



DESERT COMMUNITY ENERGY BOARD
MEETING AGENDA
MONDAY, MARCH 18, 2019
2:30 PM

Coachella Valley Association of Governments
73-710 Fred Waring Drive, Suite 115*
Palm Desert, CA
760-346-1127

*Note change in meeting room.

THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.

1. **CALL TO ORDER**
2. **ROLL CALL**
 - A. **Member Roster** [P2](#)
3. **PUBLIC COMMENTS**

Any person wishing to address the Desert Community Energy Board on items not appearing on the agenda may do so at this time.
4. **BOARD MEMBER / DIRECTOR COMMENTS**
5. **CONSENT CALENDAR**
 - A. **Approve February 25, 2019 DCE Board Meeting Minutes** [P3](#)
6. **DISCUSSION / ACTION**
 - A. **DCE Launch Schedule – Don Dame** [P5](#)

Recommendation: Approve DCE CCA program launch in early 2020 consistent with the direction from individual cities, and direct staff to undertake preparatory activities as identified in this staff report, including low income customer outreach
 - B. **Formation of a Community Advisory Committee - Katie Barrows** [P9](#)

Recommendation: Establish a Community Advisory Committee, approve draft framework, and direct staff to initiate an application process
 - C. **DCE Pro Forma and Financial Model Scenario Analysis – Jeff Fuller** [P14](#)

Recommendation: Information only
7. **INFORMATION**
 - A. **Attendance Record** [P15](#)
 - B. **Unaudited Balance Sheet and Financial Statements, April 2018 - February 2019** [P16](#)
8. **ANNOUNCEMENTS**

The next DCE Board meeting is scheduled for Monday, April 15, 2019, at 2:30 pm.
9. **ADJOURNMENT**

ITEM 2A



**DESERT COMMUNITY ENERGY
BOARD MEMBER ROSTER
2018 - 2019**

VOTING MEMBERS	
City of Cathedral City	Councilmember John Aguilar <i>Alternate: Councilmember Raymond Gregory</i>
City of Palm Desert	Councilmember Sabby Jonathan, Chair <i>Alternate: Councilmember Kathleen Kelly</i>
City of Palm Springs	Mayor Pro Tem Geoff Kors, Vice Chair <i>Alternate: Councilmember Lisa Middleton</i>

NON-VOTING MEMBER	
City of Desert Hot Springs	Vacant

STAFF
Tom Kirk, Executive Director
Katie Barrows, Director of Energy & Environmental Resources
Benjamin Druyon, Management Analyst
Libby Carlson, Program Assistant

ITEM 5A



DESERT COMMUNITY ENERGY BOARD DRAFT MEETING MINUTES

February 25, 2019

1. CALL TO ORDER

The meeting of the DCE Board was called to order by Chair Jonathan at 2:31 pm.

2. ROLL CALL

Roll call was taken and a quorum was present.

Members Present

Councilmember Raymond Gregory
Councilmember Sabby Jonathan, Chair
Mayor Pro Tem Geoff Kors, Vice Chair

Agency

City of Cathedral City
City of Palm Desert
City of Palm Springs

Others

Councilmember Kathleen Kelly
Charlie McClendon, City Manager
Ryan Stendell, Director of Planning &
Community Development

City of Palm Desert
City of Cathedral City
City of Palm Desert

Shelley Kaplan
Rosario Avila
Kim Floyd
Jennifer Cusack
Elmer Diaz

Cathedral City Resident
Cathedral City Resident
Sierra Club/Palm Desert Resident
Southern California Edison
IBEW 440

DCE Staff & Consultants

Tom Kirk
Katie Barrows
Benjamin Druyon
Erica Felci
Libby Carlson
Jeff Fuller
Don Dame

The Energy Authority/TEA
DCE Consultant

3. PUBLIC COMMENTS

None.

4. BOARD MEMBER / DIRECTOR COMMENTS

None.

5. CONSENT CALENDAR

A. Approve February 4, 2019 DCE Board Meeting Minutes

In response to comment by Rosario Avila, Cathedral City resident, Chair Jonathan directed staff to amend the meeting minutes for February 4, 2019 to identify her comment about the Brown Act.

IT WAS MOVED BY VICE CHAIR KORS, SECONDED BY CHAIR JONATHAN TO APPROVE THE FEBRUARY 4, 2019 DCE BOARD MEETING MINUTES AS AMENDED.

THE MOTION CARRIED UNANIMOUSLY.

Councilmember Raymond Gregory	Aye
Councilmember Sabby Jonathan, Chair	Aye
Mayor Pro Tem Geoff Kors, Vice Chair	Aye

6. DISCUSSION / ACTION

A. DCE 2020 Launch Options

Don Dame, DCE Consultant, provided an information only update on options for DCE program launch in 2020.

Kim Floyd, Palm Desert resident and Sierra Club representative, addressed the Board in support of Option 2. Shelley Kaplan, Cathedral City resident, addressed the Board in support of Option 2. Rosario Avila, Cathedral City resident, addressed the Board in support of Option 1.

In response to questions from Elmer Diaz, IBEW 440 representative, Chair Kaplan directed staff to meet with Mr. Diaz.

B. DCE Pro Forma and Financial Model Scenario Analysis

Jeff Fuller, TEA, provided an information only update on the DCE pro forma and financial projections. In response to Board comments, Tom Kirk stated that further discussion will be added to a future agenda.

Rosario Avila, Cathedral City resident, addressed the Board regarding the feasibility study that was completed in 2016.

7. INFORMATION

A. Attendance Record - This item was provided for member information only.

B. DCE Unaudited Balance Sheet and Financial Statements, April 2018 through January 2019 Financial Reports – In response to an inquiry from the Board, Tom Kirk stated that an audit through FY19/20 will be completed after the close of the fiscal year.

8. ANNOUNCEMENTS

The next meeting of the DCE Board is scheduled for Monday, March 18, 2019, at 2:30 pm.

9. ADJOURNMENT - The meeting adjourned at 3:56 pm.

Respectfully submitted,



Libby Carlson
Program Assistant

ITEM 6A



DESERT COMMUNITY ENERGY BOARD
MONDAY, MARCH 18, 2019

STAFF REPORT

Subject: DCE Launch Schedule

Contact: Don Dame, Consultant
Katie Barrows, Director of Energy & Environmental Resources
(kbarrows@cvaq.org)

Recommendation: Approve DCE CCA Program launch in early 2020 consistent with the direction from individual cities, and direct staff to undertake preparatory activities as identified in this staff report, including low income customer outreach.

Background: Starting in early 2017 DCE, in concert with CVAG, began to investigate, approve and take all steps to prepare to launch its CCA program on August 1, 2018. At that time, key program objectives included approximately 3% customer savings over SCE. However, on July 25, 2018, the DCE Board put the program launch on hold due to unexpected market volatility for natural gas and electricity, and uncertain PCIA and SCE rate forecasts, which had the potential to diminish the likelihood of delivering the customer savings as anticipated. When DCE began planning its program launch two years earlier, these savings had been feasible due to favorable market and regulatory conditions. However, regulatory changes by the CPUC and market conditions shifted the opportunity for cost savings to near CCA/IOU rate parity, at least at the outset.

Given the potential impact of high summer bills on customers, the economic benefits of a CCA should continue to be a priority. CCAs and IOUs procure from the same markets, with neither having a distinct short-term advantage. However, the structure of CCAs and local control through the DCE Board offer notable rate and economic benefits, including:

- Over time, publicly-owned and controlled utilities exhibit lower average rates than IOUs
- Revenues from a CCA program would directly benefit member communities through locally-focused programs (i.e. rebates for low income households, subsidized efficiency upgrades, or other incentives) at the discretion of the DCE Board
- CCAs can "buy" supply over time and build portfolios using tax exempt financing
- Locally-managed utilities tend to be more conscious of operating costs. (Note: DCE will always be tuned into cost control and "doing more with less".)

Current Status: The DCE Community Choice Energy Program remains on hold until and unless the Board formally acts to reschedule Program launch. While decisions on some program details may occur later, the Board must take action on launch timing by March 2019 in order to begin serving customers in 2020, as DCE must submit a load forecast to the California Public Utilities Commission by April 19, 2019, for a 2020 launch, and take other necessary steps including

regulatory submittals, vendor agreements, resource adequacy (RA) and other power supply products, and the like. To move toward a decision on launching the program in 2020, DCE members recently reviewed local power supply goals, restart timing, product offerings, and estimated Program financials with their respective councils. Palm Springs has indicated support for a 2020 program launch with a 100% carbon-free default product. While Palm Desert and Cathedral City remain supportive of the DCE program, they would like to take more time to consider their options. For example, one option for Palm Desert and Cathedral City to consider is to proceed with a 2020 launch by phasing in account types, starting with municipal electric accounts in 2020, to be followed by other customer groups the following year. Through discussions with SCE, CPUC, consultants, and General Council, staff continues to investigate ways to build in program flexibility to meet the objectives of individual member communities while simultaneously maintaining cohesive program timing and support.

Launch month is another top consideration at this time. From a business and financial perspective, it is preferable to launch earlier in the year rather than later. April 2020 had previously been identified as the recommended month for program launch. Based on recent input from SCE, this timing may need to be adjusted as SCE has indicated it is upgrading its billing software during spring 2020, which could be problematic should the program launch in April, May, or June 2020. Staff is seeking clarification on this issue from SCE and will provide an update at the Board meeting.

The Board should also begin to identify whether any members want to: a) launch for only a subset of account types (e.g. municipal accounts); b) defer individual member launch beyond 2020; and c) establish tentative “default” product carbon-free content. Discussion of the product content and options can continue through the next several months, as some of these choices may be finalized toward the end of summer 2019.

DCE could continue with CCA suspension or DCE (or its members separately) could consider affiliation with another operating CCA such as the Clean Power Alliance, Western Community Energy, or Lancaster’s California Choice Energy Authority. Either of these approaches would result in CCA Program launch during or beyond 2021 and are not further considered in this Staff Report as no Board action would be required at this time.

DCE Approach: For a 2020 Program launch, DCE considerations include:

1. **Program Emphasis** - Environmental responsibility and economic considerations are key priorities reflected in DCE goals which include local control, rates at parity or less than SCE, avoiding impacts to low-income customers, development of local renewable/carbon free energy sources, economic benefits through investment in local community, and establishing a community energy advisory committee.
2. **Launch Timing** – Flexibility for members to launch respective total and or municipal loads initially followed by phase-in of remaining customer loads the next following year.
3. **Community Savings** -- A significant motivator to establish DCE was to provide savings to electric ratepayers and this remains a priority objective. One way to pursue this goal is to actively encourage greater participation in financial assistance programs like CARE (California Alternative Rates for Energy), and FERA (Family Electric Rate Assistance). Through CARE and FERA, qualifying low-income households receive approximately 30% and 18% discounts, respectively, off their electric bills. These programs are authorized by the CPUC and funded through local distribution surcharges to non-low-income customers.

Funding of these programs is unaffected by CCA establishment. A CCA may actively seek to encourage greater CARE and FERA participation in its service area as an additional activity beneficial to lower income customers. In Cathedral City, Palm Desert and Palm Springs, respectively, there are currently 7,250, 5,002 and 6,214 combined CARE/FERA accounts representing 30%, 13% and 17% of total electric accounts. SCE's January 2019 Low Income Monthly Report indicates only 78% of eligible Riverside County urban accounts participate in these programs, suggesting over 5,000 eligible accounts are not currently enrolled. Assuming non participating CARE eligible "pre-discount" monthly average electric bills of \$125, a 30% discount would lower monthly bills by \$37.50, or \$450 / year per account. An additional 5,000 participants in the CARE program from member cities would benefit low income customers, in aggregate, by a total of about \$2.25 million annually. Ratepayer savings remain important to DCE and finding ways to assist additional qualified customer participation is another way DCE could benefit its member communities.

Strategies to effectively promote greater participation in low-income programs among eligible customers could be an initial focus of a to be formed DCE community advisory committee, as discussed in Item 6B.

4. Default Power Products – Offer two power supply products and determine whether default products may vary by member. (Note that even with different member specific default products, greater Program participation dilutes fixed operating costs to all members.)
5. Program Revenues and Benefits – To the extent members launch at different times and offer different default products, adopt aggregated Program accounting.¹

Items 1 and 2 are interrelated and should likely be considered in tandem. If emphasis remains on providing an assured, significant discount to SCE, for example, setting a launch date may be premature until and unless that expectation can be met. Items 3, 4 and 5 are important to consider prior to any launch, but if not perceived as a barrier to launch, could be addressed and resolved by the end of summer.

Tentative Recommendations:

- **Prepare for January 1 to March 1, 2020 Program launch²**
 - Members to individually elect:
 - Start date (Jan 1- Mar 1, 2020 default, or subsequent year).
 - Customer phase-ins, if any, designated by date certain.
 - Cathedral City and Palm Desert may consider starting with municipal accounts and add other customers later.

¹ There may be real or perceived net margin differentials across offered products and if so and significant, the Board may want to adjust local programs development and funding accordingly. Certainly, for the first 1-3 years of CCA operation, a primary organizational objective will be to build reserves and refine business operations. Also, over time any specific product related margins may increase or decrease as a function of market conditions and or regulatory changes. And likely impacts on organizational unity, accounting ease and transparency should be considered as well.

² Staff had previously discussed the possibility of an April or May launch but recent discussions with SCE suggest it may need to be either sooner or later due to major SCE software updates. For DCE, sooner is better timing due to expected power market conditions and applicable rates, and therefore a January 1 to March 1, 2020 launch is suggested subject to further consultation with affected parties.

- **Establish two power supply products³:**
 - 35% renewable.
 - Priced near parity with SCE base product.
 - 100% carbon-free, 50% renewable.
 - Priced near 5% above SCE base product.

- **Members individually select default product.**
 - 100% renewable selection will entail surcharge to maintain CARE and FERA neutrality for these customers.

- **DCE “costs/revenues/margins” aggregated.**
 - Members may reconsider, if warranted, after target reserves accumulated.

- **Establish interest roster for Community Advisory Committee**
 - Staff to develop notional guidelines and objectives.
 - Include low income energy programs outreach.
 - Return to Board for final consideration.

Associated Next Steps:

- Establish Community Advisory Committee and task with implementing ways to increase eligible customer participation rates in low income assistance programs.
- Confirm member specific launch timing and phase-in by end of March 2019. Default product by summer 2019
- Affirm/refresh necessary vendor and services relationships (including credit support).
- Prepare and submit requisite regulatory filings.
- Contract for 2020 wholesale power capacity and energy products.
- Develop/refresh internal business and risk management procedures.
- Confirm product offerings and corresponding customer rates.
- Program launch between January 1 and March 1, 2020.
- Other activities as directed by Board.

³ Actual product pricing will be a function of then existing market conditions and regulatory prescriptions in combination with applicable PCIA amounts and effective SCE rates. Estimated cost comparison with SCE are based on total bill amount.

ITEM 6B



DESERT COMMUNITY ENERGY BOARD

MONDAY, MARCH 18, 2019

STAFF REPORT

Subject: Formation of a Community Advisory Committee

Contact: Katie Barrows, Director of Energy & Environmental Resources
(kbarrows@cvag.org)

Recommendation: Establish a Community Advisory Committee, approve draft framework, and direct staff to initiate an application process.

Background: Throughout the planning process, the DCE Board has expressed interest in increased involvement from key stakeholders and community members. The DCE Joint Powers Agreement (JPA) gives the Board the authority to, “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, other energy programs and provisions of (the JPA).” The JPA also gives the Board the authority to establish rules, policies and procedures for such committees, and requires that such committees comply with the Brown Act. The DCE Implementation Plan also references the formation of advisory groups “. . . which would have responsibility for evaluating various issues that may affect DCE and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board . . .” Therefore, staff recommends that the Board establish a Community Advisory Committee (CAC) in order to provide a structured opportunity for community members to contribute to DCE on an ongoing basis. As the DCE Board moves closer to launching the Community Choice Aggregation program (CCA), a CAC could also help ensure that efforts to educate and inform member communities about DCE are broad and inclusive.

The CAC could be tasked up front with helping develop an outreach plan and related community engagement. An initial area of focus for the CAC could be to inform development of strategies to reach low-income and under-served customers. As noted in Agenda Item 6A, actively increasing participation in financial assistance programs for income-eligible customers is another benefit that DCE can offer to its member communities. For example, Peninsula Clean Energy, an active CCA serving San Mateo County, offers a community outreach small grants program to nonprofits to expand outreach to low-income residents to help them save money on their electric bills. Another program the Board has supported is a DCE application for public goods funds to operate energy efficiency programs; the CAC could help identify potential uses for these funds.

In addition to establishing the CAC, the Board should provide input on its scope and framework. After reviewing the scopes of work and activities of similar advisory committees for other CCAs throughout the state, staff developed the attached draft CAC framework. This working draft describes the purpose of the CAC, roles and responsibilities, and proposed membership structure for the Board’s consideration.

To facilitate the formation of a CAC, staff requests that the Board provide:

- Suggestions on CAC membership criteria and selection process
- Other topic areas on which the CAC could advise and provide support to the DCE Board
- Number of members from each participating city

Should the Board approve, CAC members can be recruited through an open application process. A draft application is included for review. Should the Board proceed with establishing a CAC, the application period could begin by the end of March, with an approximate deadline of April 30, 2019. The application would be easily accessible on the DCE website, and its availability would be noticed in local media, announcements by member cities, social media, and other efforts. Following the two- to three-week application period, potential candidates would be presented to the Board at its May or June meeting. The Board can determine whether interviews for potential applicants should be conducted as part of the selection process. Members would be appointed by the Board at large, with the goal of fair representation among the member agencies. Members would serve at the pleasure of the Board

Next Steps: At the March 18 meeting, staff would like Board feedback and direction on establishing the Community Advisory Committee. The following is a brief summary of expected next steps and approximate timing:

- Establish a DCE Community Advisory Committee
- Review and provide input on the CAC framework and application
- Determine allocation of CAC members among member agencies (March 2019)
- Direct staff to proceed with solicitation of applications (March/April 2019)
- Appoint application review committee of board members and staff (March/April 2019)
- Conduct applicant interviews if necessary (May/June 2019)
- Appoint CAC members (May/June 2019)
- Schedule first meeting

Fiscal Analysis: Staff support for the Community Advisory Committee would be provided by CVAG as part of their contract with DCE.

Attachments:

1. Draft Framework for the Community Advisory Committee
2. Draft Application



COMMUNITY ADVISORY COMMITTEE

Draft Framework

Purpose: The Community Advisory Committee is appointed by and serves as an advisory group to the Desert Community Energy Board to assist them in implementing the Community Choice Energy program and other energy programs as well as provide ongoing support and community engagement.

Roles and Responsibilities:

- Advise and make recommendations to the Desert Community Energy Board on aspects of DCE start-up and operations;
- On behalf of the DCE, serve as a liaison to community members for purposes of advocacy and outreach, to answer questions, identify issues of concern, and educate community members about DCE and Community Choice Energy;
- Provide feedback and input on the development of clean energy program strategy, including portfolio mix and objectives, programs such as net-energy metering, energy conservation incentives, accelerating development of local resources, and strategies to reduce carbon emissions;
- Provide suggestions and support for DCE programs to reach out to low-income, CARE/FERA eligible customers, and under-served members of the community;
- Assist in the development of public information materials related to customer energy choices and programs offered by DCE, Southern California Edison, and other partners;
- Collaborate with other local stakeholder groups, sustainability commissions, unions, and others on best practices of Community Choice Energy programs, legislative and regulatory issues, and new energy developments;
- Make recommendations on issues, projects, and/or objectives to further fulfillment of DCE goals as identified by the Board.

Membership:

- Up to 12 to 15 members, representative of each participating jurisdiction – Palm Springs, Cathedral City, and Palm Desert.
- Membership representing a diverse cross-section of community representatives, not just energy experts
- Representatives from senior organizations, environmental organizations, industry and business associations, unions, as well as under-served communities. A youth member would bring a different perspective as well.
- A quorum shall consist of a majority of the current membership.
- Members are expected to attend and participate in regular CAC meetings as frequently as possible.

Meetings:

- CAC will meet prior to the DCE Board's regularly scheduled meeting. Exact Meeting date and time will be determined by members at first meeting. Meeting location will be at DCE offices in Palm Desert but may be rotated.

Term: Appointed for a 3 to 4-year term. Terms will be staggered.

DESERT COMMUNITY ENERGY

APPLICATION FOR APPOINTMENT TO COMMUNITY ADVISORY COMMITTEE

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone #: _____ E-mail: _____

Please describe why you would like to participate in the Community Advisory Committee.

Please describe your knowledge and/or familiarity with Desert Community Energy, clean energy, and/or Community Choice Aggregation.

Please provide a statement as to what expertise, experience, or skills you would bring to the Community Advisory Committee if you are appointed as a member.

Please describe your affiliation with relevant energy agencies or community organizations.

ITEM 6C



DESERT COMMUNITY ENERGY BOARD
MONDAY, MARCH 18, 2019

STAFF REPORT

Subject: DCE Pro Forma and Financial Model Scenario Analysis



Recommendation: Information only.

Background: Jeff Fuller from The Energy Authority will present an overview of the updated DCE pro forma and financial model scenario analysis, based on the launch plans of member agencies.

ITEM 7A

**DESERT COMMUNITY ENERGY BOARD
FY2018-2019 ATTENDANCE RECORD**

Voting Members	JUL 16	JUL 25	AUG 15	SEP	OCT	NOV	DEC	JAN (Held 02/04)	FEB
City of Cathedral City	✓	✓	✓	*	*	✓	*	✓	✓
City of Palm Desert	✓	✓	✓	*	*	✓	*	✓	✓
City of Palm Springs	✓	✓	✓	*	*	✓	*	✓	✓
Non-Voting Member									
City of Desert Hot Springs				*	*		*		

Ex Officio / Absent 
No Meeting  *

**DESERT COMMUNITY ENERGY
UNAUDITED BALANCE SHEET**

APRIL 1, 2018 TO FEBRUARY 28, 2019 (11 MONTHS)

ASSETS

River City Bank

- Operating Account 5,525.09
- Money Market Account 4,605,313.50
- Lockbox Account 2.00

Total Cash 4,610,840.59

Deposits/Bonds

- CPUC 100,000.00
- CA ISO 500,000.00

Total Deposits/Bonds 600,000.00

TOTAL ASSETS 5,210,840.59

LIABILITIES

Accounts Payable

- CAISO 1,240.00

Total Accounts Payable 1,240.00

TOTAL LIABILITIES 1,240.00

FUND BALANCE

Fund Balance 5,209,600.59

TOTAL LIABILITIES AND FUND BALANCE 5,210,840.59

DESERT COMMUNITY ENERGY
UNAUDITED FINANCIAL STATEMENTS
APRIL 1, 2018 TO FEBRUARY 28, 2019 (11 MONTHS)

REVENUES

Electricity Sales		28,868,420.00
Other Revenue		2.00
Investment Income		26,119.80
	TOTAL REVENUES	<u><u>28,894,541.80</u></u>

EXPENDITURES

Cost of Electricity		
Electricity Purchase	22,288,651.25	
Low Carbon Settlement	105,800.00	
Renewable Energy Credit Settlement	76,500.00	
Market Charges	14,955.00	
Total Cost of Electricity	<u>22,485,906.25</u>	22,485,906.25
Legal Services		16,373.94
Professional Services		17,567.10
Consultants		1,026,170.74
Postage		58,006.00
Printing		37,089.90
Registrations/Memberships		35,125.00
Interest Expense		8,702.28
	TOTAL EXPENDITURES	<u><u>23,684,941.21</u></u>

Excess of Revenues over Expenditures		5,209,600.59
Fund Balance - Beginning of the Year		<u>0.00</u>
Fund Balance - End of the Year		<u><u>5,209,600.59</u></u>