - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
 - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
 - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
 - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
 - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present.
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be “no action” taken.
- 4.12 **Special Voting.**
- 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
- (a) Issuing bonds or other forms of debt;
 - (b) Adding or removing Parties or removing Directors; and
 - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
- 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party’s Director.
- 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement:
- (a) Section 2.3 (Purpose of Agreement)

- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

5. INTERNAL ORGANIZATION

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the

Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

6. **IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a

variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

- 6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.
- 6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.
- 6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

7. **FINANCIAL PROVISIONS**

- 7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 7.2 **Depository.**
- 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

7.3 Budget and Recovery Costs.

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.

7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.

7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.

7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (1) provide programs and develop

projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

8. **WITHDRAWAL AND TERMINATION**

8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase

agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall be responsible for any claims, demands, damages, or

liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination.

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. MISCELLANEOUS PROVISIONS

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before

exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party’s contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.

CITY OF CARLSBAD

By: [Signature]
City Manager

DATE: 10 Oct 19

ATTEST:

By: Jamara B. McManis
for City Clerk

APPROVED AS TO FORM:

By: Allison Brewer
City Attorney

Exhibit A: Definitions

"AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

"Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).

"Agreement" means this Joint Powers Agreement.

"Authority" means the Clean Energy Alliance.

"Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

"Board" means the Board of Directors of the Authority.

"Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.

"Days" shall mean calendar days unless otherwise specified by this Agreement.

"Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

"Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

"Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.

"Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

"Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the

Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.

Exhibit B: List of Founding Members

Any public agency that becomes a member by October 1, 2020

ORDINANCE NO. 954

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA AUTHORIZING IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code Section 366.2 (the "Act") authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as Community Choice Aggregation ("CCA"); and

WHEREAS, on October 3, 2016, the Del Mar City Council approved Resolution 2016-52 stating the City's interest in exploring the feasibility of a CCA program; and

WHEREAS, since January 2018, the City of Del Mar ("City"), working in cooperation with other cities in northern San Diego County, has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, on April 15, 2019, the Del Mar City Council received the final North San Diego County Cities Community Choice Energy Technical Feasibility Study, dated March 28, 2019 ("Feasibility Study"); and

WHEREAS, the Feasibility Study determined that a CCA program would be both technically and financially feasible and could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq., if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12); and

WHEREAS, the City wishes to implement a CCA program at this time through a Joint Powers Authority together with other Founding Members which will be called the Clean Energy Alliance; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utility; and

WHEREAS, Public Utilities Code section 366.2(c)(12) provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) The Planning Director shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the City Council of the City of Del Mar, California, hereby ordains as follows:

SECTION ONE

That the recitals set forth above are true and correct and are incorporated as though fully set forth herein.

SECTION TWO

In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Public Utilities Code Section 366.2(c)(12) to implement a CCA program within the jurisdiction of the City of Del Mar, California, by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

SECTION THREE

This Ordinance was introduced by the City Council on October 7, 2019.

SECTION FOUR

The City Clerk is directed to prepare and have published a summary of this Ordinance no less than five days prior to the consideration of its adoption and again within 15 days following adoption indicating votes cast.

SECTION FIVE

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is, for any reason, held invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.

SECTION SIX

This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California, at the Regular Meeting held this 21st day of October, 2019.



David Druker, Mayor
City of Del Mar

APPROVED AS TO FORM:



Leslie E. Devaney, City Attorney
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF DEL MAR

I, ASHLEY JONES, Administrative Services Director/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Ordinance No. 954, which has been published pursuant to law, and adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 21st day of October, 2019, by the following vote:

AYES: Mayor Druker, Deputy Mayor Haviland, Council Members
Gaasterland, Parks and Worden

NOES: None

ABSENT: None

ABSTAIN: None



Ashley Jones, Administrative Services
Director/ City Clerk
City of Del Mar

RESOLUTION NO.2019-52

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY ALLIANCE

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority (“JPA”); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities and counties to conduct a Community Choice Aggregation (“CCA”) program through the creation of a Joint Powers Authority; and

WHEREAS, the creation of a JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, on October 3, 2016, the Del Mar City Council approved Resolution 2016-52 stating the City’s interest in exploring the feasibility of a CCA program; and

WHEREAS, since January 2018, the City of Del Mar (“City”), working in cooperation with other cities in northern San Diego County, has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, on April 15, 2019, the Del Mar City Council received the final North San Diego County Cities Community Choice Energy Technical Feasibility Study, dated March 28, 2019 (“Feasibility Study”); and

WHEREAS, the Feasibility Study, which determined that a CCA program would be both technically and financially feasible, examined a number of organizational structures by which a CCA program could be implemented including a JPA; and

WHEREAS, the City of Del Mar (“City”) desires to enter into a JPA Agreement (“Agreement”) to establish the Clean Energy Alliance along with the Founding Members identified in the Agreement, and any additional members approved by the JPA Board in the future.


NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Del Mar, California, that:

1. The Joint Exercise of Powers Agreement creating the Clean Energy Alliance (“CEA”) is hereby approved, and the City Manager is authorized to execute the

Agreement in substantially the form attached to the Staff Report as Attachment B, together with minor technical or clerical corrections, if any.


2. Staff is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.
3. This Resolution and the creation of the CEA is exempt from the requirements of the California Environmental Quality Act ("CEQA"), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California at the Regular Meeting held this 7th day of October, 2019.



Dave Druker, Mayor
City of Del Mar

APPROVED AS TO FORM:



Leslie E. Devaney, City Attorney
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF DEL MAR


I, ASHLEY JONES, Administrative Services Director/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Resolution No. 2019-52 adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 7th day of October 2019, by the following vote:

AYES: Mayor Druker, Deputy Mayor Haviland, Council Members Parks and Worden

NOES: Council Member Gaasterland

ABSENT: None

ABSTAIN: None



Ashley Jones, Administrative Services
Director/City Clerk
City of Del Mar

RESOLUTION 2019-136

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY ALLIANCE

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities and counties to conduct a Community Choice Aggregation (CCA) program through the creation of a Joint Powers Authority; and

WHEREAS, the creation of a JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, the City of Solana Beach desires to enter into a Joint Exercise of Powers Agreement to establish the Clean Energy Alliance Community Choice Energy Authority along with the cities of Carlsbad and Del Mar, and any additional members approved by the JPA Board in the future.

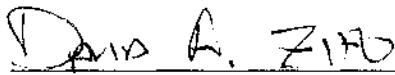
NOW, THEREFORE, the City Council of the City of Solana Beach hereby resolves as follows:

1. That the foregoing recitations are true and correct.
2. The Joint Exercise of Powers Agreement creating the Clean Energy Alliance ("CEA") is hereby approved, and the City Manager is authorized to execute the Agreement in substantially the form attached hereto as Exhibit A, together with minor technical or clerical corrections, if any.
3. City Manager, or his designee, is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.

4. This Resolution and the creation of CEA is exempt from the requirements of the California Environmental Quality Act (CEQA), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)

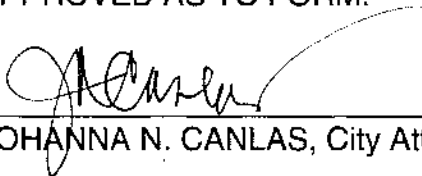
PASSED AND ADOPTED this 9th day of October 2019, at a regularly scheduled meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers – Zito, Edson, Hegenauer, Becker
NOES: Councilmembers – None
ABSENT: Councilmembers – Harless
ABSTAIN: Councilmembers – None



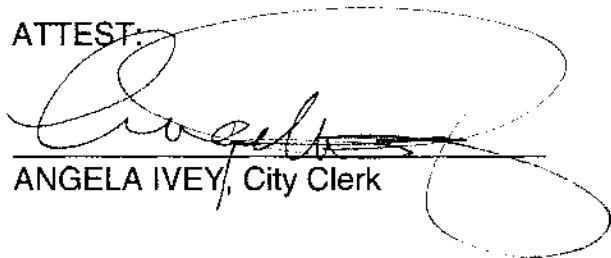
DAVID A. ZITO, Mayor

APPROVED AS TO FORM:



JOHANNA N. CANLAS, City Attorney

ATTEST:



ANGELA IVEY, City Clerk

Exhibit A
Resolution 2019-136

Clean Energy Alliance Joint Powers Agreement

Effective _____

CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of _____, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

RECITALS

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their customers.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings, and fostering consumer choice and local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to state, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
6. By establishing the Authority, the Parties seek to:
 - (a) Provide electricity service to residents and businesses located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative, and efficient manner;

- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving—and sustaining—the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (j) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the

Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
 - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
 - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
 - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
 - 3.2.1 make and enter into contracts;
 - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;

- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4.12.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA's on the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.

- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the "project") developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

4. **GOVERNANCE**

4.1 **Board of Directors.**

4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.

4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.

4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.

4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.

4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:

- a. Unexcused absences from three consecutive Board meetings.
- b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information

or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
 - 4.5.1 Provide structure for administrative and fiscal oversight;
 - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
 - 4.5.3 Retain legal counsel;
 - 4.5.4 Identify and pursue funding sources;
 - 4.5.5 Set policy;
 - 4.5.6 Optimize the utilization of available resources; and
 - 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
 - 4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
 - 4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
 - 4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
 - 4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;

- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
 - 4.6.6 Establish standing and ad hoc committees as necessary;
 - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
 - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
 - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
 - 4.6.10 Arrange for an annual independent fiscal audit;
 - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
 - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
 - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
 - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
 - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
 - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present.
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be “no action” taken.
- 4.12 **Special Voting.**
 - 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
 - (a) Issuing bonds or other forms of debt;
 - (b) Adding or removing Parties or removing Directors; and
 - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
 - 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party’s Director.
 - 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement:
 - (a) Section 2.3 (Purpose of Agreement)

- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

5. **INTERNAL ORGANIZATION**

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the

Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

- 5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a

variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

- 6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.
- 6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.
- 6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

7. **FINANCIAL PROVISIONS**

- 7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 7.2 **Depository.**
 - 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

7.3 Budget and Recovery Costs.

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.

7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.

7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.

7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (1) provide programs and develop

projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

8. WITHDRAWAL AND TERMINATION

8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase

agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall be responsible for any claims, demands, damages, or

liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination.

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. MISCELLANEOUS PROVISIONS

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before

exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by "first class" mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.

CITY OF _____

By: _____
City Manager

DATE: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

Exhibit A: Definitions

"AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

"Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).

"Agreement" means this Joint Powers Agreement.

"Authority" means the Clean Energy Alliance.

"Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

"Board" means the Board of Directors of the Authority.

"Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.

"Days" shall mean calendar days unless otherwise specified by this Agreement.

"Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

"Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

"Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.

"Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

"Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the

Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.

Exhibit B: List of Founding Members

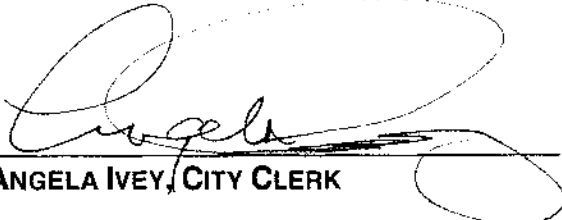
Any public agency that becomes a member by October 1, 2020



RESOLUTION CERTIFICATION

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } SS.
CITY OF SOLANA BEACH }

I, ANGELA IVEY, City Clerk of the City of Solana Beach, California, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of **Resolution 2019-136** *approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance* as duly passed and adopted at a Regular Solana Beach City Council meeting held on the 9th day of October, 2019. The original is on file in the City Clerk's Office.


ANGELA IVEY, CITY CLERK

CERTIFICATION DATE: Oct 31, 2019



Staff Report

DATE: December 30, 2021

TO: Clean Energy Alliance Board of Directors

FROM: Barbara Boswell, Chief Executive Officer

ITEM 6: Elect Board Chair and Vice Chair for Calendar Year 2022

RECOMMENDATION

The Board elect a Chair and Vice Chair for Calendar Year 2022.

BACKGROUND AND DISCUSSION

Section 5.2 of the Clean Energy Alliance (“CEA”) Joint Powers Agreement (“JPA”) establishes the requirement for the Board to elect a Chair and Vice Chair from the Board of Directors for each calendar year. The Chair and Vice Chair shall serve with no limit on the number of terms that can be held by the Chair or Vice Chair.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ATTACHMENTS

None