

**ATTENTION: DCE VOTING MEMBERS WILL RECEIVE A UNIQUE PANELIST LINK BY EMAIL. PLEASE USE THIS LINK TO PARTICIPATE IN THIS MEETING.**



## **DESERT COMMUNITY ENERGY BOARD MEETING AGENDA**

**Monday, September 21, 2020  
2:30 p.m.**

*Pursuant to Governor Newsom's Executive Order N-29-20 (March 18, 2020), this meeting will only be conducted via video/teleconferencing.*

### **INSTRUCTIONS FOR PUBLIC PARTICIPATION**

#### **Online:**

**<https://us02web.zoom.us/j/85700751194?pwd=OEIqRUN2Wk1WU0N3clliWWt6R0hpdz09>**

Passcode: 685271

#### **One tap mobile:**

**US: +16699009128,,85700751194#**

#### **By Phone:**

**Dial In #: +1 669 900 9128**

**Webinar ID: 857 0075 1194**

**Passcode: 685271**

This will provide listening access and ability to address the DCE Board when called upon.

**IF YOU ARE UNABLE TO CONNECT VIA DIAL IN OPTION, PLEASE CALL 760-346-1127**

Members of the public are encouraged to submit comment in connection with the Desert Community Energy meeting by email to: [cvag@cvag.org](mailto:cvag@cvag.org) by 5:00 p.m. on the day prior to the committee meeting. Comments intended to be read aloud into the record should be no more than 300 characters in length.

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

1. **CALL TO ORDER**

2. **ROLL CALL**

A. **Member Roster**

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3. **PUBLIC COMMENTS ON AGENDA ITEMS**

Any person wishing to address the Desert Community Energy Board on items appearing on this agenda may do so at this time. Please limit comments to 3 minutes. At the discretion of the chair, additional public comment time and/or opportunities during the meeting may be granted.

4. **BOARD MEMBER / DIRECTOR COMMENTS**

5. **CONSENT CALENDAR**

A. **Approve Minutes from Board Meeting of August 17, 2020**

[P5](#)

B. **Authorize the Executive Director to process the Financial Security Requirement payment to California Public Utilities Commission for a total amount of \$147,000, ensuring it is paid within 30 days of the approval of CPUC Resolution E-5059**

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6. **DISCUSSION / ACTION**

A. **Presentation on recent heatwave and its impact on DCE and other utilities –**  
Jaclyn Harr, The Energy Authority

B. **DCE Long Term Renewable Energy Procurement –** Jaclyn Harr, The Energy Authority

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**Recommendation:** Authorize the Executive Director to take actions to adjust the scope of contract negotiations for Desert Community Energy's Long Term Renewable Energy procurement as may be necessary to meet compliance requirements and renewable energy goals, with final contracts to be approved by DCE Board at a future meeting.

C. **Update on DCE Post-Launch Activities –** Katie Barrows

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**Recommendation:** Information only.

7. **INFORMATION**

A. **Attendance Record**

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B. **Unaudited Financial Report for July 1 to August 31, 2020**

[P16](#)

C. **Letter outlining the Planned Scope and Timing of the Audit for Fiscal Year Ended June 30, 2020**

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D. **Utility Discount (CARE/FERA) Program Update**

[P22](#)

**8. PUBLIC COMMENTS ON NON-AGENDA ITEMS**

Any person wishing to address the Board on items not appearing on this agenda may do so at this time. Please limit comments to 2 minutes. At the discretion of the chair, additional public comment time and/or opportunities during the meeting may be granted.

**9. ANNOUNCEMENTS**

The next regular DCE meeting is scheduled for October 19, 2020 at 2:30 p.m. via Zoom.

**10. ADJOURN**

**Item 2A**

<b>Desert Community Energy Board Member Roster</b>	
<b>Voting Members</b>	<b>Representative</b>
City of Cathedral City	Mayor John Aguilar, Vice Chair <i>Alternate: Councilmember Raymond Gregory</i>
City of Palm Desert	Councilmember Sabby Jonathan <i>Alternate: Mayor Pro Tem Kathleen Kelly</i>
City of Palm Springs	Mayor Geoff Kors, Chair <i>Alternate: Councilmember Lisa Middleton</i>
<b>Non-Voting Members</b>	<b>Representative</b>
City of Desert Hot Springs	-
<b>DCE Staff</b>	
Tom Kirk, Executive Director	
Katie Barrows, Director of Energy & Environmental Resources	
Benjamin Druyon, Management Analyst	
Valdemar Galeana, Accounting Manager	
Erica Felci, Assistant to the Executive Director	
Trisha Stull, Program Assistant II	

## **ITEM 5A**

**Desert Community Energy Board  
Meeting Minutes  
August 17, 2020  
2:30 pm**



**Held via Zoom videoconference**

*The audio file for this meeting can be found at: <http://www.desertcommunityenergy.org>*

### **1. CALL TO ORDER**

The meeting of the DCE Board was called to order by Vice Chair John Aguilar, City of Cathedral City, at 2:32 p.m. via Zoom meeting, which was pursuant to Gov. Newsom's executive order governing how meetings are held during the COVID-19 pandemic.

### **2. ROLL CALL**

Roll call was taken, and it was determined that a quorum was present.

#### **Members Present**

Councilmember Sabby Jonathan  
Councilmember Lisa Middleton  
Mayor John Aguilar, Vice Chair

#### **Agency**

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

#### **DCE Staff & Consultants**

Tom Kirk  
Katie Barrows  
Benjamin Druyon  
Joanna Stueckle  
Gary Leong  
Valdemar Galeana  
Erica Felci  
Trisha Stull  
Jaclyn Harr

The Energy Authority

#### **Others Present**

David Freedman  
Shelley Kaplan  
Kim Floyd  
Patrick Tallarico  
Two others via Zoom

Community Advisory Committee  
Community Advisory Committee  
Community Advisory Committee  
City of Palm Springs

### **3. PUBLIC COMMENTS ON AGENDA ITEMS**

There were no public comments made.

### **4. BOARD MEMBER / DIRECTOR COMMENTS**

Katie Barrows announced that a statewide Flex Alert was issued on August 17 and discussed how residents could reduce their energy usage. A Flex Alert is a voluntary call

for businesses and residents to reduce their energy usage in response to falling power reserves. She also mentioned that DCE is sharing tips on how to save energy through social media outlets.

## **5. CONSENT CALENDAR**

### **A. Approve Minutes from Board Meetings of July 20, 2020.**

**IT WAS MOVED BY COUNCILMEMBER JONATHAN AND SECONDED BY COUNCILMEMBER MIDDLETON TO APPROVE THE BOARD MEETING MINUTES OF JULY 20, 2020.**

**A ROLL CALL VOTE WAS REQUESTED. THE MOTION CARRIED WITH 2 AYES AND ONE ABSTENTION.**

<b>Mayor Aguilar</b>	<b>Aye</b>
<b>Councilmember Jonathan</b>	<b>Aye</b>
<b>Councilmember Middleton</b>	<b>Abstain</b>

## **6. DISCUSSION / ACTION**

### **A. Desert Community Energy 2020 Integrated Resource Plan**

Jaclyn Harr of The Energy Authority provided an overview of the DCE 2020 Integrated Resource Plan. Member discussion ensued.

**IT WAS MOVED BY VICE CHAIR AGUILAR AND SECONDED BY COUNCILMEMBER JONATHAN TO APPROVE RESOLUTION 2020-06 APPROVING THE DESERT COMMUNITY ENERGY 2020 INTEGRATED RESOURCE PLAN AND AUTHORIZE THE EXECUTIVE DIRECTOR TO MAKE ANY CLARIFYING CHANGES AND COMPLETE ALL ACTIONS NECESSARY FOR SUBMITTAL TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION.**

**THE MOTION CARRIED WITH 3 AYES.**

<b>Mayor Aguilar</b>	<b>Aye</b>
<b>Councilmember Jonathan</b>	<b>Aye</b>
<b>Councilmember Middleton</b>	<b>Aye</b>

### **B. Legislative Update.**

Ms. Barrows presented an update on legislative items of interest. No action was taken.

## **7. INFORMATION**

- A. Attendance Record**
- B. DCE Program Launch and Activities Updates**
- C. Unaudited Financial Report**

These items were placed on the agenda for the Board's information.

## **8. PUBLIC COMMENT ON NON-AGENDA ITEMS**

There were no public comments made on non-agenda items.

## **9. ANNOUNCEMENTS**

The next DCE Board meeting will be September 21, 2020 at 2:30 p.m. via Zoom videoconference.

## **10. ADJOURN**

The meeting was adjourned at 3:16 p.m.

Respectfully submitted,  
Benjamin Druyon

**Desert Community Energy Board  
September 21, 2020**



**STAFF REPORT**

**Subject:** Required Financial Security Payment to California Public Utilities Commission

**Contact:** Valdemar Galeana, Accounting Manager, ([vgaleana@cvaq.org](mailto:vgaleana@cvaq.org))

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**Recommendation:** Authorize the Executive Director to process the Financial Security Requirement payment to California Public Utilities Commission for a total amount of \$147,000, ensuring it is paid within 30 days of the approval of CPUC Resolution E-5059

**Background:** The legislature in Assembly Bill 117 enacted requirements for ensuring that bundled service customers of the investor owned utilities (IOUs) are indifferent to the costs of electricity customers migration to and from Community Choice Aggregation (CCA) programs. Among those requirements, Public Utilities (P.U.) Code Section 394.25(e) established consumer protections that require CCAs to post financial security to cover the reentry fees that would be imposed on CCA customers in the event these customers are involuntarily returned to IOU procurement service.

In 2003, the CPUC ordered Rulemaking (R.) 03-10-003 to implement portions of Assembly Bill 117 concerning CCA programs. An interim financial security amount for CCAs was implemented that required CCAs to post \$100,000 in financial security with the CPUC as part of the CCA registration packet. At the time, it was concluded that the CCA financial security requirement should be revised in a more formal proceeding in the future.

As of December 14, 2018, DCE posted an interim Financial Security Requirement with the CPUC for \$100,000 as part of the registration process.

The payment has continued to be reviewed by the CPUC. In 2018, the CPUC issued Decision 18-05-022, which essentially requires the implementation of both a reentry fee and a corresponding FSR to address the costs of a potential mass involuntary return of CCA customers to utility service. The reentry fees are the costs that would be incurred in the event of an involuntary return. The FSR is the estimated amount that would be required for CCA customers to return to IOU service under conditions that would necessitate an involuntary return. This decision also ordered that the calculation of CCA FSR and reentry fees include both utility administrative costs and incremental procurement costs.

Decision 18-05-022 determined that letters of credit, surety bonds, or cash held by a third-party are acceptable instruments to satisfy the FSR. The decision, therefore, ordered the amount of the FSR to be updated twice per year to reflect the change to forecasted procurement and administrative costs if the change in the amount of the reentry fees is greater than 10 percent, consistent with the treatment for ESPs. Finally, Decision 18-05-022 ordered that CCAs pay a minimum FSR of \$147,000.

The proposed tariffs included in the IOU's Advice Letters implemented the requirements set in Decision 18-05-022 to define and calculate the CCA financial security requirements and reentry fees.



This has been a long, detailed review process. The FSR amount was not finalized until September 10, 2020, when the CPUC approved Resolution E-5059 to adopt proposed tariff revisions that will set the minimum financial security requirement at \$147,000.

**Fiscal Analysis:** In order to comply with the required timeline for posting of the financial security requirement within 30 days of the CPUC decision on September 10, 2020, DCE staff recommends that the DCE Board authorize the Executive Director to process a new FSR for the minimum amount of \$147,000. DCE will also submit the required compliance letter and request of the refund of the interim financial security requirement of \$100,000 submitted on December 14, 2018.

This means the FSR will increase by a net amount of \$47,000, which will keep DCE in compliance with the minimum CCA FSR directed in Decision 18-05-022 and approved in Resolution E-5059.

## ITEM 6B

### Desert Community Energy Board

September 21, 2020



### STAFF REPORT

**Subject:** DCE Long Term Renewable Energy Procurement

**Contact:** Jaclyn Harr, The Energy Authority

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**Recommendation:** Authorize the Executive Director to take actions to adjust the scope of contract negotiations for Desert Community Energy's Long Term Renewable Energy procurement as may be necessary to meet compliance requirements and renewable energy goals, with final contracts to be approved by the DCE Board at a future meeting.

**Background:** At the July 20, 2020 meeting, the DCE Board approved a shortlist of selected respondents to a Request for Offers (RFO) and authorized staff from DCE and The Energy Authority (TEA) to proceed with contract negotiations for DCE's Long Term Renewable Energy requirements. Staff expects to bring final contracts back to the DCE Board for approval at a future meeting this fall. The renewable procurement will meet the requirements for load-serving entities – DCE and other CCAs and Investor Owned Utilities – to procure at least 65% of their required Renewable Portfolio Standard (RPS) energy under long-term contracts. This procurement is required by SB 350 and starts with California's fourth RPS compliance period (2021-2024). At present, none of DCE's contracted portfolio meets this long-term contract requirement.

Based on a recommendation from the evaluation team, the DCE Board approved a portfolio of three firms to enter into negotiations for Power Purchase Agreement (PPA) execution for DCE's long-term contracting need. These firms include Clearway Renew and Lendlease Energy Development for solar projects and Terra-Gen for wind energy projects. Since the July approval, TEA has been working with DCE legal counsel to develop DCE-specific exclusivity agreements and a PPA template. In the process of completing exclusivity agreements, Clearway Renew requested a change in terms, including posting of collateral by DCE. These changes were not consistent with the criteria in the Request for Offers and negotiations with Clearway Renew were terminated.

The portfolio of projects was selected to allow DCE to easily meet both its long-term contracting compliance requirements, its broader RPS procurement requirements, and its program goals of building a carbon free and significantly renewable energy resource mix. In order to replace the energy anticipated from the Clearway solar project, staff is requesting that the Board authorize the Executive Director to take actions necessary to expand the scope of contract negotiations to meet DCE requirements. This authorization will allow the negotiating team the ability to explore options for additional energy resources with the remaining shortlist firms. These options include other projects being developed by these firms that were not selected in the recommendation to the Board at the July 20, 2020 meeting. The option of adding another firm to the shortlist is also being considered; staff is evaluating this option. If such an addition is advised, the Board will be asked to approve that action.

These negotiations for long-term renewable energy can be subject to unexpected changes related to factors such as project financing and delays in the project approval process. The requested authorization will allow some flexibility for the negotiating team to respond to such changes as

they arise, as long as they are consistent with the direction provided by the Board. The potential adjustments in the scope of negotiations with the remaining shortlist firms will ensure that projects to be included in DCE's portfolio are in line with the criteria outlined in the RFO materials, including:

- the overall value to DCE customers
- the respondent experience, qualifications, and creditworthiness
- the environmental impacts and benefits of the proposed projects
- the project's location and economic impacts/benefits to the local community
- conformance to DCE's preferred contractual terms

A DCE-specific PPA prepared by TEA and DCE legal counsel has been provided to the short-list firms for their review. Negotiations will continue this month, with TEA taking the lead. DCE legal counsel from Best Best & Krieger will participate in negotiations. DCE staff will also participate on a rotating basis to gain experience in the PPA negotiation process. As noted, final contracts will be brought back to the DCE Board for approval in fall 2020.

The recommended portfolio of projects will continue to focus on:

- resource technology diversity
- a significant amount of storage for capacity and reduction in price risk from midday negative prices in the California market
- developer diversity to reduce overall portfolio failure risk
- geographical diversity to reduce overall portfolio under-generation risk
- environmental stewardship benefits and DCE's preference for local project development.

In addition to meeting DCE's compliance requirements, executing renewable PPAs are an important step forward in meeting DCE's program objectives. supplying DCE customers with a carbon-free and highly renewable energy mixture, including local renewable projects. This procurement process focuses on a fiscally prudent approach that reduces price volatility in DCE's power portfolio, which will allow for increased rate certainty. Negotiating successful renewable contracts will help meet DCE goals to:

- Lock-in significant portion of energy costs for increased rate certainty;
- Provide estimated \$60 million to \$80 million in cost-savings compared to equivalent purchases over lifetime of contracts (power purchase agreements);
- Partner with local developers;
- Help build new incremental renewables in California;
- Generate 5 to 6 permanent jobs and 140 to 180 temporary jobs for each firm;
- Give DCE the choice of most suitable renewable energy technologies for the program goals.

**Fiscal Impact:** The completion of long-term contracts for DCE's renewable portfolio represents a significant expected reduction in overall program costs. This cost reduction is over both the short term and long term due to the relatively low cost of the expected PPAs for the proposed projects compared to purchasing the same energy, capacity, and renewable energy credits on the open market. TEA estimates that purchasing the equivalent products over the lifetime of these contracts in the market would cost between \$60 million and \$80 million more than the expected cost of the proposed projects. These projects will lock in the costs for a large portion of DCE's portfolio, allowing for increased rate certainty for DCE's customers.

Negotiations with shortlist developers for renewable projects will require significant time and effort from DCE staff, TEA staff, and DCE's counsel. DCE and TEA staff time will not have any direct fiscal impact. DCE's counsel time will be billed at its usual rate, with an estimated 10 hours per week for up to 12 weeks. Any contracts associated with this RFO will be brought to the Board for approval before execution.

## **Item 6C**

### **Desert Community Energy Board September 21, 2020**



#### **STAFF REPORT**

**Subject:** Update on DCE Post-Launch Activities

**Contact:** Katie Barrows, Director of Energy/Environmental Resources ([kbarrows@cvag.org](mailto:kbarrows@cvag.org))

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#### **Recommendation: Information**

**Background:** The following staff report provides a recap of the efforts that are underway as it pertains to consumer engagement following the April launch in the City of Palm Springs.

**Community Outreach & Post-Launch Activities:** Following the completion of DCE enrollment for Palm Springs, community engagement continues to focus on ensuring that customers understand their bills and their options with DCE. The latest opt-out/opt-down statistics are presented below. Approximately 89% of all Palm Springs residents and businesses are enrolled in DCE and approximately 83% are carbon free, which is the default product choice.

The customer service team continues to be available to respond to customers directly and address any questions, including bill-specific questions. The volume of calls to the DCE customer service line has decreased from 1,929 calls in June 2020 -- the busiest month since launch --to 1,384 calls in August. This represents a decrease of 28 percent.

It is to be expected that more customer questions will come during the hotter months of the year as compared to the cooler temperatures. With the recent heat wave and continued demand for air conditioning, it is anticipated that customers will continue to see higher bills. DCE social media posts remind customers of the various factors that are affecting bills, including how working from home and hotter weather results in more energy usage as well as the rate increases from SCE. Staff continues to coordinate with Palm Springs staff to respond to customer comments and questions via email and messaging on social media sites.

The outreach team continues to monitor and evaluate participation in DCE by large and key customers. The outreach team is evaluating the opportunities for encouraging these customers to stay with DCE, or possible return if they chose to opt out. DCE staff is looking to launch a program to highlight businesses that are 100% carbon free later this fall.

DCE staff is also evaluating programs offered by other CCAs throughout the state that might be of interest to local customers. Programs range from energy efficiency programs for residential and small businesses, solar rebates, electric vehicle incentives for vehicle purchase and charging stations, and ways to promote battery storage. DCE staff is looking for potential funding sources and grants that could support such programs. These programs would help participants save money and reduce their carbon footprint, while improving the comfort and health of their homes and workplaces.

The outreach team continues to update the DCE website, to highlight program benefits, ways to conserve energy during the extreme heat of recent weeks, and a greenhouse gas (GHG) reduction calculator to showcase the positive environmental impact of DCE's carbon free plan.

The DCE website also serves as a resource for information for customers to understand their bill, and other information about DCE, including:

- “Understanding Your Bill” page provides a sample typical customer bill and a Net Energy Metering (NEM) bill for solar customers. These sample bills can be found at: <https://desertcommunityenergy.org/understanding-your-bill/>.
- All customer notices mailed to-date are available on the DCE website at: <https://desertcommunityenergy.org/about/notices/>. The Spanish version of all notices are also posted on the website.

**Energy Conservation in Response to Heat Wave:** The average temperature for the month of August was the hottest on record. During the weekend of August 15-16, the California Independent System Operator (CAISO) issued notices that, due to the heat wave, rolling blackouts could be necessary. During the following weeks, statewide Flex Alerts, voluntary calls for consumers to conserve electricity, were issued. Through CalCCA, the Governor’s office reached out to CCAs to request outreach to customers about the urgent need to conserve energy. DCE responded by posting information about ways to conserve through social media and on our website. CAISO credits energy conservation from consumers for averting expected power outages during that week; DCE continues to urge our customers to be thoughtful about energy use during this long and extreme heat wave and do what they can to conserve. DCE’s consultants will be providing the board a verbal update about the impacts of the heat wave at the September 21 Board meeting.

**Opt-down and Opt-out Status:** As of August 2020, there have been a total of 4,399 opt-outs, or 10.41% of the 42,250 total eligible customers in Palm Springs. Another 2,702 customers, or 6.4%, chose to opt down to the Desert Saver product. Eight customers chose to opt-up from Desert Saver to 100% Carbon Free. The pattern of opt outs and opt downs is consistent with what has been seen for other CCAs in California, especially given the current uniquely challenging times. The number of DCE opt outs for August 2020 continues the pattern observed in July, with the number of opt outs decreasing almost 54% from June (785) to August (362) 2020.

***Desert Community Energy Monthly Contact Center  
and Opt-Action Statistics Summary  
August 2020***

Stats by Month	April 2020	May 2020	June 2020	July 2020	August 2020	Total
Total Calls	1706	1698	1929	1085	1384	<b>9,065</b>
Total Calls Connected to Agents	787	824	1098	634	655	<b>4,563</b>
Average Seconds to Answer	0:00:18	0:00:23	0:00:37	0:00:25	0:00:46	
Average Call Duration	0:07:11	0:08:48	0:09:15	0:09:10	0:09:31	
Total Eligible Customers	42,136	42,167	42,207	42,234	42,250	<b>42,250</b>
Monthly Opt-Outs	1058	833	785	356	362	<b>4,399</b>
Opt-Out Percentage	2.51%	1.98%	1.86%	0.84%	0.86%	<b>10.41%</b>
Total Opt-Down	880	531	467	285	248	<b>2,702</b>
Opt-Down Percentage	2.09%	1.26%	1.11%	0.67%	0.59%	<b>6.40%</b>
Total Opt-Up (from Desert Saver)	1	0	4	2	0	<b>8</b>
Opt-Up Percentage	0.002%	0.000%	0.009%	0.005%	0.000%	<b>0.019%</b>

**Desert Community Energy**  
**Opt-Action Statistics by Rate Category**  
**August 2020**

		<b>Opt-Out</b>	<b>% Opt-Out</b>	<b>Opt-Down</b>	<b>% Opt-Down</b>
<b>Total Eligible Customers</b>	<b>42,250</b>	<b>4,399</b>	<b>10.41%</b>	<b>2,702</b>	<b>6.40%</b>
<b>Residential</b>		3,005	7.11%	2,045	4.84%
<b>Small Commercial</b>		485	1.15%	260	0.62%
<b>Medium Commercial</b>		54	0.13%	39	0.09%
<b>Large Commercial</b>		7	0.02%	1	0.00%
<b>Street Lights</b>		2	0.00%	3	0.01%
<b>Agriculture &amp; Pumping</b>		35	0.08%	1	0.00%
<b>Solar/Net Energy Metering (NEM)</b>		811	1.92%	353	0.84%

This total includes 641 CARE/FERA/Medical Baseline customers who opted out and 175 customers who opted down. For all customers, the reasons given for opting out include:

<b>Opt-Out Reason</b>	<b>Total</b>
Concerns about Government-Run Power Agency	<b>172</b>
Decline to Provide	<b>820</b>
Dislike being automatically enrolled	<b>1118</b>
Have renewable Energy Reliability Concerns	<b>41</b>
Other	<b>469</b>
Rate or Cost Concerns	<b>1537</b>
Service or Billing Concerns	<b>242</b>
<b>Total</b>	<b>4399</b>

Outreach will continue to remind customers that if they stay with DCE and opt down to Desert Saver, they will save money over what they currently pay SCE.

**ITEM 7A**

**DESERT COMMUNITY ENERGY BOARD  
FY2020-2021 ATTENDANCE RECORD**

<b>Voting Members</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUNE</b>
City of Cathedral City	✓	✓										
City of Palm Desert	✓	✓										
City of Palm Springs	✓	✓										
<b>Non-Voting Member</b>												
City of Desert Hot Springs												

Ex Officio / Absent   
No Meeting \*

**DESERT COMMUNITY ENERGY**  
**UNAUDITED BALANCE SHEET**  
**FROM JULY 1, 2020 TO AUGUST 31, 2020**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
River City Bank			
- Operating Account	0.00	31,083.77	31,083.77
- Money Market Account	1,783,260.18	116,000.00	1,899,260.18
- ICS Account	1,312,872.42	0.00	1,312,872.42
- Lockbox Account	1,513,773.97	674,242.51	2,188,016.48
Total Cash	4,609,906.57	821,326.28	5,431,232.85
Accounts Receivable			
- Southern California Edison	0.00	4,334,492.13	4,334,492.13
- Bad Debt	0.00	(16,515.49)	(16,515.49)
Total Accounts Receivable	0.00	4,317,976.64	4,317,976.64
Deposits/Bonds			
- CPUC	100,000.00	0.00	100,000.00
Total Deposits/Bonds	100,000.00	0.00	100,000.00
<b>TOTAL ASSETS</b>	<b>4,709,906.57</b>	<b>5,139,302.92</b>	<b>9,849,209.49</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable			
- Calpine		95,639.75	95,639.75
- Southern California Edison		33,470.52	33,470.52
- The Energy Authority		2,401,558.04	2,401,558.04
Total Accounts Payable	0.00	2,530,668.31	2,530,668.31
Taxes Payable			
Utility Users Tax		235,335.16	235,335.16
Electric Energy Surcharge		33,543.42	33,543.42
Total Taxes Payable		268,878.58	268,878.58
Vendor security deposits			
Terra-Gen		116,000.00	116,000.00
Total Vendor security deposits		116,000.00	116,000.00
<b>TOTAL LIABILITIES</b>	<b>0.00</b>	<b>2,915,546.89</b>	<b>2,915,546.89</b>
<b><u>FUND BALANCE</u></b>			
Reserve	250,000.00		250,000.00
Fund Balance	4,459,906.57	2,223,756.03	6,683,662.60
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>4,709,906.57</b>	<b>5,139,302.92</b>	<b>9,849,209.49</b>



**DESERT COMMUNITY ENERGY**  
**UNAUDITED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FROM JULY 1, 2020 TO AUGUST 31, 2020**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>			
Electricity Sales	0.00	7,067,468.18	7,067,468.18
Other Revenue	0.00	109,004.43	109,004.43
Investment Income	4,307.36	0.00	4,307.36
<b>TOTAL REVENUES</b>	<b>4,307.36</b>	<b>7,176,472.61</b>	<b>7,180,779.97</b>
<b><u>EXPENDITURES</u></b>			
Cost of Electricity			
Electricity Purchase	0.00	4,749,576.00	4,749,576.00
Market Charges	0.00	2,512,079.02	2,512,079.02
Total Cost of Electricity	0.00	7,261,655.02	7,261,655.02
Accounting / Bank Services	179.27		179.27
Professional Services			
- Arthur J Gallaguer Insurance & co	466.25	0.00	466.25
Total Professional Services	466.25	0.00	466.25
Insurance			
- Directors & Officers	6,000.00		6,000.00
- General Liability	500.00		500.00
Total Insurance	6,500.00		6,500.00
Consultants			
- Donald D. Dame	276.50	656.25	932.75
- Calpine Energy Solutions	0.00	95,639.75	95,639.75
- The Energy Authority	0.00	197,962.57	197,962.57
- White Rabbit Group	800.00	0.00	800.00
Total Consultants	1,076.50	294,258.57	295,335.07
Outreach			
- Burke Rix Communications	0.00	6,695.52	6,695.52
Total Outreach	0.00	6,695.52	6,695.52
Postage			
- Ace Printing	0.00	971.31	971.31
Total Printing	0.00	971.31	971.31
Printing			
- Ace Printing	0.00	1,519.00	1,519.00
Total Printing	0.00	1,519.00	1,519.00
Registrations/Memberships			
- CA Community Choice Association	21,734.00	0.00	21,734.00
Total Registration/Memberships	21,734.00	0.00	21,734.00
<b>TOTAL EXPENDITURES</b>	<b>29,956.02</b>	<b>7,565,099.42</b>	<b>7,595,055.44</b>
Excess of Revenues over Expenditures	(25,648.66)	(388,626.81)	(414,275.47)
Fund Balance - Beginning of the Year	4,735,555.23	2,612,382.84	7,347,938.07
Fund Balance - End of the Year	4,709,906.57	2,223,756.03	6,933,662.60

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FROM JULY 1, 2020 TO AUGUST 31, 2020**

**ASSETS**

River City Bank		
- Operating Account	31,083.77	
- Money Market Account	1,899,260.18	
- ICS Account	1,312,872.42	
- Lockbox Account	2,188,016.48	
Total Cash		5,431,232.85
Due From Other Funds		
Accounts Receivable		
- Southern California Edison	4,334,492.13	
- Bad Debt	(16,515.49)	
Total Accounts Receivable		4,317,976.64
Deposits/Bonds		100,000.00
<b>TOTAL ASSETS</b>		<b>9,849,209.49</b>

**LIABILITIES**

Accounts Payable		
- Calpine	95,639.75	
- Southern California Edison	33,470.52	
- The Energy Authority	2,401,558.04	
Total Accounts Payable		2,530,668.31
Due To Other Funds		
Taxes Payable		
Utility Users Tax- Palm Springs	235,335.16	
Electric Energy Surcharge (CDTFA)	33,543.42	
Total Taxes Payable		268,878.58
Vendor security deposits		
Terra-Gen	116,000.00	
Total Vendor security deposits		116,000.00
<b>TOTAL LIABILITIES</b>		<b>2,915,546.89</b>

**FUND BALANCE**

Reserve		250,000.00
Fund Balance		6,683,662.60
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<b>9,849,209.49</b>

**REVENUES**

Electricity Sales		7,067,468.18
Carbon Free	6,361,905.49	
Carbon Free- CARE/FERA	976,416.53	
Desert Saver	541,330.45	
NEM- Carbon Free	(812,184.29)	
Other revenue		109,004.43
Investment Income		4,307.36
<b>TOTAL REVENUES</b>		<b>7,180,779.97</b>

**EXPENDITURES**

Cost of Electricity		
Electricity Purchase	4,749,576.00	
Market Charges	2,512,079.02	
Total Cost of Electricity		7,261,655.02
Accounting / Bank Services		179.27
Professional Services		466.25
Insurance		6,500.00
Consultants		295,335.07
Outreach		6,695.52
Postage		971.31
Printing		1,519.00
Registrations/Memberships		21,734.00
Interest Expense		0.00
<b>TOTAL EXPENDITURES</b>		<b>7,595,055.44</b>

Excess of Revenues over Expenditures	(414,275.47)	
Fund Balance - Beginning of the Year		7,347,938.07
Fund Balance - End of the Year		6,933,662.60

## **ITEM 7C**

Desert Community Energy Board  
September 21, 2020



### **STAFF REPORT**

**Subject:** Letter outlining the Planned Scope and Timing of the Audit for Fiscal Year Ended June 30, 2020

**Contact:** Gary Leong, Deputy Executive Director ([gleong@cvag.org](mailto:gleong@cvag.org))

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### **Recommendation: Information**

**Background:** The American Institute of Certified Public Accountants (AICPA) issued Statements on Auditing Standards No. 114 (SAS 114) to increase the effectiveness of two-way communication between independent auditors and their clients. SAS 114 provides a framework for the auditor's communication with those charged with governance and identifies some specific matters to be communicated. In particular, the auditor must communicate matters related to the financial statement audit that are, in the auditor's professional judgment, significant and relevant to the responsibilities of those charged with governance.

The principal purposes of communication with those charged with governance are to:

1. Communicate clearly the responsibilities of the auditor in relation to the financial statement audit and an overview of the scope and timing of the audit;
2. Obtain information relevant to the audit; and,
3. Provide timely observations arising from the audit that are relevant to the responsibilities in overseeing the financial reporting process.

The attached letter outlines the planned scope and timing of the audit, and satisfies the requirements set forth in SAS 114

**Fiscal Analysis:** There is no fiscal impact.

**Attachment:** LSL SAS 114 Letter



July 29, 2020

To the Board of Directors  
Desert Community Energy  
Palm Desert, California

**Via Email**

Mr. Gary Leong, CPA  
gleong@cvag.org

We are engaged to audit the financial statements of Desert Community Energy ("DCE") for the year ended June 30, 2020. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

**Our Responsibilities under U.S. Generally Accepted Auditing Standards,  
and *Government Auditing Standards***

As stated in our engagement letter dated July 29, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider DCE's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether DCE's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.



Desert Community Energy  
Page 2

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately November 9, 2020 and issue our report on approximately December 31, 2020. Richard Kikuchi is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Directors and management of Desert Community Energy and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Lance, Solt & Loughard, LLP*

**Desert Community Energy Board  
September 21, 2020**



**STAFF REPORT**

**Subject:** Utility Discount (CARE/FERA) Program Update

**Contact:** Benjamin Druyon, Management Analyst ([bdruyon@cvag.org](mailto:bdruyon@cvag.org))

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**Recommendation: Information**

**Background:** California Alternate Rates for Energy (CARE<sup>1</sup>) and Family Electric Rate Assistance (FERA) are two CPUC authorized low income assistance programs offered by Southern California Edison (SCE) and SoCalGas. CARE customers receive a savings reduction of up to 30% on their energy bill, while FERA customers can save up to 18%. Customers may qualify for CARE or FERA if someone in their household already participates in a public assistance program, such as CalWorks, food stamps, or Medi-Cal. Customers may also qualify based on household income. CARE customers save an average of approximately \$864 each year on their energy bills.

In early 2019, DCE staff conducted research that showed low participation rates for the CARE/FERA program managed by SCE within DCE's respective service territory. Furthermore, there were only two contractors in the Coachella Valley that were enlisted by SCE to help secure new enrollments. And data showed there were only a handful of new enrollments secured by those contractors in the past several years.

From October 2019 until the COVID-19 pandemic hit earlier this year, DCE had Board-approved services agreement with Lift to Rise to boost enrollment in the utility discount programs. The social distancing requirements caused by the COVID-19 pandemic forced DCE and Lift to Rise to revisit the planned workshops and community events as well as the overall outreach efforts. The program had many successes and ensured customers were getting the discounts for which they qualified.

However, the unprecedented unemployment rates experienced during COVID-19 prompted SCE to increase their own outreach efforts. SCE has aggressively been communicating the availability of financial assistance programs and services to their customers. CARE/FERA programs are on the forefront of some of those outreach efforts. SCE has implemented a CARE mailing campaign, increased advertising through social media platforms, and launched an email and text campaign. SCE's Corporate Philanthropy group has been reaching out to their constituents, business partners, food banks, etc. to promote the availability of these discount programs. In addition to increased outreach efforts, SCE has existing data-sharing relationships with other governmental agencies who offer programs like Women Infant and Children (WIC) and Food Stamps. Customers that sign up for those programs are automatically enrolled in the CARE or FERA programs. SCE also indicates any calls to their call center from customers asking for financial assistance or that are experiencing a financial burden, are automatically considered for the CARE program.

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<sup>1</sup> CARE/FERA is funded through a rate surcharge paid by all other utility customers. The income limits may be adjusted each year depending on inflation. California has a Low-Income Oversight Board (LIOB), which was established by the Legislature to advise the CPUC on energy related low-income assistance programs of utilities under the CPUC's jurisdiction.

Because of the unprecedented unemployment rate due to COVID-19, and as a result of SCE's increased efforts with outreach, as well as automatic enrollments through existing aid programs, SCE's enrollment numbers have increased dramatically throughout their service territory. SCE reports enrollments from March 2020 through May 2020 had increased by 250% compared to March 2019 through May 2019. In light of these factors, DCE staff notified the Board in June that they prudently decided to terminate the contract with Lift To Rise.

Recent reports from SCE show that enrollment numbers continue to grow with each passing month. DCE staff is providing the table below to show the total cumulative enrollments for DCE's service territory. Staff will continue to provide updates on the CARE/FERA enrollment numbers on a quarterly basis as requested by the Board. SCE also reports high enrollment numbers in other regions, averaging between 100 and 200 enrollments per month.

**CARE/FERA Total Enrollments from January 2020 to July 2020**

<b>City</b>	<b>Zip Code</b>	<b>Enrollments JAN - MAY</b>	<b>JUNE</b>	<b>JULY</b>
Palm Desert	92211	1,443	1,781	1,864
Palm Desert	92260	7,506	8,192	8,534
Cathedral City	92234	3,075	4,364	4,525
Palm Springs	92262	3,503	4,162	4,307
Palm Springs	92264	2,498	2,971	3,041

**Fiscal Analysis:** There is no fiscal impact for DCE.

# California's three big utility companies stand in the way of consumer choice

By Sam Liccardo and Sheila Kuehl

Sep. 1, 2020 | Updated: Sep. 1, 2020 1 p.m.

“With great power comes an even greater electricity bill.”

—Anonymous

One planet, dozens of cities, and 10 million Californians collectively benefitted during the last decade from the creation of community choice aggregators, or CCAs, in local communities throughout the state. More commonly known as “community choice energy” programs, locally-controlled CCAs give residents and businesses the ability to select greener, renewable sources of electricity often at a lower cost than provided by California’s “Big Three” investor-owned utilities: Pacific Gas and Electric (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison (SCE).

In recent weeks, Californians have endured a heat wave, rolling blackouts, lightning storms, and more than 500 wildfires, making clearer the imperative to confront our existential threat of climate change by embracing the clean energy future that CCAs enable.

CCAs aren’t just good for the earth, but good for the pocketbooks: as non-profit local agencies, they can secure better deals for their ratepayers by prudently managing their portfolio and keeping operating costs low, and they avoid the burden of compensating shareholders and C-suite officers. If utility executives and investors continue to have their way, however, recession-battered ratepayers could endure rapidly escalating bills in the months ahead. By approving hikes of an obscure “exit fee” charged to customers, state regulators have shifted hundreds of millions of dollars in Big Three utilities’ costs to local residents and businesses. In theory, this exit fee, known as the “Power Charge Indifference Adjustment,” ensures that CCA ratepayers bear their fair share of the more expensive electricity supply contracts that utilities signed on their behalf many years ago. As ratepayers leave those investor-owned utilities to join CCAs—the logic goes—they shouldn’t saddle PG&E, SDGE, and SCE and their remaining customers with the entire burden of those costly legacy contracts.

In practice, however, exit fees hardly resemble a “fair share.”

Since 2013, exit fees have risen more than 600 percent in the PG&E service area, all for the financial benefit of that criminally convicted and chronically mismanaged utility. It will increase another 35 percent this fall, boosting an average customer’s exit fee in PG&E’s territory to \$220 annually. PG&E is hardly unique; SDG&E recently proposed a larger increase to its exit fee this fall, and we’ve seen similar increases in SCE’s territory as well.

Exit fees lack guardrails. The fees adjust annually through the California Public Utilities Commission (CPUC)’s regulatory process, based upon opaque cost data provided by—wait for it—the Big Three utilities. Those same utilities have blocked CCA efforts to obtain their cost data, even though that data underlies every CPUC rate-making decision, and even after PG&E was caught committing hundreds of millions of dollars in “calculation errors.”

Accordingly, the public cannot understand why exit fees increase at rates several times higher than electricity in the open market. One obvious hypothesis: the system driving these rate hikes has nothing to do with energy economics, and everything to do with the political power of the Big Three.



Several solutions are overdue. First, we need to reverse recent rule changes that have accelerated rate hikes. In October of 2018, for example, the CPUC eliminated legislatively-enacted limits on utilities' use of exit fees to recover the costs of operating their older gas and nuclear power plants. The 2018 rule change saddles all ratepayers with those burdens, undermining any incentive for utilities to reduce costs and retire inefficient, dirty gas generators, as other private companies have done.

The former CPUC commissioner who proposed that change in 2018 observed that "for many customers, the bill impacts should be relatively small." The impacts were hardly "small," but no matter; that commissioner now works for SCE. The current CPUC panel must do better.

Second, the CPUC and legislature must adopt common-sense transparency measures around rate-setting and fees. Every resident and business in California deserves public disclosure of cost data and rate calculations proposed in Assemblymember Ash Kalra's AB2689, which was shelved amid the pandemic. Consumers must know what they are paying for—particularly if they're paying more.

Finally, the CPUC must adopt the recommendations of its public working group to require utilities to optimize their energy supply portfolio. Doing so would reduce energy costs for all customers, as current regulations undermine any market-based incentives for the utilities to manage their portfolio costs. Although SCE co-lead a working group with CCAs to make significant advances in this area, the other two major utilities, PG&E and SDG&E, have opposed a consensus reform proposal and are seeking to block implementation in the 11th hour by pressing for self-serving changes. The CPUC should not capitulate to these tactics.

In this painful moment for Californians, the CPUC has an opportunity to significantly ease our families' financial burdens and support our climate goals. We urge the CPUC to rise to this crucial opportunity.

*Sam Liccardo is the Mayor of San José, America's 10<sup>th</sup> largest city. He has written op-eds published in the New York Times, Wall Street Journal, Washington Post, San Francisco Chronicle, Mercury News, and NBC News. Sheila Kuehl is a member of the Los Angeles Board of Supervisors.*