

**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, April 11, 2022  
3:00 p.m.**

*Pursuant to Assembly Bill 361 and the findings made by the DCE Board, this meeting will only be conducted via video/teleconferencing.*

### **INSTRUCTIONS FOR PUBLIC PARTICIPATION**

**Online:**

<https://us02web.zoom.us/j/89004182776?pwd=V1Z6NGUwQytpVzRrWTIhaWQ1cVI0UT09>

**Passcode:** 475380

**One tap mobile:**

US: +16699009128,,89004182776#

**By Phone:**

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

**Webinar ID:** 890 0418 2776

**Passcode:** 475380

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-** Chair Geoff Kors, Councilmember, City of Palm Springs

2. **ROLL CALL** – Jennifer Nelson

**A. Member Roster**

[4](#)

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 February 14, 2022**

[5](#)

**B. Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of Desert Community Energy**

[8](#)

6. **DISCUSSION / ACTION**

**A. DCE's Audit for Fiscal Year 2020/21 and Related Reports** – Claude Kilgore

[10](#)

**Recommendation:** Receive and file the Audited Financial Statements for the year ended June 30, 2021, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

**B. DCE Financial Outlook and Budget Outlook** – Jaclyn Harr and Claude Kilgore

**C. March 2022 Rate Adjustment Summary** – Don Dame

[41](#)

**Recommendation:** Information

7. **INFORMATION**

**A. Attendance Record**

[43](#)

**B. Unaudited Financial Report for July 1, 2021 to December 31, 2021**

[44](#)

**C. Supplier Diversity Report to the CPUC**

[48](#)

**D. Community Advisory Committee Update**

[50](#)

**E. DCE Meeting Calendar for 2022** [52](#)

**F. Flyer on “Ways to Save With Time of Use”** [53](#)

**G. State Legislation Related to CCAs and Transportation Electrification Programs** [55](#)

**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 DCE meeting will be held May 16, 2022 at 3:00 p.m. via Zoom webinar.

**10. ADJOURNMENT**



## DESERT COMMUNITY ENERGY BOARD MEMBER ROSTER

| Voting Members                     | Seat on Committee | Representative   |
|------------------------------------|-------------------|--|
| City of Palm Desert                | DCE Vice Chair    | <b>Sabby Jonathan</b><br>Mayor Pro Tem<br><i>Alternate: Councilmember Kathleen Kelly</i> |
| City of Palm Springs               | DCE Chair         | <b>Geoff Kors</b><br>Councilmember<br><i>Alternate: Mayor Lisa Middleton</i>             |
| DCE Staff                          |                   |  |
| Tom Kirk, Executive Director       |                   |  |
| Katie Barrows, Director            |                   |  |
| David Freedman, Program Manager    |                   |  |
| Liz Barnwell, Management Analyst   |                   |  |
| Janice Reitman, Accounting Manager |                   |  |



## **ITEM 5A**

**Desert Community Energy Board  
Meeting Minutes  
February 14, 2022  
3:00 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 Chair Geoff Kors, City of Palm Springs, at 3:00 p.m. via Zoom videoconferencing, pursuant to Assembly Bill 361.

### **2. ROLL CALL**

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

#### **Members Present**

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

#### **Agency**

City of Palm Springs  
City of Palm Desert

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

Tom Kirk  
Katie Barrows  
David Freedman  
Liz Barnwell  
Erica Felci  
Claude Kilgore  
Jennifer Nelson  
Janice Reitman  
Jaclyn Harr

The Energy Authority

#### **Others Present**

Don Barrett  
Trisha Stull  
David Burdicke  
Brad Anderson

Community Advisory Committee  
City of Palm Desert  
TerraVerde Energy  
Resident

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

Brad Anderson voiced concerns regarding Item 5B, the use of virtual meetings under Assembly Bill 361, and stated that Board meetings be in person going forward.

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

None.

### **5. CONSENT CALENDAR**

**IT WAS MOVED BY MAYOR PRO TEM JONATHAN AND SECONDED BY COUNCILMEMBER KORS TO:**

- A. Approve Minutes from Board Meeting of January 10, 2022**
- B. This item was pulled from Consent Calendar for further discussion.*
- C. Authorize the Executive Director to negotiate and execute amendments to the Renewable Power Purchase Agreement and Renewable Energy Purchase and Sale Agreement with Deer Creek Solar I**

**THE MOTION CARRIED WITH 2 AYES.**

**Mayor Pro Tem Jonathan  
Councilmember Kors**

**Aye  
Aye**

#### **5.1 ITEMS PULLED FROM CONSENT CALENDAR**

- B. Affirm the findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of Desert Community Energy**

Mayor Pro Tem Jonathan requested additional information about the use of virtual meetings and asked that information be provided at the next meeting regarding hybrid options.

**THE MOTION CARRIED WITH 2 AYES.**

**Mayor Pro Tem Jonathan  
Councilmember Kors**

**Aye  
Aye**

#### **6. DISCUSSION / ACTION**

- A. Contract for Distributed Energy Resources Program – David Freedman**

David Freedman provided the staff report, including an update on the distributed energy resources program and the RFP process. Member discussion ensued, with staff providing additional information on the phases and fees of TerraVerde's proposal.

**IT WAS MOVED BY MAYOR PRO TEM JONATHAN AND SECONDED BY COUNCILMEMBER KORS TO, AUTHORIZE THE EXECUTIVE DIRECTOR TO FINALIZE AND SIGN A CONTRACT WITH TERRAVERDE ENERGY FOR A BEHIND-THE-METER DISTRIBUTED ENERGY RESOURCES PROGRAM, REQUIRING NO COSTS TO DCE UNTIL ADDITIONAL BOARD ACTION IS TAKEN**

**THE MOTION CARRIED WITH 2 AYES.**

**Mayor Pro Tem Jonathan  
Councilmember Kors**

**Aye  
Aye**

**B. Resolution in Support of Rooftop Solar and Net Energy Metering – David Freedman**

Mr. Freedman provided a staff report. Member discussion ensued, including discussion of public outreach and other ways to alert the public of the program.

**IT WAS MOVED BY MAYOR PRO TEM JONATHAN AND SECONDED BY COUNCILMEMBER KORS TO, ADOPT RESOLUTION 2022-02 IN SUPPORT OF NET ENERGY METERING AND DIRECT STAFF TO DISTRIBUTE THE RESOLUTION TO GOVERNOR NEWSOM, THE REGION'S LEGISLATIVE DELEGATION, AND MEMBERS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION**

**THE MOTION CARRIED WITH 2 AYES.**

**Mayor Pro Tem Jonathan  
Councilmember Kors**

**Aye  
Aye**

**7. INFORMATION**

The following items were put in the agenda packet for members' information :

- A. Attendance Record**
- B. Unaudited Financial Report for July 1, 2021 to November 30, 2021**
- C. Update on DCE Program Activities**
- D. Southern California Edison Time-Of-Use Billing Transition**

At the request of Councilmember Kors, Ms. Barrows provided an update on Southern California Edison's time-of-use billing and indicated a one-page fact sheet addressing frequently asked questions would be distributed.

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

Mr. Anderson expressed his disappointment in the Board's approval of the line of credit item at the January meeting and expressed concerns with DCE's Board makeup of having two members.

**9. ANNOUNCEMENTS**

The next DCE meeting was to be held March 21, 2022 at 2:30 p.m. via Zoom webinar.

Councilmember Kors requested permanently changing the meeting time from 2:30 p.m. to 3:00 p.m. due to scheduling conflicts.

Mayor Pro Tem Jonathan indicated he would not be able to attend a meeting on March 21, and staff indicated a new date would be noticed.

**10. ADJOURNMENT -- Chair Kors adjourned the meeting at 3:31 p.m.**

Respectfully submitted,

*Jennifer Nelson,  
Executive Assistant/Clerk*

## **ITEM 5B**

### **Desert Community Energy Board April 11, 2022**



#### **STAFF REPORT**

**Subject:** Remote Teleconference/Virtual Meetings Pursuant to Assembly Bill 361

**Contact:** Jennifer Nelson, Executive Assistant/Clerk ([jnelson@cvag.org](mailto:jnelson@cvag.org)) and Erica Felci, Assistant Executive Director ([efelci@cvag.org](mailto:efelci@cvag.org))

---

**Recommendation:** Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of Desert Community Energy

**Background:** All meetings of the Desert Community Energy Board and its Community Advisory Committee are subject to the Ralph M. Brown Act (Gov. Code §§ 54950 *et seq.*), and must be open and public so that any member of the public may attend and participate in the meetings.

Starting in March 2020, Governor Newsom issued a series of executive orders aimed at preventing the spread of COVID-19, as it was determined that social distancing was an important factor addressing the pandemic. Among these were Executive Orders N-25-20, N-29-20 and N-35-20 (collectively, the “Brown Act Orders”) that waived the teleconferencing requirements of the Brown Act to allow legislative bodies to meet virtually.

On June 11, 2021, the Governor issued Executive Order N-08-21 to begin winding down some of the prior measures that were adopted to respond to COVID-19. Notably, this order rescinds the Brown Act Orders, effective September 30, 2021. On September 16, 2021, Governor Newsom signed Assembly Bill 361 (AB 361), which effective October 1, 2021, allows legislative bodies to meet virtually provided the legislative body makes specific findings.

#### ***Specific Findings Required under AB 361:***

The DCE Board has previously made the following findings pursuant to AB 361:

1. A statewide state of emergency is currently in place;
2. State or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19; and
3. Meeting in person would present imminent risks to the health or safety of attendees.

With this item, staff is recommending the DCE Board confirm these findings still exist and continue virtual meetings, pursuant to AB 361. In addition, at the request made by DCE Vice Chair Sabby Jonathan, staff is providing additional information on the use of virtual meetings.

DCE, along with the Coachella Valley Conservation Commission, is staffed by the Coachella Valley Association of Governments (CVAG). Starting in March 2020, CVAG, along with many of its members, began having committee meetings via video/ teleconferencing in place of in-person meetings due to the COVID-19 pandemic. This has proven to be an efficient way to conduct business for CVAG and its sister agencies, which collectively cover an expansive geographic area across

eastern Riverside County. Meetings have been well attended, leading to thoughtful and robust conversations on policies, projects and programs. The use of both videoconference and telephone access has also fostered public engagement, as people can join the meetings from a convenient location instead of driving to CVAG's Palm Desert conference room.

In May and June 2021, CVAG staff provided information to its committees that it would be seeking feedback from members on meeting formats that could be implemented this fiscal year, including exploring the options of continuing with at least some form of videoconferencing.

The survey of CVAG's members found 71% of the respondents support continuing with virtual meetings. CVAG's survey found that only 15% of the respondents expressed a strong or moderately strong desire to return to in-person meetings.

The CVAG survey showed 63% of participants indicated a strong or moderately strong preference in having hybrid meetings. However, it introduces additional complications. Hybrid meetings involve some members appearing in person, while others attend using an electronic platform. Holding such meetings would require CVAG use a meeting room at a separate, to-be-determined location, due to the need of major upgrades to the CVAG meeting room, which does not have the audio/visual capabilities to host a hybrid meeting. There have also been concerns related to the size of CVAG's meeting room in Suite 119, which would limit the ability to socially distance both committee members and members of the public as a recommended means to prevent the spread of COVID-19.

With only two member jurisdictions, the DCE Board is smaller than CVAG's committee makeups. However, board meetings are designed to encourage public involvement and it could be argued that video conferenced meetings may provide more accessibility than in-person meetings. Holding in-person meetings would present logistical considerations. Meetings in person probably should be held in Palm Springs, which provide additional resources required of CVAG staff, which has been stretched thin during the pandemic. In addition to needing to find a location, the Board should consider such meetings do have other impacts, including slight budgetary impact as staff is involved with travelling and setting up such meetings and any costs associated with off-site logistics. Another consideration is DCE's focus on reducing greenhouse gases. Virtual meetings have a much smaller carbon footprint. While Board members, CVAG staff and the public's greenhouse gas impacts from travelling are relatively modest, all of CVAG's energy consultants travel hundreds of miles to attend meetings in the Coachella Valley and their carbon footprint has been substantially reduced through virtual meetings.

As part of the 2021 survey, CVAG also analyzed the attendance during fiscal year 2018/2019 (all meetings occurred in-person), and fiscal year 2020/2021 (all meetings occurred virtually). Meetings were not rescheduled due to lack of quorum. Virtual meetings created less impact to member schedules and made it easier for them to attend during the workday. The public also benefited from virtual meeting attendance, given they didn't have to drive to CVAG's Palm Desert office during their busy day. On average, committee/ Board member participation levels of virtual meeting attendance for all CVAGs committees increased by 15.42% from fiscal year 2018/19 to 2020/2021.

In September 2021, the CVAG Executive Committee authorized the Chair and/or the Executive Director to advocate for Brown Act changes that would allow regional agencies such as CVAG to continue utilizing virtual meetings. With the passage of AB 361, DCE, CVAG and the CVCC have also made findings that support the continued use of virtual meetings. The use of virtual meetings is also consistent with the practice of Palm Springs's and Palm Desert's City Councils, who use video conferencing and call-in features to facilitate public participation at their meetings.

**Fiscal Analysis:** There are no additional costs to DCE for hosting virtual meetings.

## **ITEM 6A**

### **Desert Community Energy Board April 11, 2022**



#### **STAFF REPORT**

**Subject:** DCE's Audit for Fiscal Year 2020/21 and Related Reports

**Contact:** Claude T. Kilgore, Director of Finance/ Administration ([ckilgore@cvag.org](mailto:ckilgore@cvag.org))

---

**Recommendation:** Receive and file the Audited Financial Statements for the year ended June 30, 2021, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

**Background:** DCE has engaged the Coachella Valley Association of Governments (CVAG) to provide staffing and other administrative tasks since its inception. CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG to obtain from qualified auditing firms, proposals to perform CVAG's annual financial audit every five years. In June 2021, CVAG hired the audit firm of Davis Farr LLP – a firm with an impressive history of professional work in the Coachella Valley – for engagement as CVAG/CVCC/DCE independent auditor for the five fiscal years starting with Fiscal year 2020/21. The firm has an impressive history of professional work in the Coachella Valley.

Davis Farr LLP performed the annual audit over DCE's Basic Financial Statements as of June 30, 2021, and for the fiscal year then ended which include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Basic Financial Statements. Davis Farr issued an Unmodified Opinion, which means that DCE's Basic Financial Statements present fairly, in all material respects, the respective financial position of Desert Community Energy as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

In accordance with Government Auditing Standards, Davis Farr also issued a report on their consideration of DCE's internal control over financial reporting and their tests of DCE's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters; Davis Farr was not engaged to provide an opinion on internal control over financial reporting or on compliance. During its testing, Davis Farr did not identify any material weaknesses or significant deficiencies in internal controls. Finally, Davis Farr has provided a letter to the DCE Board of Directors outlining Significant Audit Findings as promulgated by AU-C Section 260, "The Auditor's Communication with Those Charged With Governance."

DCE staff appreciated working with, and would like to thank, the Davis Farr team which was led by Partner Shannon Ayala for their diligence and hard work in issuing the reports and findings. A member of the Davis Farr team will present the reports and be available to address any Board questions or comments.

**Fiscal Analysis:** The professional fees associated with the audit were previously budgeted and there is no additional financial impact.

**Attachments:**

1. DCE's Audited Financial Statements for the year ended June 30, 2021
2. Report on Internal Controls over Financial Reporting
3. Auditor's Communication with Those Charged with Governance

**DESERT COMMUNITY ENERGY**  
**Financial Statements**  
**Year ended June 30, 2021**  
**(With Independent Auditor's Report Thereon)**



**DESERT COMMUNITY ENERGY**

**Financial Statements**

**Year ended June 30, 2021**

**TABLE OF CONTENTS**

|   | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report                                | 1           |
| Management's Discussion and Analysis                        | 3           |
| Financial Statements:                                       |             |
| Statement of Net Position                                   | 12          |
| Statement of Revenues, Expenses and Changes in Net Position | 13          |
| Statement of Cash Flows                                     | 14          |
| Notes to the Basic Financial Statements                     | 15          |

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Desert Community Energy ("DCE"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise DCE's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Desert Community Energy as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022 on our consideration of the DCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DCE's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
March 28, 2022

DESERT COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

The following discussion and analysis of the financial performance of Desert Community Energy ("DCE") provides an overview of the DCE's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

**TABLE OF CONTENTS**

The annual report consists of the following parts:

- Management's discussion and analysis (this section)
- The basic financial statements:
  - The *Statements of Net Position* include all DCE's assets, liabilities, and net position and provide information about the nature and amount of resources and obligations at a specific point in time.
  - The *Statements of Revenues, Expenses, and Changes in Net Position* report all DCE's revenue and expenses for the year shown.
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as non-capital financing activities.
  - The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

## DESERT COMMUNITY ENERGY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

#### **Background**

The formation of DCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to establish Community Choice Aggregation programs, to purchase power on behalf of their residents and businesses, creating competition in power generation.

DCE was created as a California Joint Powers Authority in October 2017, for the purpose of implementing and administering a Community Choice Aggregation (CCA) program. DCE was formed by the cities of Palm Springs, Cathedral City and Palm Desert, located within the geographic boundaries of Riverside County, and is certified by the California Public Utilities Commission (CPUC). DCE is governed by an appointed board of directors (Board), comprised of one local elected representative from each of the participating member agencies. The DCE Board has the authority to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. DCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by Southern California Edison (SCE) and overseen by the California Independent System Operator (CAISO). DCE offers ratepayers a choice in electricity providers and in the type of electricity they use.

As a CCA, DCE buys and/or develops power resources on behalf of the electricity customers in its jurisdiction to offer cleaner, competitively priced electricity while retaining local control, reinvesting revenues, encouraging local job creation, offering more renewable energy options, and reducing greenhouse gas (GHG) emissions.

The parties to DCE's Joint Powers Agreement consist of local governments whose governing bodies elect to join DCE. Pursuant to the Public Utilities Code, residential, commercial, and municipal electricity customers will be automatically enrolled in DCE and become default customers of DCE for electric generation when the program launches in their city. Customers served under California's Direct Access Program are not included in the automatic enrollment. According to state law, DCE must give customers the option to "opt out" and remain with Southern California Edison.

In April 2020, DCE began serving approximately 5,317 municipal and commercial accounts and 30,074 residential customer accounts in Palm Springs. In May 2020, DCE enrolled approximately 3,778 additional residential customer accounts and 150 additional municipal and commercial customer accounts in Palm Springs. In June 2021, DCE served approximately 4,506 non-residential accounts and 29,133 residential customer accounts, for a total of 33,639 accounts. The City of Palm Desert has not yet determined its launch plans; based on requirements of the CPUC, the next opportunity for Palm Desert to begin serving customers is 2024.

On April 2020, the City Council of Cathedral City approved action to withdraw from DCE. DCE's joint powers agreement stipulates that member agencies which intend to withdraw must provide notice one year in advance of the withdrawal date. Cathedral City remained part of DCE through the 2020-2021 fiscal year but was officially withdrawn as of July 1, 2021.

## DESERT COMMUNITY ENERGY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

DCE offers to its customers two electricity options to choose from: Carbon Free, which provides 100% carbon free and approximately 56% renewable electricity and Desert Saver, a basic product that complies with the state Renewable Portfolio Standard, with lower cost compared to SCE's basic product that will still help the customers to support local energy resources and reinvest in the community.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

#### **Financial Reporting**

DCE presents its financial statements as a governmental enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB)

### **FINANCIAL HIGHLIGHTS**

The figures considered for the fiscal year ended June 30, 2020 are presented just for information purposes since that period presented a financial situation in which DCE was not providing services to its full customer base.

The following table is a summary of DCE's assets, liabilities, and net position and a discussion of significant changes for the years ending June 30.

#### Statements of Net Position

|                           | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Dollar<br/>Change</u> |
|---------------------------|----------------------|----------------------|--------------------------|
| Current Assets            | <u>\$12,879,345</u>  | <u>\$9,032,347</u>   | <u>\$3,846,998</u>       |
| Total Assets              | <u>12,879,345</u>    | <u>9,032,347</u>     | <u>3,846,998</u>         |
| Current Liabilities       | 5,924,485            | 1,947,231            | 3,977,254                |
| Non-Current Liabilities   | <u>1,680,000</u>     | <u>-</u>             | <u>1,680,000</u>         |
| Total Liabilities         | <u>7,604,485</u>     | <u>1,947,231</u>     | <u>5,657,254</u>         |
| Restricted Net Position   | 347,000              | -                    | 347,000                  |
| Unrestricted Net Position | <u>4,927,860</u>     | <u>7,085,116</u>     | <u>(2,157,256)</u>       |
| Total Net Position        | <u>\$5,274,860</u>   | <u>\$7,085,116</u>   | <u>\$(1,810,256)</u>     |

## DESERT COMMUNITY ENERGY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

#### Current Assets

Current Assets were \$12,879,345 at the end of June 30, 2021 and were mostly comprised of cash, accounts receivable, accrued revenue and a deposit for regulatory purposes. Accrued revenue differs from accounts receivable in that it is the result of electricity used by DCE customers before invoicing to those customers has occurred. The total of current assets increased in 2021 as a result of DCE operating with its entire customer base by the end of the last quarter of Fiscal Year 2020-2021. A deposit of \$100,000 posted with the California Public Utilities Commission (CPUC) was recognized as a part of the current assets balance; in FY 2020 this deposit was replaced by a Financial Security Requirement by the end of December 2020 due to a change of regulation by the CPUC.

At the end of June 30, 2021 and June 30, 2020, DCE presented the following balances in its currents assets accounts:

|                       | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Dollar<br/>Change</u> |
|-----------------------|----------------------|----------------------|--------------------------|
| Cash and Investments  | \$3,184,898          | \$4,400,378          | \$(1,215,480)            |
| Restricted Cash       | 2,027,000            | -                    | 2,027,000                |
| Accounts Receivables  | 7,667,447            | 4,531,969            | 3,135,478                |
| Deposits              | <u>-</u>             | <u>100,000</u>       | <u>(100,000)</u>         |
| Total Currents Assets | <u>\$12,879,345</u>  | <u>\$9,032,347</u>   | <u>\$3,846,998</u>       |

Deposits decreased by \$100,000 from 2020 to 2021 due to the return of the deposit posted with the California Public Utilities Commission (CPUC) in March 26, 2018. The funds were returned by CPUC on June 1, 2021.

#### Current Liabilities

Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by DCE to its suppliers. Other components include trade accounts payable, taxes and surcharges due to governments, as well as the payable due to the Coachella Valley Association of Governments (CVAG).

# DESERT COMMUNITY ENERGY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

At the end of June 30, 2021 and June 30, 2020, DCE presented the following balances in its current liabilities accounts:

|  | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Dollar<br/>Change</u> |
|--|----------------------|----------------------|--------------------------|
| Accounts Payable   | \$ 118,248           | \$ 187,388           | \$ (69,140)              |
| Accrued Electricity Cost   | 3,255,095            | 1,228,659            | 2,026,436                |
| Deposit Payable  | 165,000              | -                    | 165,000                  |
| Utility User Taxes and<br>Electric Energy Surcharges<br>due to other governments | 322,221              | 268,361              | 53,860                   |
| Related party-due to other<br>governments  | 563,921              | 262,823              | 301,098                  |
| Loan Payable   | <u>1,500,000</u>     | <u>-</u>             | <u>1,500,000</u>         |
| Total Currents Liabilities   | <u>\$5,924,485</u>   | <u>\$ 1,947,231</u>  | <u>\$3,977,254</u>       |

Current liabilities increased year-over-year due to increased energy costs related to the enrollment of new customers and the start of operations during the last quarter of the Fiscal Year 2020-2021.

### Non-Current Liabilities

Non-current liabilities consist of development security deposits for two wind energy projects targeted for January 1, 2023 expected operation date.

|                               | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Dollar<br/>Change</u> |
|-------------------------------|----------------------|----------------------|--------------------------|
| Development security deposit  | <u>\$1,680,000</u>   | <u>\$ -</u>          | <u>\$1,680,000</u>       |
| Total non-current liabilities | <u>\$1,680,000</u>   | <u>\$ -</u>          | <u>\$1,680,000</u>       |



## DESERT COMMUNITY ENERGY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

#### Revenues, Expenses and Changes in Net Position

##### Statements of Revenues, Expenses, and Changes in Net Position

|                         | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>Dollar<br/>Change</u> |
|-------------------------|----------------------|----------------------|--------------------------|
| Operating Revenues      | \$36,087,172         | \$ 7,191,700         | \$28,895,472             |
| Non-Operating Revenues  | <u>14,004</u>        | <u>95,687</u>        | <u>(81,683)</u>          |
| Total Revenues          | <u>36,101,176</u>    | <u>7,287,387</u>     | <u>28,813,789</u>        |
| Operating Expenses      | 38,029,885           | 5,161,268            | 32,868,617               |
| Non-Operating Expenses  | <u>17,499</u>        | <u>-</u>             | <u>17,499</u>            |
| Total Expenses          | <u>38,047,384</u>    | <u>5,161,268</u>     | <u>32,886,116</u>        |
| Changes in Net Position | <u>\$(1,946,208)</u> | <u>\$ 2,126,119</u>  | <u>\$(4,072,327)</u>     |

#### Operating Revenues

Operating revenues amounted to approximately \$36,087,172 in FY 2020-2021, mostly comprised of electricity sold by DCE in the City of Palm Springs during the period July 1, 2020 to June 30, 2021, to its entire customer base of approximately 34,000 customer accounts (municipal, residential and commercial). Other Revenues, the result of transactions performed in the CAISO market by DCE's Scheduling Coordinator, are also included.

#### Operating Expenses

Operating Expenses amounted to approximately \$5,161,268 in FY 2019-2020 as result of the liquidation of procurement costs mentioned in the previous section.

Operating Expenses amounted to approximately \$38,029,885 in FY 2020-2021 and include the cost of energy and electric capacity used to serve DCE's customers and meet its regulatory obligations, contracts with service providers and consultants and general administrative expenses.

#### ECONOMIC OUTLOOK

DCE launched operation in the City of Palm Springs in April 2020 enrolling approximately 30,074 residential customer accounts and 5,317 municipal and commercial accounts. Approximately 3,778 residential and 150 municipal and commercial customer accounts with rooftop solar included in DCE's Net Energy Metering program were enrolled in May 2020.

At the end of June 30, 2021 DCE had a participation of 88%, which is in line with the initial estimations assumed when DCE launched; DCE provides 100% Carbon Free electricity to approximately 80% of its entire customer base.

## DESERT COMMUNITY ENERGY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2021

DCE, along with other California load-serving entities including CCAs and Investor-Owned Utilities, is required by SB 350 (de Leon, 2015, the “Clean Energy and Pollution Reduction Act”) to procure at least 65% of its required Renewable Portfolio Standard (RPS) energy under long-term contracts starting with California’s fourth RPS compliance period (2021-2024). In May 2020, DCE launched its first Request for Offers in order to meet compliance objectives and secure renewable energy supply for DCE’s customers.

Following a competitive bid process, in December 2020, the DCE Board approved power purchase agreements (PPA) for three wind energy projects located in DCE’s services area in Palm Springs. As a result, DCE is providing carbon free electricity from local renewable sources, providing local jobs, and community investment. These fixed price long-term contracts for DCE’s renewable portfolio represent an 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.

A contract for a fourth project, a solar plus battery storage project in Tulare County, was approved in February 2021 and is scheduled to come online for DCE customers in early 2024. The cost savings over the lifetime of these four power purchase agreements is estimated at between \$60 million and \$80 million compared to the expected cost of the same quantity of short-term market purchases. These projects will lock in the costs for a significant portion of DCE’s portfolio, allowing for increased rate certainty for DCE customers.

In April 2021, DCE entered into a revolving line of credit agreement with River City Bank for \$2,000,000 to address short-term working capital requirements. This line of credit was not intended to provide long-term financing and has a term date of December 31, 2021. DCE anticipates entering into negotiations for additional working capital to manage fluctuations in cash flow requirements until such time as it can accumulate sufficient reserves. DCE is still a relatively new CCA and is in the process of building these reserves to improve its financial stability. Cash flow fluctuations are not uncommon for Community Choice Aggregation (CCA) agencies like DCE, which are largely as a result of timing differences between when a CCA collects revenue and must pay for energy, resource adequacy compliance, and other operating expenses. These fluctuations are typically managed through the establishment of operating reserves that accumulate over time. Because DCE launched service in April 2020, it has not had sufficient time to accumulate such reserves.

Consistent with DCE’s goals to invest in the local community and promote local jobs, the DCE Board has directed staff to evaluate potential energy programs that would benefit customers and help them save energy. Programs to expand the use of distributed energy resources including rooftop solar and battery storage as well as promoting energy efficiency are being considered. Such programs would be designed to give back to the community, while maintaining competitive rates and meeting DCE’s environmental goals.

DESERT COMMUNITY ENERGY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2021

**CONTACTING DCE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers and resource providers with a general overview of DCE's finances and to show DCE's accountability for the money it receives. If you have questions about this report or need additional financial information, contact DCE's Office, attention Director of Administrative Services Department, at 73710 Fred Waring Drive, Suite 200, Palm Desert, California 92260.

## **BASIC FINANCIAL STATEMENTS**

**Desert Community Energy**  
**Statement of Net Position**  
**June 30, 2021**

Assets:

Current Assets:

|                                   |                  |
|-----------------------------------|------------------|
| Cash and investments (note 2)     | \$ 3,184,898     |
| Restricted cash (note 2)          | 2,027,000        |
| Accounts receivable, net (note 3) | <u>7,667,447</u> |

Total Current Assets 12,879,345

Total Assets \$ 12,879,345

Liabilities:

Current Liabilities:

|                                   |                  |
|-----------------------------------|------------------|
| Accounts payable (note 4)         | \$ 3,373,343     |
| Deposits payable                  | 165,000          |
| Due to other governments (note 5) | 886,142          |
| Loan payable (note 6)             | <u>1,500,000</u> |

Total Current Liabilities 5,924,485

Non-current Liabilities:

|                               |                  |
|-------------------------------|------------------|
| Deposits payable              | <u>1,680,000</u> |
| Total Non-current Liabilities | <u>1,680,000</u> |
| Total Liabilities             | <u>7,604,485</u> |

Net Position:

|              |                  |
|--------------|------------------|
| Restricted   | 347,000          |
| Unrestricted | <u>4,927,860</u> |

Total Net Position \$ 5,274,860

See accompanying notes to financial statements.

**Desert Community Energy**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year ended June 30, 2021**

|   |                     |
|---|---------------------|
| Operating Revenues:                             |                     |
| Electricity sales                               | \$ 35,159,899       |
| Miscellaneous                                   | <u>927,273</u>      |
| Total operating revenues                        | <u>36,087,172</u>   |
| Operating Expenses:                             |                     |
| Electricity cost                                | 35,528,297          |
| Consultants charges                             | 2,265,581           |
| Administration and general                      | 118,381             |
| Professional services                           | <u>117,626</u>      |
| Total operating expenses                        | <u>38,029,885</u>   |
| Operating income (loss)                         | <u>(1,942,713)</u>  |
| Nonoperating Revenues (Expenses):               |                     |
| Interest revenue                                | 14,004              |
| Interest expense                                | <u>(17,499)</u>     |
| Total nonoperating revenues (expenses)          | <u>(3,495)</u>      |
| Change in net position                          | (1,946,208)         |
| Net Position - beginning, as restated (note 12) | <u>7,221,068</u>    |
| Net Position - ending                           | <u>\$ 5,274,860</u> |

See accompanying notes to financial statements.

**Desert Community Energy**  
**Statement of Cash Flows**  
**Year ended June 30, 2021**

|  |                            |
|--|----------------------------|
| Cash Flows from Operating Activities:  |                            |
| Cash received from customers and users   | \$ 33,187,646              |
| Cash paid to suppliers for goods and services  | <u>(33,872,631)</u>        |
| Net cash (used for) operating Activities   | <u>(684,985)</u>           |
| Cash Flows from Noncapital Financing Activities:   |                            |
| Loan proceeds  | 1,500,000                  |
| Interest expense   | <u>(17,499)</u>            |
| Net Cash Provided by noncapital financing activities   | <u>1,482,501</u>           |
| Cash Flows from Investing Activities:  |                            |
| Investment income  | <u>14,004</u>              |
| Net cash provided by investing activities  | <u>14,004</u>              |
| Net increase in cash and cash equivalents  | 811,520                    |
| Cash and Cash Equivalents, beginning of year   | <u>4,400,378</u>           |
| Cash and Cash Equivalents, end of year   | <u><u>\$ 5,211,898</u></u> |
| Reconciliation of Operating Income to Net Cash<br>(Used for) Operating Activities:               |                            |
| Operating income (loss)  | \$ <u>(1,942,713)</u>      |
| Adjustments to reconcile operating income (loss) to<br>net cash (used for) operating activities) |                            |
| Decrease (increase) in accounts receivable   | (2,999,526)                |
| Decrease (increase) in deposits  | 100,000                    |
| Increase (decrease) in accounts payable  | 1,957,296                  |
| Increase (decrease) in deposits payable  | 1,845,000                  |
| Increase (decrease) in due to other governments  | <u>354,958</u>             |
| Total adjustments  | <u>1,257,728</u>           |
| Net cash (used for) operating activities   | <u><u>\$ (684,985)</u></u> |

There were no significant noncash financing, capital, or investing activities.

See accompanying notes to financial statements.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(1) Summary of Significant Accounting Policies**

**(a) Description of Reporting Entity**

Desert Community Energy (DCE) is a public joint powers agency located within the geographic boundaries of Riverside County, formed in October 2017 for the purpose of implementing and administering a Community Choice Aggregation (CCA) program. DCE was formed by the cities of Palm Springs, Palm Desert and Cathedral City and is certified by the California Public Utilities Commission. Community Choice Aggregation is a local energy program established by state law that allows cities and counties to pool (or aggregate) the electricity demand of participating communities. DCE buys and/or develops power resources on behalf of the electricity customers in its jurisdiction to offer cleaner, competitively priced electricity while retaining local control, reinvesting revenues, encouraging local job creation, offering more renewable energy options, and reducing greenhouse gas (GHG) emissions. DCE offers ratepayers a choice in electricity providers and in the type of electricity they use. DCE began serving customers in Palm Springs in April 2020 while Palm Desert plans to launch no sooner than 2024. Per Resolution number 2020-09, Cathedral City has withdrawn from DCE effective July 1, 2021. DCE is governed by a Board of Directors comprised of one local elected representative from each of the participating city councils. The Board schedules regular meetings that are open to the public, ensuring transparency and encouraging community involvement. Formation of a CCA through a JPA does not require contributions from participating member agencies. The assets and liabilities of the CCA program remain separate from those of the participating agencies' general fund.

**(b) Basic Financial Statements**

The basic financial statements (i.e. Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows) report information on all the enterprise activities of the entity.

**(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements are presented using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the entity are sales of electricity. Operating expenses include the cost of electricity purchases, consultants' costs and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the DCE's basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of contingent amounts at the date of the basic financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(1) Summary of Significant Accounting Policies (Continued)**

(d) Assets, Liabilities and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The entity maintains a checking account and money market account which is considered a cash equivalent.

Net Position

Net position is an indicator of the entity's financial position. For the fiscal year ended June 30, 2021, net position of the entity was \$5,274,860. For the year ended June 30, 2021, DCE reported net position classifications are defined as follows:

- *Investment in capital assets* – This component of net position consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. DCE did not have any capital assets at June 30, 2021.
- *Restricted* – This component of net position consists of resources with external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. DCE had a restricted net position of \$347,000 at June 30, 2021.
- *Unrestricted net position* – This component of net position consists of net position that do not meet the definition of "restricted" or "investment in capital assets." When both restricted and unrestricted resources are available for use, it is DCE's policy to use restricted resources first.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(f) Revenue Recognition

DCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(1) Summary of Significant Accounting Policies (Continued)**

(g) Income Taxes

DCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

(h) Utility Users Taxes and Electric Energy Surcharges Due to Other Governments

DCE is required by governmental authorities (state and local) to collect and remit user taxes on certain customer sales. These taxes do not represent revenues or expenses to DCE.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents of the entity consisted of demand deposits with financial institutions. At June 30, 2021, the carrying amount of DCE's cash accounts was \$5,211,898.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**(3) Accounts Receivable**

At June 30, 2021, DCE reported \$7,667,447 in accounts receivables, net of the allowance for uncollectible accounts. The details of this balance are as follows:

|  |                     |
|--|---------------------|
| Accounts receivable                        | \$ 8,752,754        |
| Less: allowance for uncollectible accounts | <u>(1,085,307)</u>  |
| Total Accounts Receivable                  | <u>\$ 7,667,447</u> |

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(4) Accounts Payable**

At June 30, 2021, DCE reported \$3,373,343 in accounts payable. The details of this balance are as follows:

|                          |                     |
|--------------------------|---------------------|
| Accounts payable         | \$ 118,248          |
| Accrued electricity cost | <u>3,255,095</u>    |
| Total Payables           | <u>\$ 3,373,343</u> |

**(5) Due to Other Governments**

At June 30, 2021, DCE reported \$898,613 in Due to Other Governments. The details of this balance are as follows:

|  |                   |
|--|-------------------|
| Utility Users Taxes & Electric Energy Surcharges | \$ 322,221        |
| Related Party Payables (Note 7)                  | <u>563,921</u>    |
| Total Due to Other Governments                   | <u>\$ 886,142</u> |

**(6) Loan Payable**

On April 26, 2021, DCE entered into a revolving line of credit agreement for the amount of \$2,000,000 with River City Bank. The line of credit accrues interest at a rate of three-month treasury constant maturity rate plus 1.75 percent and terminates December 31, 2021. On June 30, 2021, the outstanding balance on the line of credit was \$1,500,000.

**(7) Related Party Transactions**

DCE entered into a contract with Coachella Valley Association of Governments (CVAG), whereby CVAG, under the direction of the DCE, will coordinate and implement the DCE activities. The contract calls for DCE to pay CVAG based upon actual staff time spent at rates not to exceed the rates paid by CVAG. During the period from July 1, 2020 to June 30, 2021, CVAG incurred and charged DCE \$563,921 of staff time and allocated administrative expenses, all of which are accounted for in this period.

**(8) Risk Management**

On May 21, 2018, DCE's Board adopted the Energy Risk Management Policy (ERMP). The ERMP establishes DCE's Energy Risk Program and applies to all power procurement and related business activities that may impact the risk profile of DCE. The ERMP documents the framework by which DCE staff and consultants will identify and quantify risk, develop and execute procurement strategies, develop controls and oversight and monitor, and measure and report on the effectiveness of the ERMP. Risks covered by the ERMP include market price risk, credit risk, volumetric risk, operational risk, opt-out risk, legislative and regulatory risk, counterparty credit risk, and other risks arising from operating as a Community Choice Aggregation program and participating in California energy markets. DCE's ERMP can be found on its website.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(8) Risk Management (Continued)**

To ensure successful operation of the CCA program, DCE has partnered with experienced consultants to provide energy-related services. Specific to power procurement, DCE has partnered with The Energy Authority which executes the preponderance of front-(transacting), middle-(monitoring) and back-office (settlement) related activities on DCE's behalf as discussed in the ERMP. In providing these services for DCE, TEA will adhere to and be governed by the ERMP. In addition, TEA maintains its own risk management policies and procedures, following industry practices of segregation of duties, which also govern activities executed on DCE's behalf.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, DCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

**(9) Joint Powers Agency Organizational Changes**

On April 20, 2020, the City Council of the City of Cathedral City approved action to withdraw from DCE. DCE's joint powers agreement stipulates that member agencies which intend to withdraw must provide notice one year in advance of the withdrawal date. Cathedral City will remain part of DCE through the 2020-2021 fiscal year and officially withdrew as of July 1, 2021.

**(10) Power Purchase Agreements**

*Terra-Gen, LLC*

On December 21, 2020, the DCE Board approved three, 15-year power purchase agreements (PPA) with Terra-Gen, LLC. Terra-Gen, LLC is a leading developer, owner, and operator of renewable energy projects that has been operating since 2008. Terra-Gen specializes in development, construction and operation of utility-scale wind, solar, energy storage as well as geothermal generation facilities.

Under the pricing terms in the agreement, DCE will pay for the electricity generated by the projects at a fixed-price rate per MWh (megawatt hour), with no escalation for the full 15-year term of the contracts. All attributes from the facility, including energy, Renewable Energy Credits (RECs), and Resource Adequacy (RA) will be available to DCE. The contracts reflect pricing that is typical in the current market for new and existing wind resources. The completion of long-term contracts for DCE's renewable portfolio represents an 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. The expected commercial operation date for completion is January 1, 2023 for the Altwind Project and East Wind Project.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(10) Power Purchase Agreements (Continued)**

*Vesper Energy*

On February 25, 2021, the DCE Board approved a 20-year renewable power purchase agreement (PPA) with Deer Creek Solar I, LLC (Deer Creek) for the Deer Creek Solar + Storage Project in Tulare County, California. The Deer Creek project consists of a 50 MW solar component connected to a 50 MW/200 MWh battery storage component (i.e. a 50 MW battery that can discharge for four hours.) The solar component of the project will generate nearly 190,000 MWh annually in its first year of operation, which is equivalent to powering 15,500 homes with 100% carbon-free electricity. This is expected to give DCE customers a more cost-effective source of renewable power than buying on the short-term market.

Under the pricing terms in the agreement, DCE will pay for the electricity generated by the project at a fixed-price rate per MWh (megawatt hour) for the renewable portion of the project and a fixed-price rate per MW for the storage portion of the project, with no escalation for the full 20-year term of the contract. All attributes from the facility, including energy, Renewable Energy Credits (RECs), and Resource Adequacy (RA) will be available to DCE. The contract currently under consideration reflect pricing that is typical in the current market for new and existing solar + storage resources. The completion of long-term contract for DCE's renewable portfolio represents an 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 PPA for the proposed project compared to purchasing the same energy, capacity, and renewable energy credits on the open market.

DCE estimates that the cost savings over the lifetime of the Terra-Gen, LLC and Vesper Energy power purchase agreements will be between \$60 million and \$80 million compared to the expected cost of the same quantity of short-term market purchases. These projects will lock in the costs for a significant portion of DCE's portfolio, allowing for increased rate certainty for DCE's customers.

**(11) Contract Commitments**

At June 30, 2021, DCE had contract commitments that totaled approximately \$1,994,505.

**(12) Prior Period Adjustment**

During the year ended June 30, 2021, DCE made the following adjustment to beginning net position:

|  |                     |
|--|---------------------|
| Net Position, July 1                         | \$ 7,085,116        |
| Adjustment to correct revenue recorded twice | <u>135,953</u>      |
| Net Position, Restated                       | <u>\$ 7,221,068</u> |

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**(13) Subsequent Events**

On February 11, 2022, DCE entered into a revolving line of credit agreement for the amount of \$8,000,000 with River City Bank. The line of credit accrues interest at a rate of three-month treasury constant maturity rate plus 1.75 percent and terminates February 1, 2025. As of March 28, 2022 there is an outstanding balance of \$3,367,848.

DCE is a participant in the California Arrearage Payment Program ("CAAP") as administered by the California Department of Community Services and Development. Under CAAP, DCE applied for and became eligible for an estimated \$609,655 in arrearage payment. Subsequent to fiscal year ended June 30, 2021, DCE received its first payment from CAAP in February 2022 in the amount of \$355,962.

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Directors  
Desert Community Energy  
Palm Desert, California

**Independent Auditor's Report**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Desert Community Energy (DCE), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise DCE's basic financial statements, and have issued our report thereon dated March 28, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered DCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DCE's internal control. Accordingly, we do not express an opinion on the effectiveness of DCE's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, as a service to you we identified other matters during our audit that provide you an opportunity to enhance your existing internal controls. The matter below is provided as recommendation for your consideration and is not considered to be material weaknesses or significant deficiencies in internal control.



(2021-001) Procurement Policy

Desert Community Energy (DCE) currently does not have its own procurement policy. DCE follows the Coachella Valley Association of Government's procurement policy. We recommend DCE create its own purchasing guidelines and follow its own procurement policies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether DCE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarr LLP

Irvine, California  
March 28, 2022

Board of Directors  
Desert Community Energy

We have audited the financial statements of Desert Community Energy (DCE) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by DCE are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by DCE during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting DCE's financial statements were:

Management's estimate of unbilled revenues is based on revenue from the prior month and days elapsed between the last billing and the end of the accounting period. We evaluated the key factors and assumptions used to develop the unbilled receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of allowance for doubtful accounts is based on total revenue. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated March 28, 2022.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to DCE's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as DCE's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

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

DavisFarr LLP

Irvine, California  
March 28, 2022

Desert Community Energy Board  
April 11, 2022



**STAFF REPORT**

**Subject:** March 2022 Rate Adjustment Summary

**Contact:** Don Dame, DCE Energy Consultant

---

**Recommendation: Information**

**Background:** At the November 16, 2020, meeting, the DCE Board adopted a Rate Stabilization Schedule (RSS) that enables DCE to adjust retail rates based on Board-approved financial policies and procedures. Board-approved DCE financial objectives include recovery of all power supply and operating costs, as well as building adequate reserves. The RSS prescribes utilization of a 12-month contiguous average rate comparison period, which may start up to six months prior to the month in which a rate adjustment is implemented to allow for potential recovery of unanticipated costs, such as higher or lower wholesale purchased power costs which may vary under changing weather and market conditions. The RSS also contemplates and authorizes staff to revise DCE retail rates in response to changes in Southern California Edison (SCE) rates and the Power Charge Indifference Adjustment (PCIA or exit fee) to maintain DCE Board-approved rate policy guidelines.

The RSS became effective on December 1, 2020. The Board's currently applied rate policies include designing Desert Saver rates within a 0-1% average total bill discount versus SCE's comparable bundled base product and designing DCE's 100% Carbon Free rates such that DCE's primary residential rate class, "Domestic," is at a 14% total bill premium versus SCE's comparable bundled base product.

Effective January 1, 2022, and March 1, 2022, SCE implemented two separate rate actions which revised generation, delivery and PCIA rates. Working within Board-approved financial policies and procedures, DCE has implemented a corresponding rate adjustment effective March 1, 2022. This adjustment maintained DCE's average total Desert Saver bill discount compared with SCE's bundled base power product of 0 - 1% and DCE's Carbon Free total bill premium such that its primary residential rate class, "Domestic," maintains a premium of 14% compared with SCE's bundled residential base power product.

There are multiple factors affecting DCE revenue and rate dynamics, which will be discussed further during DCE's upcoming Fiscal Year 2022-2023 budget process. Of significant impact is the PCIA, which is a fee charged by investor-owned utilities such as SCE to CCA customers to ensure remaining bundled IOU customers do not experience cost increases because of customers migrating to a CCA. The main cause for PCIA volatility in recent years has been the change in respective IOU market portfolio values as a function of overall power market price levels.

Other CCAs in SCE territory and throughout California are implementing similar changes to maintain targeted rate levels. PCIA levels and SCE generation charges significantly affect bill

comparison metrics and they tend to be set based on historic information, making them generally out of lockstep with current market price impacts. The PCIA is decreasing for 2022 – which should have generally favorable impacts on CCAs – but IOU generation and delivery rates are going up significantly during this same period. CCA power procurement costs continue to rise as well. The Clean Power Alliance at its March 3, 2022, Board session suggested the PCIA may significantly increase during 2023, somewhat eroding the expected beneficial effect during 2022.

The RSS requires DCE staff to prepare a summary report describing RSS-related rate adjustments and provide the report at the next scheduled Board meeting after such adjustments are implemented. This staff report is to provide that summary.

### **March 2022 Rate Adjustment Details:**

- Rate Adjustment Effective Date: March 1, 2022.
- Desert Saver average total bill discount compared to SCE's bundled base power product estimated to be within 0 - 1%.
- 100% Carbon Free total bill premium for residential customers is 14% compared with SCE's bundled base power product.
- The rate comparison forecast period utilized is March 1, 2022 – February 28, 2023.
- Calculations and estimates are based on known and forecast costs and revenues throughout the utilized rate comparison period.

Over the next several months, staff will continue to monitor DCE costs, budget forecasts and financial projections during preparation of Fiscal Year 2022-2023 budget materials. Staff will report back to the Board at subsequent meetings with updates on these efforts. Staff also continues to work with the California Community Choice Association (CalCCA) and other California CCAs to collectively address cost, legislative and CPUC actions impacting CCAs. In addition, DCE will continue to highlight the product choices that customers have as part of continued community engagement efforts. DCE's Desert Saver product continues to be the lowest cost choice for electricity in Palm Springs.

**Fiscal Analysis:** DCE's rate adjustment is designed to fully recover all power supply and operating costs, build financial reserves, address cash flow requirements, and ensure that DCE maintains fiscal health.


DCE customers will unfortunately see an increased bills, but this is in large part due to the rate changes SCE made in January 2022 and in March 2022. SCE's changes have the combined effect of increasing an SCE residential bundled base product customer's bill approximately 11%, and while DCE's rate adjustment was made to respond to that and maintain the 14% average total bill premium for DCE's Carbon Free residential customers. This means that a Carbon Free customer's \$100 bill in December 2021 becomes \$112.50 in March 2022, with approximately \$11 of that increase is attributable to SCE's recent rate changes and \$1.50 is attributable to DCE's March 2022 rate adjustment.

DCE's Desert Saver residential customers will continue to experience a modest average total bill discount of about \$0.50 for each \$100 of electric bill, but Desert Saver residential customer bills will go up about 11%, including applicable SCE rate changes.

Although the PCIA has decreased significantly with SCE's recent rate actions, this positive PCIA billing impact has been largely offset by DCE's (and SCE's) increasing power supply costs.

**ITEM 7A****DESERT COMMUNITY ENERGY BOARD  
FY2021-2022 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 Palm Desert   | ✓           | ✓          | ✓          | ✓          | ✓          | *          | ✓          | ✓          | *          |            |            |             |
| City of Palm Springs  | ✓           | ✓          | ✓          | ✓          | ✓          | *          | ✓          | ✓          | *          |            |            |             |

Absent   
No Meeting \*

\* July was a special meeting. The regular July meeting was cancelled.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITIONS**  
**AS OF DECEMBER 31, 2021**

|  | <u>GENERAL</u>      | <u>PALM SPRINGS</u> | <u>TOTAL</u>         |
|--|---------------------|---------------------|----------------------|
| <b><u>ASSETS</u></b>                                       |                     |                     |                      |
| Unrestricted Funds   |                     |                     |                      |
| Operating Account  | 0.00                | 214,857.40          | 214,857.40           |
| Money Market Account                                       | 66,785.36           | 0.00                | 66,785.36            |
| ICS Account  | 1,317,525.26        | (798,389.46)        | 519,135.80           |
| Lockbox Account  | 2,795,996.68        | (2,658,349.26)      | 137,647.42           |
| Total Unrestricted Funds                                   | 4,180,307.30        | (3,241,881.32)      | 938,425.98           |
| Restricted Funds   |                     |                     |                      |
| Restricted Cash (PPA Collateral)                           | 0.00                | 1,680,000.00        | 1,680,000.00         |
| SCE FSR Letter of Credit Collateral                        | 147,000.00          | 0.00                | 147,000.00           |
| Debt Service Reserve Account                               | 0.00                | 0.00                | 0.00                 |
| Total Restricted Funds                                     | 147,000.00          | 1,680,000.00        | 1,827,000.00         |
| Total Cash   | 4,327,307.30        | (1,561,881.32)      | 2,765,425.98         |
| Accounts Receivable  |                     |                     |                      |
| Southern California Edison                                 | 0.00                | 5,040,104.11        | 5,040,104.11         |
| Southern California Edison (Escrow Account) <sup>(1)</sup> | 0.00                | 3,219,918.52        | 3,219,918.52         |
| Coachella Hills  | 0.00                | 25,654.91           | 25,654.91            |
| Total Accounts Receivable                                  | 0.00                | 8,285,677.54        | 8,285,677.54         |
| Accrued Accounts Receivable                                | 0.00                | 1,580,590.21        | 1,580,590.21         |
| Allowance for Doubtful Accounts <sup>(2)</sup>             | 0.00                | (1,237,629.43)      | (1,237,629.43)       |
| <b>TOTAL ASSETS</b>  | <b>4,327,307.30</b> | <b>7,066,757.00</b> | <b>11,394,064.30</b> |
| <b><u>LIABILITIES</u></b>                                  |                     |                     |                      |
| Accounts Payable   |                     |                     |                      |
| Ace Printing   | 8,102.25            | 8,102.25            | 16,204.50            |
| Best, Best & Kreiger LLP                                   | 1,494.38            | 4,483.13            | 5,977.50             |
| Burke Rix  | 0.00                | 3,911.50            | 3,911.50             |
| CA Choice Energy Authority                                 | 0.00                | 1,368.50            | 1,368.50             |
| CA Dept of Tax and Fee Adminstration                       | 0.00                | 26,805.00           | 26,805.00            |
| Calpine Energy Solutions                                   | 0.00                | 16,220.50           | 16,220.50            |
| Donald D. Dame   | 441.00              | 1,323.00            | 1,764.00             |
| PFM Financial Advisors LLC                                 | 855.00              | 2,565.00            | 3,420.00             |
| River City Bank  | 2,828.33            | 0.00                | 2,828.33             |
| The Energy Authority                                       | 0.00                | 4,227,883.96        | 4,227,883.96         |
| Vesper Energy  | 0.00                | 35,804.60           | 35,804.60            |
| White Rabbit Group   | 700.00              | 700.00              | 1,400.00             |
| Total Accounts Payable                                     | 14,420.96           | 4,329,167.44        | 4,343,588.39         |
| Accrued Accounts Payable                                   |                     |                     |                      |
| So Cal Edison  | 0.00                | 50,049.00           | 50,049.00            |
| The Energy Authority                                       | 0.00                | 13,267.56           | 13,267.56            |
| Total Accounts Payable                                     | 0.00                | 63,316.56           | 63,316.56            |
| Due to Other Governments                                   |                     |                     |                      |
| Coachella Valley Association of Governments                | 144,098.14          | 432,294.41          | 576,392.55           |
| Utility Users Tax- Palm Springs                            | 0.00                | 1,346,164.58        | 1,346,164.58         |
| Electric Energy Surcharge (CDTFA)                          | 0.00                | 5,854.62            | 5,854.62             |
| Total Due to Other Governments                             | 144,098.14          | 1,784,313.61        | 1,928,411.75         |
| Loans Payable (short term)                                 |                     |                     |                      |
| River City Bank  | 0.00                | 0.00                | 0.00                 |
| Total Loans Payable (short term)                           | 0.00                | 0.00                | 0.00                 |
| PPA Collateral   |                     |                     |                      |
| Terra-Gen  | 0.00                | 1,680,000.00        | 1,680,000.00         |
| Total PPA Collateral                                       | 0.00                | 1,680,000.00        | 1,680,000.00         |
| <b>TOTAL LIABILITIES</b>                                   | <b>158,519.09</b>   | <b>7,856,797.61</b> | <b>8,015,316.70</b>  |
| <b><u>NET POSITION</u></b>                                 |                     |                     |                      |
| Restricted Net Position                                    | 147,000.00          | 200,000.00          | 347,000.00           |
| Unrestricted Net Postion                                   | 4,021,788.21        | (990,040.61)        | 3,031,747.60         |
| <b>TOTAL LIABILITIES AND NET POSITION</b>                  | <b>4,327,307.30</b> | <b>7,066,757.00</b> | <b>11,394,064.30</b> |

(1) Net Energy Metering customers' usage is monitored on a monthly basis, recorded in an escrow account and trued-up at the end of each customer's relevant period (May 2022).

- If the NEM customer generated more electricity than used, DCE will pay the NET balance at the end of May 2022 at DCE's approved Net Surplus Compensation Rate; if the NEM customer used more electricity than generated, DCE will bill the net annual balance at the customer's metered rate.

(2) Accrued an offset of \$609,655 for the California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief. Funds are anticipated to be posted to customer accounts in February 2022.



**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITIONS**  
**FOR THE PERIOD FROM JULY 1, 2021 TO DECEMBER 31, 2021**

|   | <u>GENERAL</u>   | <u>PALM SPRINGS</u>  | <u>TOTAL</u>         |
|---|------------------|----------------------|----------------------|
| <b>REVENUES</b>   |                  |                      |                      |
| Electricity Sales <sup>(1)</sup>                                | 0.00             | 25,399,249.03        | 25,399,249.03        |
| Other Revenue   | 0.00             | 781,605.28           | 781,605.28           |
| Investment Income   | 2,092.16         | 0.00                 | 2,092.16             |
| <b>TOTAL REVENUES</b>   | <u>2,092.16</u>  | <u>26,180,854.31</u> | <u>26,182,946.47</u> |
| <b>EXPENSES</b>   |                  |                      |                      |
| Cost of Electricity   |                  |                      |                      |
| Electricity Purchase  | 0.00             | 17,909,640.60        | 17,909,640.60        |
| Resource Adequacy   | 0.00             | 4,545,421.25         | 4,545,421.25         |
| Renewable Energy Credit Settlement                              | 0.00             | 1,616,350.89         | 1,616,350.89         |
| Market Charges  | 0.00             | 2,671,379.99         | 2,671,379.99         |
| Total Cost of Electricity                                       | 0.00             | 26,742,792.73        | 26,742,792.73        |
| Accounting / Bank Services                                      | 5,696.22         | 5,696.22             | 11,392.43            |
| Legal Services  | 7,256.50         | 21,769.50            | 29,026.00            |
| Professional Services   |                  |                      |                      |
| AJ Gallagher & Co Insurance                                     | 175.00           | 175.00               | 350.00               |
| Brown & Riding Insurance  | 58.13            | 58.13                | 116.25               |
| Davis Farr LLP  | 487.50           | 1,462.50             | 1,950.00             |
| PFM Financial Advisors LLC                                      | 1,710.00         | 1,710.00             | 3,420.00             |
| SOCAL Edison  | 0.00             | 34,101.32            | 34,101.32            |
| Total Professional Services                                     | 2,430.63         | 37,506.95            | 39,937.57            |
| Insurance   |                  |                      |                      |
| Total Insurance   | 3,896.63         | 3,896.63             | 7,793.25             |
| Consultants   |                  |                      |                      |
| Calpine Energy Solutions  | 53,288.70        | 159,866.10           | 213,154.80           |
| Don Dame  | 0.00             | 12,530.00            | 12,530.00            |
| White Rabbit Group  | 700.00           | 700.00               | 1,400.00             |
| The Energy Authority  | 0.00             | 654,531.53           | 654,531.53           |
| Total Consultants   | 53,988.70        | 827,627.63           | 881,616.33           |
| Outreach  |                  |                      |                      |
| Burke Rix Communications  | 0.00             | 23,453.00            | 23,453.00            |
| Total Outreach  | 0.00             | 23,453.00            | 23,453.00            |
| Postage   |                  |                      |                      |
| Ace Printing  | 6,254.05         | 6,254.05             | 12,508.10            |
| Total Printing  | 6,254.05         | 6,254.05             | 12,508.10            |
| Printing  |                  |                      |                      |
| Ace Printing  | 6,917.69         | 6,917.69             | 13,835.37            |
| Total Printing  | 6,917.69         | 6,917.69             | 13,835.37            |
| Social Programs   | 0.00             | 20,615.00            | 20,615.00            |
| Technology Costs  | 248.39           | 248.39               | 496.77               |
| Registrations/Memberships                                       |                  |                      |                      |
| Western Renewable Energy Generation Information System (WREGIS) | 0.00             | 125.00               | 125.00               |
| CA Community Choice Association                                 | 10,398.13        | 31,194.38            | 41,592.50            |
| Total Registration/Memberships                                  | 10,398.13        | 31,319.38            | 41,717.50            |
| Bad Debt <sup>(2)</sup>   | 0.00             | 761,977.47           | 761,977.47           |
| Interest Expense  | 0.00             | 89,082.02            | 89,082.02            |
| <b>TOTAL EXPENSES</b>   | <u>97,086.91</u> | <u>28,579,156.63</u> | <u>28,676,243.54</u> |
| Excess of Revenues over Expenses                                | (94,994.75)      | (2,398,302.32)       | (2,493,297.07)       |
| Net Position - Beginning of the Period                          | 4,263,782.96     | 1,608,261.71         | 5,872,044.67         |
| Net Position - End of the Period                                | 4,168,788.21     | (790,040.61)         | 3,378,747.60         |

(1) Electricity sales revenue includes revenues actually billed to customers as well as estimated customer usage during the reporting period that is not yet billed

(2) Accrued an offset of \$609,655 for the California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief. Funds are anticipated to be posted to the customer accounts in February 2022.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITIONS**  
**AS OF DECEMBER 31, 2021**

**ASSETS**

|  |                     |                                    |
|--|---------------------|------------------------------------|
| Unrestricted Funds   |                     |                                    |
| Operating Account  | 214,857.40          |                                    |
| Money Market Account                                       | 66,785.36           |                                    |
| ICS Account  | 519,135.80          |                                    |
| Lockbox Account  | 137,647.42          |                                    |
| Total Unrestricted Funds                                   | <u>938,425.98</u>   |                                    |
| Restricted Funds   |                     |                                    |
| Restricted Cash (PPA Collateral)                           | 1,680,000.00        |                                    |
| SCE FSR Letter of Credit Collateral                        | 147,000.00          |                                    |
| Debt Service Reserve Account                               | -                   |                                    |
| Total Restricted Funds                                     | <u>1,827,000.00</u> |                                    |
| Total Cash   |                     | 2,765,425.98                       |
| Accounts Receivable  |                     |                                    |
| Southern California Edison                                 | 5,040,104.11        |                                    |
| Southern California Edison (Escrow Account) <sup>(1)</sup> | 3,219,918.52        |                                    |
| Coachella Hills Wind                                       | 25,654.91           |                                    |
| Total Accounts Receivable                                  |                     | 8,285,677.54                       |
| Accrued Accounts Receivable                                |                     | 1,580,590.21                       |
| Allowance for Doubtful Accounts <sup>(2)</sup>             |                     | (1,237,629.43)                     |
| <b>TOTAL ASSETS</b>  |                     | <b><u><u>11,394,064.30</u></u></b> |

**LIABILITIES**

|   |                     |                                   |
|---|---------------------|-----------------------------------|
| Accounts Payable                            |                     |                                   |
| Ace Printing                                | 16,204.50           |                                   |
| Best, Best & Krieger LLP                    | 5,977.50            |                                   |
| Burke Rix                                   | 3,911.50            |                                   |
| CA Choice Energy Authority                  | 1,368.50            |                                   |
| CA Dept of Tax and Fee Administration       | 26,805.00           |                                   |
| Calpine Energy Solutions                    | 16,220.50           |                                   |
| Donald D. Dame                              | 1,764.00            |                                   |
| PFM Financial Advisors LLC                  | 3,420.00            |                                   |
| River City Bank                             | 2,828.33            |                                   |
| The Energy Authority                        | 4,227,883.96        |                                   |
| Vesper Energy                               | 35,804.60           |                                   |
| White Rabbit Group                          | <u>1,400.00</u>     |                                   |
| Total Accounts Payable                      |                     | 4,343,588.39                      |
| Accrued Accounts Payable                    |                     |                                   |
| SoCal Edison NEB Charges                    | 50,049.00           |                                   |
| The Energy Authority                        | 13,267.56           |                                   |
| Total Accrud Accounts Payable               |                     | 63,316.56                         |
| Due to Other Governments                    |                     |                                   |
| Coachella Valley Association of Governments | 576,392.55          |                                   |
| Utility Users Tax- Palm Springs             | 1,346,164.58        |                                   |
| Electric Energy Surcharge (CDTFA)           | <u>5,854.62</u>     |                                   |
| Total Due to Other Governments              |                     | 1,928,411.75                      |
| Loans Payable (short term)                  |                     |                                   |
| River City Bank                             | <u>-</u>            |                                   |
| Total Loans Payable (short term)            |                     | -                                 |
| PPA Collateral                              |                     |                                   |
| Terra-Gen                                   | <u>1,680,000.00</u> |                                   |
| Total PPA Collateral                        |                     | 1,680,000.00                      |
| <b>TOTAL LIABILITIES</b>                    |                     | <b><u><u>8,015,316.70</u></u></b> |

**NET POSITION**

|   |  |                                    |
|---|--|------------------------------------|
| Restricted Net Position                   |  | 147,000.00                         |
| Unrestricted Net Position                 |  | <u>3,231,747.60</u>                |
| <b>TOTAL NET POSITION</b>                 |  | <b>3,378,747.60</b>                |
| <b>TOTAL LIABILITIES AND NET POSITION</b> |  | <b><u><u>11,394,064.30</u></u></b> |

(1) Net Energy Metering customers' usage is monitored on a monthly basis, recorded in an escrow account and trued-up at the end of each customer's relevant period (May 2022).

- If the NEM customer generated more electricity than used, DCE will pay the NET balance at the end of May 2022 at DCE's approved Net Surplus Compensation Rate; if the NEM customer used more electricity than generated, DCE will bill the net annual balance at the customer's metered rate.

(2) Accrued an offset of \$609,655 for the California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief. Funds are anticipated to be posted to customer accounts in February 2022.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS OF REVENUES,**  
**EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE PERIOD FROM JULY 1, 2021 TO DECEMBER 31, 2021**

**REVENUES**

|                                  |               |                             |
|----------------------------------|---------------|-----------------------------|
| Electricity Sales <sup>(1)</sup> |               | 25,399,249.03               |
| Carbon Free                      | 21,705,755.63 |                             |
| Carbon Free- CARE/FERA           | 1,711,530.66  |                             |
| Desert Saver                     | 1,981,962.74  |                             |
| Other revenue                    |               | 781,605.28                  |
| Investment Income                |               | 2,092.16                    |
| <b>TOTAL REVENUES</b>            |               | <b><u>26,182,946.47</u></b> |

**EXPENSES**

|  |                     |                             |
|--|---------------------|-----------------------------|
| Cost of Electricity                      |                     |                             |
| Electricity Purchase                     | 17,909,640.60       |                             |
| Resource Adequacy                        | 4,545,421.25        |                             |
| Renewable Energy Credit Settlement       | 1,616,350.89        |                             |
| Market Charges                           | <u>2,671,379.99</u> |                             |
| Total Cost of Electricity                |                     | 26,742,792.73               |
| Accounting / Bank Services               |                     | 11,392.43                   |
| Office Supplies                          |                     | -                           |
| Legal Services                           |                     | 29,026.00                   |
| Professional Services                    |                     | 39,937.57                   |
| AJ Gallagher & Co Insurance              | 350.00              |                             |
| Brown & Riding Insurance                 | 116.25              |                             |
| Davis Farr LLP                           | 1,950.00            |                             |
| PFM Financial Advisors                   | 3,420.00            |                             |
| SOCAL Edison                             | <u>34,101.32</u>    |                             |
| Insurance                                |                     | 7,793.25                    |
| Consultants                              |                     | 881,616.33                  |
| Calpine Energy Solutions                 | 213,154.80          |                             |
| Don Dame                                 | 12,530.00           |                             |
| White Rabbit Group                       | 1,400.00            |                             |
| The Energy Authority                     | <u>654,531.53</u>   |                             |
| Outreach                                 |                     | 23,453.00                   |
| Postage                                  |                     | 12,508.10                   |
| Printing                                 |                     | 13,835.37                   |
| Social Programs                          |                     | 20,615.00                   |
| Technology Costs                         |                     | 496.77                      |
| Registrations/Memberships                |                     | 41,717.50                   |
| Western Electricity Coordinating Council | 125.00              |                             |
| CA Community Choice Association          | <u>41,592.50</u>    |                             |
| Bad Debt Expense <sup>(2)</sup>          |                     | 761,977.47                  |
| Interest Expense                         |                     | 89,082.02                   |
| <b>TOTAL EXPENSES</b>                    |                     | <b><u>28,676,243.54</u></b> |
| Excess of Revenues over Expenses         |                     | <b>(2,493,297.07)</b>       |
| Net Position - Beginning of the Period   |                     | <b><u>5,872,044.67</u></b>  |
| Net Position - End of the Period         |                     | <b><u>3,378,747.60</u></b>  |

(1) Electricity sales revenue includes revenues actually billed to customers as well as estimated customer usage during the reporting period that is not yet billed.

(2) Accrued an offset of \$609,655 for the California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief. Funds are anticipated to be posted to the customer accounts in February 2022.

## **Item 7C**

### **Desert Community Energy Board April 11, 2022**



#### **STAFF REPORT**

**Subject:** Supplier Diversity Report to the CPUC

**Contact:** Elizabeth Barnwell, Management Analyst ([ebarnwell@cvaq.org](mailto:ebarnwell@cvaq.org))

---

#### **Recommendation: Information**

**Background:** Community Choice Aggregators (CCAs) like DCE are required to submit an Annual Supplier Diversity Report to the California Public Utilities Commission (CPUC) that details a plan for increasing procurement from small, local, and diverse business enterprises as well as details procurement efforts related to Women, Minority, Disabled Veteran, Lesbian Gay Bisexual Transgender Business Enterprises (WMDVLGBTBE). The CPUC oversees the voluntary Utility Supplier Diversity Program, and under General Order 156 (GO 156) details various requirements for CCAs as well as electrical corporations, gas corporations, water corporations, wireless telecommunications service providers, electric service providers, and telephone corporations.

DCE's Annual Supplier Diversity Report for 2021 was submitted on March 1, 2022 and a link to the Report is provided as an attachment. In this second year of submitting the Supplier Diversity Report, DCE staff continue to expand its understanding of the GO 156 requirements and the opportunities to diversify procurement efforts. DCE is committed to furthering equal access to economic opportunities for business enterprises owned by WMDVLGBT and other underserved or marginalized groups. DCE also continues efforts to include local and small businesses in procurement opportunities. The majority of DCE's purchases are power contracts and because the Coachella Valley is a relatively small region, local and small business power procurement opportunities are very limited. DCE remains committed to its goal of keeping profits in the local communities to benefit businesses and residents, including those who have suffered from economic marginalization.

As part of the Supplier Diversity Program, the CPUC maintains a Supplier Clearinghouse, which provides participating utilities, including CCAs, a resource to identify firms from a Certified Suppliers List in order to meet procurement goals established by GO 156. By participating in this program, companies will be identified as eligible, certified suppliers in a centralized supplier database. The Supplier Clearinghouse publishes a directory for use by participating utility companies and the public to allow them to search for suppliers that help meet required procurement goals. The Clearinghouse provides certified suppliers numerous opportunities for networking and visibility through marketing activities, events, and bid announcements. However, it should be noted that, in compliance with Proposition 209, CCAs as local government entities do not explicitly give preferential treatment to bidders based on race, sex, color, ethnicity, or national origin. Proposition 209 limits CCAs as public agencies from engaging in several of the activities associated with supplier diversity under GO 156.

The 2022 Supplier Diversity Report identifies that DCE currently has contracts with one local WMDVLGBT business enterprise that is certified through the CPUC Supplier Clearinghouse. The report also describes DCE efforts to recruit individuals from diverse backgrounds, including those

who represent underserved members of the community, for the DCE Community Advisory Committee. DCE staff recognizes there is more to do to support small, local, and diverse businesses within the region, and staff is exploring ways to assist local diverse business that are interested in gaining certification to be listed on the state's Supplier Clearinghouse database. The March 2022 report also describes DCE's plans to expand supplier diversity and support local and small businesses, including the following:

- Encourage local firms and existing vendors to pursue certification, which may include offering a workshop and technical assistance to diverse business enterprises;
- Participate in diverse organizations and chambers of commerce;
- Participate in local, state, national supplier diversity events;
- Work with staff and consultants to become familiar with supplier diversity requirements and work toward achieving established goals;
- Improve DCE's ability to track spending on supplier diversity and regularly report results to DCE Board of Directors;
- Share upcoming contracting opportunities with Supplier Clearinghouse database with local businesses and respond to diverse business enterprise prospective supplier inquiries;
- Have supplier diversity training at DCE all-staff meeting; and
- Work with prime suppliers to optimize diverse participation and accurately report, including training prime suppliers in certification requirements so they can educate their subcontractors to certify.

The Supplier Diversity Report describes DCE's continued efforts to plan for and implement practices to increase procurement from small, local, and diverse businesses, as well as report to the Commission on its procurement from these sources. Opportunities to collaborate with local chambers of commerce, business networks, and others will be considered in the future.

**Fiscal Analysis:** There is no cost to DCE for this information item.

**Attachment:** Supplier Diversity Report: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/cca-procurement-reports/2021/dce-2021-supplier-diversity-report.pdf>

## ITEM 7D

### Desert Community Energy Board April 11, 2022



#### STAFF REPORT

**Subject:** Community Advisory Committee Update

**Contact:** David Freedman, Program Manager ([dfreedman@cvaq.org](mailto:dfreedman@cvaq.org))

---

#### **Recommendation: Information**

**Background:** In March 2019, the DCE Board established a Community Advisory Committee (CAC) in order to provide a structured opportunity for community members to participate in DCE, as well as help ensure that efforts to educate and inform member communities about Community Choice Energy are broad and inclusive. The CAC meets at various times throughout the year to discuss a variety of topics and issues.

CAC members met on March 21, 2022, via Zoom videoconference. There was not a quorum so no action was taken. Instead, DCE staff provided a recap of recent activities and a preview of some upcoming initiatives. These included the following efforts:

- DCE outreach program, including DCE's participation in the Organized Neighborhoods of Palm Springs (ONE-PS) annual picnic on March 19;
- OhmConnect smart thermostat program;
- Recent rate updates;
- Revolving line of credit and associated guaranty from City of Palm Springs;
- Midterm Reliability procurement;
- Status of program in Palm Desert;
- Distributed Energy Resources pilot program;
- Net Energy Metering (NEM) updates;
- Launch of the Inland Regional Energy Network (I-REN);
- Southern California Edison's Time of Use (TOU) transition and DCE's TOU bill protection program; and
- Bill assistance and payment arrangement programs.

CAC members expressed interest in sharing information about DCE to the residents of master-metered mobile home parks, who are indirect customers of DCE through the master meter account held by the park operator. There also was interest in supporting outreach efforts on the OhmConnect program, including in both Palm Springs and Palm Desert.

CAC members expressed support for bimonthly meetings. Staff indicated they would work with the members to schedule upcoming meetings and address topics of interest, including green hydrogen.

There remains a vacancy on the CAC, for a representative from Palm Springs. The DCE website has an ongoing invitation for applying to the CAC and staff will coordinate with the outreach team to include this opportunity in future social media efforts. In addition, the CAC will consider election of officers. The CAC has had the same officers since its formation in 2019, when David Freedman of Palm Springs was elected Chair and Shelley Kaplan of Cathedral City was elected Vic Chair. In recent months, there have been changes to the CAC membership to reflect Cathedral City's departure from DCE. Additionally, Mr. Freedman stepped down from the CAC and its Palm Springs Working Group in order to join the Coachella Valley Association of Governments (CVAG) staff as DCE Program Manager. In the absence of a quorum at the March 21 meeting, the election of CAC officers was deferred to the next CAC meeting.

**Fiscal Analysis:** The CAC is a volunteer group, and staff support for the CAC is covered under existing resources.

**Item 7E**



## DESERT COMMUNITY ENERGY

### Board Meeting Dates - 2022

DCE meetings will be **held at 3:00 p.m.** and generally on the third Monday of the month, unless otherwise noticed. These meetings will be held via Zoom videoconferencing, pursuant to the findings under Assembly Bill 361.

January 10

*(Martin Luther King Jr. Day is Jan. 17, 2022)*

February 14

*(Presidents' Day is Feb. 21, 2022)*

April 11

*(Date change due to scheduling conflicts)*

May 16

June 20

July 18

August 22

*(Date change due to report timing)*

September 19

October 17

November 21

December - DARK



# Ways to Save with Time-of-Use

The time of day when you use electricity is as important as how much electricity you use. Working with nature, you can use less energy and save more money. Using the renewable power of the sun during the day and wind during the night also provides you a level of energy independence. Time-of-Use, or TOU, plans allow you to take advantage of lower electricity rates by avoiding the peak hours between 4:00 and 9:00 p.m., depending on your chosen plan.

**Here are tips to saving both money and energy:**



**Run your dishwasher, washer, and dryer in the morning, early afternoon (before 4:00 p.m.!), or after 8:00 or 9:00 p.m.**



**It's best to set your pool pump to run 4 to 6 hours in the morning or after 9:00 p.m.**



**Pre-cool your home in the morning and set your thermostat to 78 degrees (or higher) later in the day.**



**Best time to charge your electric or plug-in hybrid vehicle is after 9:00 p.m. (or during the day before 4:00 p.m. if you have a solar PV system generating more energy than you use then).**

**More ways to save with Time-of-Use Plans:**

<https://www.sce.com/residential/rebates-savings/Ways-to-Save-with-Time-of-Use-Plans>

**More information from SCE:**

<https://www.sce.com/residential/rates/Time-Of-Use-Residential-Rate-Plans>

**DCE has lots of tips to help you save more:**

<https://desertcommunityenergy.org/save-money-energy/>



# Formas de ahorrar dinero con el horario de uso

El horario en el que se usa la electricidad es tan importante como la cantidad de energía que se consume. Si trabajamos a la par de la naturaleza, podremos usar menos energía y ahorrar dinero. El uso de la energía renovable del sol durante el día y del viento durante la noche también nos otorga un determinado nivel de independencia energética. Los planes de horario de uso (o TOU, en inglés) permiten aprovechar las tarifas de servicio eléctrico más bajas al evitar el consumo durante el horario pico de las 4.00 a las 9.00 PM, según el plan elegido.

**Aquí brindamos algunos consejos para ahorrar dinero y cuidar la energía:**



Use el lavavajilla, la lavadora y la secadora en la mañana, temprano por la tarde (antes de las 4.00 PM) o después de las 8.00 o 9.00 p.m.



Es mejor configurar la bomba de la piscina para que funcione entre 4 y 6 horas en la mañana o después de las 9.00 p.m.



Enfríe previamente su hogar por la mañana y configure el termostato en 78 grados (o más) más tarde durante el día.



El mejor horario para cargar o enchufar vehículos híbridos es después de las 9.00 p.m. (o durante el día, antes de las 4:00 pm, si tiene un sistema solar fotovoltaico que genera más energía de la que utiliza entonces).

**Más información sobre formas de ahorrar dinero con los planes de horario de uso:**

<https://www.sce.com/residential/rebates-savings/Ways-to-Save-with-Time-of-Use-Plans>

**Más información de SCE:**

<https://www.sce.com/residential/rates/Time-Of-Use-Residential-Rate-Plans>

**DCE tiene muchas recomendaciones para ahorrar más:**

<https://desertcommunityenergy.org/save-money-energy/>



**Desert Community Energy Board**  
**April 11, 2022**



**STAFF REPORT**

**Subject:**       **State Legislation Related to CCAs and Transportation Electrification Programs**

**Contact:**       David Freedman, Program Manager ([dfreedman@cvaq.org](mailto:dfreedman@cvaq.org))

---

**Recommendation: Information**

**Background:** As noted in a February 14 update to the DCE Board, staff has been tracking Assembly Bill 1814 in the California Legislature. AB 1814, introduced by Assemblymember Tim Grayson (D-Concord), would authorize Community Choice Aggregators (CCAs) such as DCE to submit applications to the California Public Utilities Commission (CPUC) in order to receive funding to administer transportation electrification programs in their service area. Access to additional funding would allow CCAs to increase and expand their electric vehicle (EV) programs, which will benefit DCE customers and will help meet the state's EV adoption goals.

The California Community Choice Association (CalCCA), the industry association of California CCAs to which DCE belongs, is the sponsor of this bill. It has been one of CalCCA's top legislative priorities in the 2022 legislative session, and the City of Palm Springs Council issued a letter of support. AB 1814 was scheduled for a hearing before the Assembly Committee on Utilities and Energy on April 6. However, just days before the hearing, Assemblymember Grayson informed CalCCA staff that he would be pulling the bill from consideration in response to stakeholder opposition, particularly from the California State Association of Electrical Workers and Coalition of California Utility Employees.

Although AB 1814 did not pass, DCE is subject to other state legislation on transportation electrification. Senate Bill 676 (Ch. 484, Stats. 2019) requires the CPUC to establish strategies and quantifiable metrics to maximize the use of feasible and cost-effective EV integration into the electrical grid by January 1, 2030. In December 2020, the CPUC issued Decision (D.) 20-12-029, which adopts strategies and metrics to further the integration of electric vehicles as electrical grid resources, and fulfills obligations imposed on the CPUC by SB 676.

Pursuant to this Decision, CCAs such as DCE must file with the CPUC by March 15, 2022, and annually through 2031, a report describing how their current and planned activities (i.e., programs, rates, and investments in transportation electrification) are expected to further EV grid integration strategies. Per D. 20-12-029, smaller CCAs such as DCE are deferred from full reporting until March 15, 2023. The annual reporting required of these CCAs in 2022 was limited to activity-based metrics for their specific vehicle to grid integration (VGI) strategies.

DCE is a relatively new CCA and had no activities to report in the first year. However, staff is exploring potential future opportunities in VGI to develop programs that incorporate demand response, transportation electrification, and resiliency. Staff will report back to the Board for direction and recommend approval of specific programs as those opportunities arise.

Staff would note that California has ambitious air quality and greenhouse gas (GHG) reduction goals related to transportation, including putting five million zero-emission vehicles (ZEVs) on the road by 2030; installing 250,000 electric vehicle charging stations by 2025; and a requirement that all new cars and passenger trucks sold in California must be ZEVs by 2035. It will require a collective effort to meet these goals. The California Energy Commission has assessed California's EV charging infrastructure rollout and determined that the state will be more than one million chargers short of what will be required to support the 2030 EV adoption goals. The state GHG reduction goals are consistent with goals and objectives previously adopted by DCE, including promoting opportunities that benefit energy consumers, reducing GHG emissions, increasing renewable energy usage, and advancing climate action and resilience.

Finally, staff would also note that transportation electrification programs are consistent with the Coachella Valley Association of Governments' (CVAG) Energy and Environmental Resources Committee's policies and goals. CVAG's Executive Committee at its February 28 meeting adopted CVAG's 2022 Federal and State Legislative Platform, which supports policies, programs, and funding for electric vehicle charging infrastructure and increased use of electric vehicles in the region. The CVAG platform also supports increased investments of the state GHG reduction funds toward transportation projects to reduce transportation related GHG emissions.

**Fiscal Analysis:** Staff resources for filing the annual VGI reports and exploring opportunities for VGI and other transportation electrification programs are covered under existing budgets. Staff will provide the Board a fiscal analysis of any specific programs for which Board approval is recommended.

**Attachment:** Vehicle to Grid Integration schematic

# Vehicle to Grid Integration

