

**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**

**Wednesday, June 29, 2022  
3:30 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/89652524389?pwd=NGFN3JkKzl0b2Uzb3pkV2ZsaTZxZz09>**

**Passcode: 364638**

**One tap mobile:**

US: +16699009128,,89652524389#

**By Phone:**

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

**Webinar ID: 896 5252 4389**

**Passcode: 364638**

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. **AGENDA MODIFICATIONS (IF ANY)**

4. **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.

5. **BOARD MEMBER / DIRECTOR COMMENTS**

6. **CONSENT CALENDAR**

**A. Approve Minutes from Board Meeting of April 11, 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](#)

**C. Adopt Resolution 2022-03, approving the 2021 Power Source Disclosure (PSD) Annual Report and associated 2021 Power Content Labels for Desert Saver and Carbon Free products, and attest to their veracity**

[9](#)

**D. Authorize the Executive Director to negotiate and execute a 10-year Western Systems Power Pool Resource Adequacy Confirmation with Resi Station, LLC for resource adequacy benefits from a demand response project**

[26](#)

7. **DISCUSSION / ACTION**

**A. DCE Fiscal Year 2022/23 Budget – Don Dame and Claude Kilgore**

[40](#)

**Recommendation:** Adopt Resolution 2022-04 approving Desert Community Energy's Fiscal Year 2022/23 Budget

**B. First Amendment to Credit Agreement with River City Bank – David Freedman**

[50](#)

**Recommendation:** Adopt Resolution 2022-05, approving the First Amendment to Credit Agreement with River City Bank for an increased total not to exceed \$13,000,000, and authorize the Executive Director, in consultation with Legal Counsel, to take the necessary steps to finalize and execute the credit agreement amendment and related

documents

**C. DCE Renewable Energy Procurement and SCE's PCIA Voluntary Allocation** [63](#)  
– David Freedman

**Recommendation:** Approve a voluntary allocation of Southern California Edison's Power Charge Indifference Adjustment Long-Term Renewable Energy Portfolio and authorize the Executive Director to execute the Voluntary Allocation Election Form

**8. INFORMATION**

- A. Attendance Record** [68](#)
- B. Fiscal Year 2022/2023 Meeting Calendar for DCE and the Coachella Valley Association of Governments** [69](#)
- C. Unaudited Financial Report for July 1, 2021 to April 30, 2022** [70](#)
- D. Unaudited Year-to-Year Financial Report as of April 30, 2022** [74](#)
- E. DCE's 2022 Summer Readiness Outreach Strategy** [76](#)

**9. 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.

**10. ANNOUNCEMENTS**

The next **DCE meeting** will be held July 18, 2022 at 3:00 p.m. via Zoom webinar.

The **Coachella Valley Association of Governments' General Assembly** meeting is scheduled for June 27, 2022 at 6:00 p.m. via Zoom webinar.

**11. ADJOURNMENT**



## DESERT COMMUNITY ENERGY BOARD MEMBER ROSTER

Voting Members	Seat on Committee	Representative
City of Palm Desert	DCE Vice Chair	<b>Sabby Jonathan</b> Mayor Pro Tem <i>Alternate: Councilmember Kathleen Kelly</i>
City of Palm Springs	DCE Chair	<b>Geoff Kors</b> Councilmember <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 6A**

**Desert Community Energy Board  
Meeting Minutes  
April 11, 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  
Joanna Stueckle  
Jennifer Nelson  
Janice Reitman  
Kevin Broadie  
Jiajing Cheng  
Shannon Ayala  
Jaclyn Harr  
Chris Weber  
Don Dame

Davis Farr  
The Energy Authority  
The Energy Authority  
Donald Dame Consulting

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

None.

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

Katie Barrows gave an update on the accomplishments over the last two years since DCE began serving customers in Palm Springs in April 2020.

## **5. CONSENT CALENDAR**

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

- A. Approve Minutes from Board Meeting of February 14, 2022**
- B. Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of Desert Community Energy**

**THE MOTION CARRIED WITH 2 AYES.**

**Mayor Pro Tem Jonathan  
Councilmember Kors**

**Aye  
Aye**

## **6. DISCUSSION / ACTION**

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

Claude Kilgore introduced Shannon Ayala from Davis Farr, who presented the results of the FY 2020/21 audit, covered future auditing standards, and recommended the DCE Board adopt a purchasing policy.

Vice Chair Jonathan recognized the finance staff for their hard work and asked that the purchasing policy recommendation be placed on a future DCE agenda.

No action was taken as this was an informational item.

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

Ms. Harr provided a presentation on the healthy financial outlook for DCE, including information on the predicted revenue and cost changes over the next year. Mr. Kilgore gave an update on the budget outlook for Fiscal Year 2022/2023.

Vice Chair Jonathan requested information on a three-year budget at a future board meeting.

No action was taken as this was an informational item.

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

Mr. Don Dame provided a brief update on the 2022 rate adjustments.

No action was taken as this was an informational item.

## **7. INFORMATION**

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

### **A. Attendance Record**

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

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

**D. Community Advisory Committee Update**

**E. DCE Meeting Calendar for 2022**

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

None.

**9. ANNOUNCEMENTS**

The next DCE meeting is scheduled to be held May 16, 2022 at 3:00 p.m. via Zoom webinar.

Chair Kors indicated he had a conflict for the May 16<sup>th</sup> meeting. Other possible meeting dates in May were discussed, with direction to staff to confirm a date that Board members are available.

**10. ADJOURNMENT –** Chair Kors adjourned the meeting at 3:42 p.m.

Respectfully submitted,

*Jennifer Nelson,  
Executive Assistant/Clerk*

## **ITEM 6B**

### **Desert Community Energy Board June 29, 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))

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**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. The Coachella Valley Association of Governments staff will also be soliciting feedback from its member jurisdictions about the use of virtual meetings. Staff anticipates conducting a survey this summer that is similar to the one conducted last year, which showed 71% of the respondents supported continuing with virtual meetings.

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



## **Item 6C**

### **Desert Community Energy Board June 29, 2022**



#### **STAFF REPORT**

**Subject:** 2021 Power Source Disclosure Report and Associated Power Content Labels

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

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**Recommendation:** Adopt Resolution 2022-03, approving the 2021 Power Source Disclosure (PSD) Annual Report and associated 2021 Power Content Labels for Desert Saver and Carbon Free products, and attest to their veracity

**Background:** All retail sellers of electricity, including Community Choice Aggregation (CCA) energy providers such as DCE, are required by the California Public Utilities Code to disclose “accurate, reliable, and simple-to-understand information on the sources of energy” that are delivered to their customers each year. DCE started service to customers in Palm Springs in spring 2020, which was the first year DCE was required to provide this information on energy sources. Participation in the Power Source Disclosure (PSD) Program includes submitting an Annual PSD Report and associated Power Content Label (PCL) to the California Energy Commission (CEC).

The 2021 Power Source Disclosure reports for DCE’s Desert Saver and Carbon Free products (attached) were submitted to the CEC by the June 1, 2021 deadline. The reports include specific power purchases, resales, and self-consumption of energy by fuel type for each electricity product offered to DCE customers. Information from DCE’s 2021 Power Source Disclosure Annual Report is included in in Schedule 3 of the attached PSD Reports for DCE’s Carbon Free and Desert Saver products. The PCLs, shown below, will be posted on the CEC website and have already been posted to the DCE website per CEC requirements.

The CEC provides auditing and verification regulations governing the PSD Program. Retail sellers were initially required to have the PSD Annual Reports for each electricity product audited by an accredited CPA or third-party verifier. However, these regulations were modified in May 2020 to allow a public agency to have the Board attest to the veracity and approve the Annual PSD Report and PCL for each product at a public meeting.

Staff recommends that the Board adopt Resolution 2022-03 approving DCE’s 2021 PSD Annual Reports and associated Power Content Labels for the Desert Saver and Carbon Free products. The Resolution also confirms that the Board attests to the veracity of the data in the Annual Reports. Adoption of the resolution enables DCE to comply with the CEC regulation implementing SB 1305 (California Code of Regulations, Title 20, Article 5, Sections 1390 to 1394).

#### ***Summary of Power Content Labels and Annual Report***

As shown in the Schedule 3 Power Content Label, DCE provided Desert Saver customers with an energy supply including 2.1% Renewable Portfolio Standard (RPS) eligible renewable energy from solar, wind, and small hydropower facilities. DCE provided 100% carbon free energy to Carbon Free customers, including 35.8% RPS eligible renewable energy purchased from solar sources (7.4%), wind sources (18.9%), and small hydropower (9.5%). The remaining carbon free

energy was purchased from large hydropower sources (64.2%). The DCE 2021 PSD Annual Reports for Desert Saver and Carbon Free were prepared with assistance from The Energy Authority (TEA). TEA performed a detailed review of all power purchases completed for the 2021 calendar year. This review included an inventory of all renewable energy transfers within DCE's Western Renewable Energy Generation Information System (WREGIS) accounts and pertinent transaction records. Based on staff's review of available data, the information presented in the PSD Annual Reports and the Power Content Label was determined to be accurate.

**2021 POWER SOURCE DISCLOSURE ANNUAL REPORT**  
**SCHEDULE 3: POWER CONTENT LABEL DATA**  
**For the Year Ending December 31, 2021**  
**DESERT COMMUNITY ENERGY**  
**DESERT SAVER**

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
<b>Renewable Procurements</b>	844	2.1%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	225	0.6%
Solar	175	0.4%
Wind	444	1.1%
Coal	-	0.0%
Large Hydroelectric	28,850	71.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	10,954	26.9%
<b>Total</b>	<b>40,648</b>	<b>100.0%</b>

<b>Total Retail Sales (MWh)</b>	<b>40,648</b>
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<b>GHG Emissions Intensity (converted to lbs CO<sub>2</sub>e/MWh)</b>	<b>254</b>
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<b>Percentage of Retail Sales Covered by Retired Unbundled RECs</b>	<b>0.0%</b>
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**2021 POWER SOURCE DISCLOSURE ANNUAL REPORT**  
**SCHEDULE 3: POWER CONTENT LABEL DATA**  
For the Year Ending December 31, 2021  
**DESERT COMMUNITY ENERGY**  
**CARBON FREE**

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
<b>Renewable Procurements</b>	135,256	35.8%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	35,845	9.5%
Solar	28,106	7.4%
Wind	71,305	18.9%
Coal	-	0.0%
Large Hydroelectric	242,553	64.2%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
<b>Total</b>	<b>377,809</b>	<b>100.0%</b>

<b>Total Retail Sales (MWh)</b>	<b>377,809</b>
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<b>GHG Emissions Intensity (converted to lbs CO<sub>2</sub>e/MWh)</b>	<b>-</b>
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<b>Percentage of Retail Sales Covered by Retired Unbundled RECs</b>	<b>0.0%</b>
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**Fiscal Analysis:** Adoption of Resolution 2022-03 does not result in any financial impact to DCE.

**Attachments:**

1. Resolution 2022-03 approving 2021 Power Source Disclosure Annual Reports and associated Power Content Labels
2. 2021 Power Source Disclosure Annual Report for DCE's Desert Saver product
3. 2021 Power Source Disclosure Annual Report for DCE's Carbon Free product

## **RESOLUTION NO. 2022-03**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY APPROVING AND ATTESTING TO THE VERACITY OF THE 2021 POWER SOURCE DISCLOSURE ANNUAL REPORT AND ASSOCIATED POWER CONTENT LABEL FOR THE DESERT SAVER PRODUCT AND CARBON FREE PRODUCT**

**WHEREAS**, Desert Community Energy (DCE) is a joint powers authority established on October 30, 2017 for the purpose of implementing community choice aggregation programs under Public Utilities Code Section 366.2.0; and

**WHEREAS**, Senate Bill 1305 was adopted in 1997, establishing an Electricity Generation Source Disclosure Program, ("Power Source Disclosure Program"), which requires retail suppliers of electricity to disclose to their customers each year the sources of electricity delivered to customers in the previous year, and to annually submit a Power Source Disclosure Report to the California Energy Commission.

**WHEREAS**, Desert Community Energy is a retail supplier of electricity as defined by the Power Source Disclosure Program (Ca. Code of Regs., Title 20, Section 1391(r)).

**WHEREAS**, the Power Source Disclosure Regulation was updated effective May 4, 2020 allowing the board of directors of a public agency providing electric services to approve, at a public meeting, the submission to the California Energy Commission of an attestation of the veracity of each product's 2021 Power Source Disclosure Annual Report and 2021 Power Content Label,

**WHEREAS**, DCE staff and consultants performed a detailed review of all power purchases completed for the 2021 calendar year; including an inventory of all renewable energy transfers within DCE's WREGIS account, and transaction records;

**WHEREAS**, pursuant to the current California Energy Commission regulations, California Code of Regulations section 1394.2, the Board is required to attest to the veracity of the 2021 Power Content Labels;

**WHEREAS**, the Board desires to attest to the veracity of the 2021 Power Source Disclosure Annual Reports for the Desert Saver product and the Carbon Free product and to the 2021 Power Content Labels so that all the required statements and attestations required by section 1394.2 are contained in one resolution;

**NOW, THEREFORE BE IT RESOLVED**, the Board of Directors of Desert Community Energy does hereby resolve, determine, and order as follows:

1. Approves the submission and attests to the veracity of the attached 2021 Power Source Disclosure Annual Reports and 2021 Power Content Labels for Desert Community Energy.

**ADOPTED AND APPROVED** by the Board of Directors of Desert Community Energy on this 29<sup>th</sup> day of June 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Geoff Kors  
Chair, Desert Community Energy

Attest:

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Tom Kirk  
Secretary, Desert Community Energy

## 2021 POWER SOURCE DISCLOSURE ANNUAL REPORT For the Year Ending December 31, 2021

Retail suppliers are required to use the posted template and are not allowed to make edits to this format. Please complete all requested information.

### GENERAL INSTRUCTIONS

RETAIL SUPPLIER NAME	
Desert Community Energy	
ELECTRICITY PORTFOLIO NAME	
Desert Saver	
CONTACT INFORMATION	
NAME	David Freedman
TITLE	DCE/I-REN Program Manager
MAILING ADDRESS	73-710 Fred Waring Drive, Suite 200
CITY, STATE, ZIP	Palm Desert, CA 92260
PHONE	(760) 346-1127
EMAIL	<a href="mailto:dfreedman@cvag.org">dfreedman@cvag.org</a>
WEBSITE URL FOR PCL POSTING	<a href="https://desertcommunityenergy.org/about/key-documents/">https://desertcommunityenergy.org/about/key-documents/</a>

Submit the Annual Report and signed Attestation in PDF format with the Excel version of the Annual Report to [PSDprogram@energy.ca.gov](mailto:PSDprogram@energy.ca.gov). Remember to complete the Retail Supplier Name, Electricity Portfolio Name, and contact information above, and submit separate reports and attestations for each additional portfolio if multiple were offered in the previous year.

**NOTE:** Information submitted in this report is not automatically held confidential. If your company wishes the information submitted to be considered confidential an authorized representative must submit an application for confidential designation (CEC-13), which can be found on the California Energy Commissions's website at <https://www.energy.ca.gov/about/divisions-and-offices/chief-counsels-office>.

If you have questions, contact Power Source Disclosure (PSD) staff at [PSDprogram@energy.ca.gov](mailto:PSDprogram@energy.ca.gov) or (916) 805-7439.

## INTRODUCTION

Retail suppliers are required to submit separate Annual Reports for each electricity portfolio offered to California retail consumers in the previous calendar year. Enter the Retail Supplier Name and Electricity Portfolio Name at the top of Schedule 1, Schedule 2, Schedule 3, and the Attestation.

A complete Annual Report includes the following tabs:

PSD Intro
Instructions
Schedule 1 - Procurements and Retail Sales
Schedule 2 - Retired Unbundled Renewable Energy Credits (RECs)
Schedule 3 - Annual Power Content Label Data
GHG Emissions Factors
Asset-Controlling Supplier (ACS) Procurement Calculator
PSD Attestation

## INSTRUCTIONS

### Schedule 1: Procurements and Retail Sales

Retail suppliers of electricity must complete this schedule by entering information about all power procurements and generation that served the identified electricity portfolio covered in this filing in the prior year. The schedule is divided into sections: directly delivered renewables, firm-and-shaped imports, specified non-renewables, and procurements from ACSs. Insert additional rows as needed to report all procurements or generation serving the subject product. Provide the annual retail sales for the subject product in the appropriate space. At the bottom of Schedule 1, provide the retail suppliers' other electricity end-uses that are not retail sales, such as transmission and distribution losses. Retail suppliers shall submit a purchase agreement or ownership arrangement documentation substantiating that any eligible firm-and-shaped product for which it is claiming an exclusion was executed prior to January 1, 2019. **Any retail supplier that offered multiple electricity portfolios in the prior year must submit separate Annual Reports for each portfolio offered.**

**Specified Purchases:** A Specified Purchase refers to a transaction in which electricity is traceable to specific generating facilities by any auditable contract trail or equivalent, such as a tradable commodity system, that provides commercial verification that the electricity claimed has been sold once and only once to retail consumers. Do not enter data in the grey fields. For specified purchases, include enter following information for each line item:

**Facility Name** - Provide the name used to identify the facility.

**Fuel Type** - Provide the resource type (solar, natural gas, etc.) that this facility uses to generate electricity.

**Location** - Provide the state or province in which the facility is located.

**Identification Numbers** - Provide all applicable identification numbers from the Western Renewable Energy Generation Information System (WREGIS), the Energy Information Agency (EIA), and the California Renewables Portfolio Standard (RPS).

**Gross Megawatt Hours Procured** - Provide the quantity of electricity procured in MWh from the generating facility.

**Megawatt Hours Resold** - Provide the quantity of electricity resold at wholesale.

**Unspecified Power:** Unspecified Power refers to electricity that is not traceable to specific generation sources by any auditable contract trail or equivalent, or to power purchases from a transaction that expressly transferred energy only and not the RECs associated from a facility. **Do not enter procurements of unspecified power.** The schedule will calculate unspecified power procurements automatically.

### Schedule 2: Retired Unbundled RECs

Complete this schedule by entering information about unbundled REC retirements in the previous calendar year.

### Schedule 3: Annual Power Content Label Data

This schedule is provided as an automated worksheet that uses the information from Schedule 1 to calculate the power content and GHG emissions intensity for each electricity portfolio. The percentages calculated on this worksheet should be used for your Power Content Label.

### **ACS Resource Mix Calculator**

Retail suppliers may report specified purchases from ACS system power if the ACS provided its fuel mix of its specified system mix to the Energy Commission. Use the calculator to determine the resource-specific procurement quantities, and transfer them to Schedule 1.

### **GHG Emissions Factors**

This tab will be displayed for informational purposes only; it will not be used by reporting entities, since the emissions factors below auto-populate in the relevant fields on Schedules 1 & 3.

### **Attestation**

This template provides the attestation that must be submitted with the Annual Report to the Energy Commission, stating that the information contained in the applicable schedules is correct and that the power has been sold once and only once to retail consumers. This attestation must be included in the package that is transmitted to the Energy Commission. Please provide the complete Annual Report in Excel format and the complete Annual Report with signed attestation in PDF format as well.



**2021 POWER SOURCE DISCLOSURE ANNUAL REPORT**  
**SCHEDULE 1: PROCUREMENTS AND RETAIL SALES**  
**For the Year Ending December 31, 2021**  
**Desert Community Energy**  
**Desert Saver**

Instructions: Enter information about power procurements underlying this electricity portfolio for which your company is filing the Annual Report. Insert additional rows as needed. All fields in white should be filled out. **Fields in grey auto-populate as needed and should not be filled out.** For EIA IDs for unspecified power or specified system mixes from asset-controlling suppliers, enter "Unspecified Power", "BPA", or "Tacoma Power" as applicable. For specified procurements of ACS power, use the ACS Procurement Calculator to calculate the resource breakdown comprising the ACS system mix. **Procurements of unspecified power must not be entered as line items below; unspecified power will be calculated automatically in cell N9.** Unbundled RECs must not be entered on Schedule 1; these products must be entered on Schedule 2. At the bottom portion of the schedule, provide the other electricity end-uses that are not retail sales including, but not limited to transmission and distribution losses or municipal street lighting. Amounts should be in megawatt-hours.

Retail Sales (MWh)	40,648
Net Specified Procurement (MWh)	29,694
Unspecified Power (MWh)	10,954
Procurement to be adjusted	-
Net Specified Natural Gas	-
Net Specified Coal & Other Fossil Fuels	-
Net Specified Nuclear, Large Hydro, Renewables, and ACS Power	29,694
GHG Emissions (excludes grandfathered emissions)	4,688
GHG Emissions Intensity (in MT CO <sub>2</sub> e/MWh)	0.1153

DIRECTLY DELIVERED RENEWABLES														
Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	N/A	
CED Lost Hills Solar, LLC - Frontier Solar	Solar	CA	W7139	62516A		58712	175	-	175	175	-	-		
Coachella Hills	Wind	CA	W11291	64593A		64323	149	-	149	149	#N/A	-		
EDF Renewable Wind Farm V, Inc. - LaBrisa Wind Project	Wind	CA	W732	64042A		54453	109	-	109	109	-	-		
El Dorado - Montgomery Creek Hydro	Eligible Hydro	CA	W589	60154A		55009	7	-	7	7	-	-		
Kittitas Valley Wind Farm - Sagebrush Power Partners, LLC	Wind	WA	W1876	60939A		56858	-	-	-	-	-	-		
Mustang Hills, LLC - Mustang Hills, LLC	Wind	CA	W2482	61287A		57833	124	-	124	124	-	-		
Nine Mile HED - Nine Mile HED	Eligible Hydro	WA	W216	60497A		3869	11	-	11	11	-	-		
Nine Mile HED 2 - Nine Mile HED 2	Eligible Hydro	WA	W283	60497A		3869	60	-	60	60	-	-		
Snow Mtn Hydro (Burney) - Burney Creek	Eligible Hydro	CA	W673	60177A		10706	1	-	1	1	-	-		
Snow Mtn. Hydro - Lost Creek 1	Eligible Hydro	CA	W670	60179A		10708	21	-	21	21	-	-		
Snow Mtn. Hydro - Lost Creek 2	Eligible Hydro	CA	W671	60180A		10709	10	-	10	10	-	-		
Tule Wind, LLC - Tule Wind, LLC	Wind	CA	W5902	63271A		57913	62	-	62	62	-	-		
Upper Falls HED - Upper Falls HED	Eligible Hydro	WA	W217	60499A		9096	115	-	115	115	-	-		
									-	-	#N/A			
FIRMED-AND-SHAPED IMPORTS														
Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	EIA ID of REC Source	EIA ID of Substitute Power	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	Eligible for Grandfathered Emissions?	
									-	-	#N/A			
									-	-	#N/A			
									-	-	#N/A			
									-	-	#N/A			
									-	-	#N/A			
SPECIFIED NON-RENEWABLE PROCUREMENTS														
Facility Name	Fuel Type	State or Province	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	N/A	
Mid-C Hydro - Priest Rapids & Wanapum Dams (Grant County PUD)	Large Hydro	WA				3887	9,225	-	9,225	9,225	-	-		
Mid-C Hydro - Rocky Reach (Chelan County PUD)	Large Hydro	WA				3883	1,147	-	1,147	1,147	-	-		
Mid-C Hydro - Wells (Douglas County PUD)	Large Hydro	WA				3886	11,560	-	11,560	11,560	-	-		
Mid-C Hydro - Rock Island (Chelan County PUD)	Large Hydro	WA				6200	96	-	96	96	-	-		
G.M. Shrum Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada				P206	4,608	-	4,608	4,608	-	-		
Mica Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada				P210	1,103	-	1,103	1,103	-	-		
Revelstoke Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada				P212	5	-	5	5	-	-		
Lake Chelan Hydro	Large Hydro	WA				6424	-	-	-	-	-	-		
Mammoth Hydro	Large Hydro	CA				344	1,106	-	1,106	1,106	-	-		
									-	-	#N/A			
PROCUREMENTS FROM ASSET-CONTROLLING SUPPLIERS														
Facility Name	Fuel Type	N/A	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	N/A	
										-	#N/A			
										-	#N/A			
										-	#N/A			
										-	#N/A			
END USES OTHER THAN RETAIL SALES	MWh													

[illegible]

**2021 POWER SOURCE DISCLOSURE ANNUAL REPORT**  
**SCHEDULE 3: POWER CONTENT LABEL DATA**  
**For the Year Ending December 31, 2021**  
**DESERT COMMUNITY ENERGY**  
**DESERT SAVER**

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
<b>Renewable Procurements</b>	844	2.1%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	225	0.6%
Solar	175	0.4%
Wind	444	1.1%
Coal	-	0.0%
Large Hydroelectric	28,850	71.0%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	10,954	26.9%
<b>Total</b>	<b>40,648</b>	<b>100.0%</b>

<b>Total Retail Sales (MWh)</b>	<b>40,648</b>
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<b>GHG Emissions Intensity (converted to lbs CO<sub>2</sub>e/MWh)</b>	<b>254</b>
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<b>Percentage of Retail Sales Covered by Retired Unbundled RECs</b>	<b>0.0%</b>
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## 2021 POWER SOURCE DISCLOSURE ANNUAL REPORT For the Year Ending December 31, 2021

Retail suppliers are required to use the posted template and are not allowed to make edits to this format. Please complete all requested information.

### GENERAL INSTRUCTIONS

RETAIL SUPPLIER NAME	
Desert Community Energy	
ELECTRICITY PORTFOLIO NAME	
Carbon Free	
CONTACT INFORMATION	
NAME	David Freedman
TITLE	DCE/I-REN Program Manager
MAILING ADDRESS	73-710 Fred Waring Drive, Suite 200
CITY, STATE, ZIP	Palm Desert, CA 92260
PHONE	(760) 346-1127
EMAIL	<a href="mailto:dfreedman@cvag.org">dfreedman@cvag.org</a>
WEBSITE URL FOR PCL POSTING	<a href="https://desertcommunityenergy.org/about/key-documents/">https://desertcommunityenergy.org/about/key-documents/</a>

Submit the Annual Report and signed Attestation in PDF format with the Excel version of the Annual Report to [PSDprogram@energy.ca.gov](mailto:PSDprogram@energy.ca.gov). Remember to complete the Retail Supplier Name, Electricity Portfolio Name, and contact information above, and submit separate reports and attestations for each additional portfolio if multiple were offered in the previous year.

**NOTE:** Information submitted in this report is not automatically held confidential. If your company wishes the information submitted to be considered confidential an authorized representative must submit an application for confidential designation (CEC-13), which can be found on the California Energy Commissions's website at <https://www.energy.ca.gov/about/divisions-and-offices/chief-counsels-office>.

If you have questions, contact Power Source Disclosure (PSD) staff at [PSDprogram@energy.ca.gov](mailto:PSDprogram@energy.ca.gov) or (916) 805-7439.

## INTRODUCTION

Retail suppliers are required to submit separate Annual Reports for each electricity portfolio offered to California retail consumers in the previous calendar year. Enter the Retail Supplier Name and Electricity Portfolio Name at the top of Schedule 1, Schedule 2, Schedule 3, and the Attestation.

A complete Annual Report includes the following tabs:

PSD Intro
Instructions
Schedule 1 - Procurements and Retail Sales
Schedule 2 - Retired Unbundled Renewable Energy Credits (RECs)
Schedule 3 - Annual Power Content Label Data
GHG Emissions Factors
Asset-Controlling Supplier (ACS) Procurement Calculator
PSD Attestation

## INSTRUCTIONS

### Schedule 1: Procurements and Retail Sales

Retail suppliers of electricity must complete this schedule by entering information about all power procurements and generation that served the identified electricity portfolio covered in this filing in the prior year. The schedule is divided into sections: directly delivered renewables, firm-and-shaped imports, specified non-renewables, and procurements from ACSs. Insert additional rows as needed to report all procurements or generation serving the subject product. Provide the annual retail sales for the subject product in the appropriate space. At the bottom of Schedule 1, provide the retail suppliers' other electricity end-uses that are not retail sales, such as transmission and distribution losses. Retail suppliers shall submit a purchase agreement or ownership arrangement documentation substantiating that any eligible firm-and-shaped product for which it is claiming an exclusion was executed prior to January 1, 2019. **Any retail supplier that offered multiple electricity portfolios in the prior year must submit separate Annual Reports for each portfolio offered.**

**Specified Purchases:** A Specified Purchase refers to a transaction in which electricity is traceable to specific generating facilities by any auditable contract trail or equivalent, such as a tradable commodity system, that provides commercial verification that the electricity claimed has been sold once and only once to retail consumers. Do not enter data in the grey fields. For specified purchases, include enter following information for each line item:

**Facility Name** - Provide the name used to identify the facility.

**Fuel Type** - Provide the resource type (solar, natural gas, etc.) that this facility uses to generate electricity.

**Location** - Provide the state or province in which the facility is located.

**Identification Numbers** - Provide all applicable identification numbers from the Western Renewable Energy Generation Information System (WREGIS), the Energy Information Agency (EIA), and the California Renewables Portfolio Standard (RPS).

**Gross Megawatt Hours Procured** - Provide the quantity of electricity procured in MWh from the generating facility.

**Megawatt Hours Resold** - Provide the quantity of electricity resold at wholesale.

**Unspecified Power:** Unspecified Power refers to electricity that is not traceable to specific generation sources by any auditable contract trail or equivalent, or to power purchases from a transaction that expressly transferred energy only and not the RECs associated from a facility. **Do not enter procurements of unspecified power.** The schedule will calculate unspecified power procurements automatically.

### Schedule 2: Retired Unbundled RECs

Complete this schedule by entering information about unbundled REC retirements in the previous calendar year.

### Schedule 3: Annual Power Content Label Data

This schedule is provided as an automated worksheet that uses the information from Schedule 1 to calculate the power content and GHG emissions intensity for each electricity portfolio. The percentages calculated on this worksheet should be used for your Power Content Label.

### **ACS Resource Mix Calculator**

Retail suppliers may report specified purchases from ACS system power if the ACS provided its fuel mix of its specified system mix to the Energy Commission. Use the calculator to determine the resource-specific procurement quantities, and transfer them to Schedule 1.

### **GHG Emissions Factors**

This tab will be displayed for informational purposes only; it will not be used by reporting entities, since the emissions factors below auto-populate in the relevant fields on Schedules 1 & 3.

### **Attestation**

This template provides the attestation that must be submitted with the Annual Report to the Energy Commission, stating that the information contained in the applicable schedules is correct and that the power has been sold once and only once to retail consumers. This attestation must be included in the package that is transmitted to the Energy Commission. Please provide the complete Annual Report in Excel format and the complete Annual Report with signed attestation in PDF format as well.

2021 POWER SOURCE DISCLOSURE ANNUAL REPORT  
SCHEDULE 1: PROCUREMENTS AND RETAIL SALES  
For the Year Ending December 31, 2021  
Desert Community Energy  
Carbon Free

Instructions: Enter information about power procurements underlying this electricity portfolio for which your company is filing the Annual Report. Insert additional rows as needed. All fields in white should be filled out. **Fields in grey auto-populate as needed and should not be filled out.** For EIA IDs for unspecified power or specified system mixes from asset-controlling suppliers, enter "Unspecified Power", "BPA", or "Tacoma Power" as applicable. For specified procurements of ACS power, use the ACS Procurement Calculator to calculate the resource breakdown comprising the ACS system mix. **Procurements of unspecified power must not be entered as line items below; unspecified power will be calculated automatically in cell N9.** Unbundled RECs must not be entered on Schedule 1; these products must be entered on Schedule 2. At the bottom portion of the schedule, provide the other electricity end-uses that are not retail sales including, but not limited to transmission and distribution losses or municipal street lighting. Amounts should be in megawatt-hours.

Retail Sales (MWh)	377,809
Net Specified Procurement (MWh)	377,809
Unspecified Power (MWh)	-
Procurement to be adjusted	-
Net Specified Natural Gas	-
Net Specified Coal & Other Fossil Fuels	-
Net Specified Nuclear, Large Hydro, Renewables, and ACS Power	377,809
GHG Emissions (excludes grandfathered emissions)	0
GHG Emissions Intensity (in MT CO <sub>2</sub> e/MWh)	0.0000

DIRECTLY DELIVERED RENEWABLES														
Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	N/A	
CED Lost Hills Solar, LLC - Frontier Solar	Solar	CA	W7139	62516A		58712	28106	-	28,106	28,106	-	-		
Coachella Hills	Wind	CA	W11291	64593A		64323	23,951	-	23,951	23,951	#N/A			
EDF Renewable Wind Farm V, Inc. - LaBrisa Wind Project	Wind	CA	W732	64042A		54453	17,515	-	17,515	17,515	-	-		
El Dorado - Montgomery Creek Hydro	Eligible Hydro	CA	W589	60154A		55009	1,083	-	1,083	1,083	-	-		
Kittitas Valley Wind Farm - Sagebrush Power Partners, LLC	Wind	WA	W1876	60939A		56858	25	-	25	25	-	-		
Mustang Hills, LLC - Mustang Hills, LLC	Wind	CA	W2482	61287A		57833	19,876	-	19,876	19,876	-	-		
Nine Mile HED - Nine Mile HED	Eligible Hydro	WA	W216	60497A		3869	1,737	-	1,737	1,737	-	-		
Nine Mile HED 2 - Nine Mile HED 2	Eligible Hydro	WA	W283	60497A		3869	9,548	-	9,548	9,548	-	-		
Snow Mtn Hydro (Burney) - Burney Creek	Eligible Hydro	CA	W673	60177A		10706	94	-	94	94	-	-		
Snow Mtn. Hydro - Lost Creek 1	Eligible Hydro	CA	W670	60179A		10708	3,355	-	3,355	3,355	-	-		
Snow Mtn. Hydro - Lost Creek 2	Eligible Hydro	CA	W671	60180A		10709	1,524	-	1,524	1,524	-	-		
Tule Wind, LLC - Tule Wind, LLC	Wind	CA	W5902	63271A		57913	9,938	-	9,938	9,938	-	-		
Upper Falls HED - Upper Falls HED	Eligible Hydro	WA	W217	60499A		9096	18,504	-	18,504	18,504	-	-		
									-	-	#N/A			
FIRMED-AND-SHAPED IMPORTS														
Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	EIA ID of REC Source	EIA ID of Substitute Power	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	Eligible for Grandfathered Emissions?	
									-	-	#N/A			
									-	-	#N/A			
									-	-	#N/A			
									-	-	#N/A			
									-	-	#N/A			
SPECIFIED NON-RENEWABLE PROCUREMENTS														
Facility Name	Fuel Type	State or Province	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	N/A	
Mid-C Hydro - Priest Rapids & Wanapum Dams (Grant County PUD)	Large Hydro	WA				3887	77,553	-	77,553	77,553	-	-		
Mid-C Hydro - Rocky Reach (Chelan County PUD)	Large Hydro	WA				3883	9,641	-	9,641	9,641	-	-		
Mid-C Hydro - Wells (Douglas County PUD)	Large Hydro	WA				3886	97,192	-	97,192	97,192	-	-		
Mid-C Hydro - Rock Island (Chelan County PUD)	Large Hydro	WA				6200	803	-	803	803	-	-		
G.M. Shrum Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada				P206	38,743	-	38,743	38,743	-	-		
Mica Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada				P210	9,274	-	9,274	9,274	-	-		
Revelstoke Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada				P212	46	-	46	46	-	-		
Lake Chelan Hydro	Large Hydro	WA				6424	3	-	3	3	-	-		
Mammoth Hydro	Large Hydro	CA				344	9,298	-	9,298	9,298	-	-		
									-	-	#N/A			
PROCUREMENTS FROM ASSET-CONTROLLING SUPPLIERS														
Facility Name	Fuel Type	N/A	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO <sub>2</sub> e/MWh)	GHG Emissions (in MT CO <sub>2</sub> e)	N/A	
										-	#N/A			
										-	#N/A			
										-	#N/A			
										-	#N/A			
END USES OTHER THAN RETAIL SALES	MWh													

[illegible]



**2021 POWER SOURCE DISCLOSURE ANNUAL REPORT**  
**SCHEDULE 3: POWER CONTENT LABEL DATA**  
**For the Year Ending December 31, 2021**  
**DESERT COMMUNITY ENERGY**  
**CARBON FREE**

Instructions: No data input is needed on this schedule. Retail suppliers should use these auto-populated calculations to fill out their Power Content Labels.

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
<b>Renewable Procurements</b>	135,256	35.8%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	35,845	9.5%
Solar	28,106	7.4%
Wind	71,305	18.9%
Coal	-	0.0%
Large Hydroelectric	242,553	64.2%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
<b>Total</b>	<b>377,809</b>	<b>100.0%</b>

<b>Total Retail Sales (MWh)</b>	<b>377,809</b>
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<b>GHG Emissions Intensity (converted to lbs CO<sub>2</sub>e/MWh)</b>	<b>-</b>
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<b>Percentage of Retail Sales Covered by Retired Unbundled RECs</b>	<b>0.0%</b>
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## **ITEM 6D**

### **Desert Community Energy Board June 29, 2022**



#### **STAFF REPORT**

**Subject:** DCE Mid-term Reliability Procurement: Resi Station LLC / OhmConnect

**Contact:** David Freedman, Program Manager ([dfreedman@cvag.org](mailto:dfreedman@cvag.org))  
Jaclyn Harr, The Energy Authority

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**Recommendation:** Authorize the Executive Director to negotiate and execute a 10-year Western Systems Power Pool Resource Adequacy Confirmation with Resi Station, LLC for resource adequacy benefits from a demand response project

**Background:** At the October 18, 2021 meeting, the DCE Board of Directors approved the release of DCE's Mid-term Reliability Request for Proposals (RFP) to meet the needs required by California Public Utilities Commission (CPUC) Mid-term Reliability procurement order, Decision 21-06-035 from June 2021. As detailed in the staff report, this decision requires DCE, like other California load-serving entities including CCAs and Investor-Owned Utilities, to procure resources to meet electric system reliability needs. The Mid-term Reliability procurement order is designed to achieve California's ambitious greenhouse gas (GHG) emissions reduction targets for 2030 and to keep the state on a clear path to meeting the ultimate goal of 100 percent zero-carbon electricity resources by 2045. Eligible resources include solar, wind, battery storage, geothermal and other renewable resources, as well as demand response resources. The decision also states that the CPUC expects all of the resources procured pursuant to that decision to be zero-emitting, unless they otherwise qualify under renewables portfolio standard (RPS) eligibility requirements (biomass, for example).

DCE staff worked with other CCAs on a joint procurement, rather than conducting a stand-alone solicitation. DCE's partners are California Choice Energy Authority (CalChoice), a CCA whose members include the City of Rancho Mirage, and Clean Energy Alliance, a CCA whose members are five cities in northern San Diego County. This collaboration has been mutually beneficial for both DCE and the other CCAs, allowing for efficient use of resources and an opportunity to potentially obtain better pricing due to larger volumes. The joint procurement team issued an RFP in early January seeking projects that meet the basic requirements with a due date of February 4, 2022; The Energy Authority (TEA) is managing the procurement process on behalf of DCE. A total of 22 developers submitted proposals by the deadline.

An evaluation team has reviewed the proposals and provided a recommendation for potential contracts. The first contract now ready for Board approval is a Western Systems Power Pool (WSPP) Resource Adequacy Confirmation (Confirmation) with Resi Station LLC (Resi Station), a subsidiary of OhmConnect, for system resource adequacy (RA) benefits from an aggregated demand response project. DCE's pro rata share of the project is 4.5 megawatts (MW) of the 15MW peak volume over a 10-year period beginning January 1, 2023. RA is a regulatory construct developed by the CPUC and the California Independent System Operator (CAISO) to ensure the state/CAISO has sufficient resources available to serve electric demand under all but the most extreme conditions. System RA helps the CAISO ensure that it has enough resources to meet monthly system peak.

OhmConnect is already familiar with DCE and its customers. At the direction of the Board, DCE began partnering with OhmConnect in late 2021 on its demand response project, which encourages residential customers to save money on their energy bill by receiving a smart thermostat or two smart plugs for a nominal charge of 99 cents. OhmConnect pays residential customers to conserve power during times of peak demand, sells the collective energy savings back to the grid, and then passes their earnings onto their users in the form of cash and prizes. On December 6, 2021, the Coachella Valley Association of Governments (CVAG) Executive Committee authorized the Executive Director to enter into a similar partnership agreement with OhmConnect for the CVAG areas within the Southern California Edison (SCE) service territory, including the City of Palm Desert. As of May 31, 2022, 407 DCE customers have signed up with OhmConnect, with 284 customers connecting their devices to the OhmConnect application. As of the same date, 20 CVAG-area SCE customers have signed up with OhmConnect, with all 20 customers connecting their devices to the OhmConnect application.

The RA product that OhmConnect offers in the proposed Confirmation through its Resi Station subsidiary aggregates demand response by participating customers throughout California, so it may include local customers. The proposed Confirmation is accordingly aligned with DCE's preference in the RFP for projects located close to DCE's service territory.

The Confirmation is governed by the master WSPP agreement, with specific terms agreed to by the parties. The Confirmation includes standard terms on contract price and quantity, Resi Station's obligations to deliver the contracted quantities as well as the consequences should it fail to do so. DCE has the right to resell any of its contracted RA quantity should the expected delivery be in excess of DCE's needs under the CPUC Mid-term Reliability procurement order and its general RA rules. TEA frequently conducts purchase and sale transactions of RA products for DCE consistent with DCE's Energy Risk Management Policy adopted by the Board. This Confirmation provides additional flexibility for TEA while locking in DCE's right to system RA at a fixed price for the 10-year term. Consistent with DCE's load profile, higher amounts of system RA are delivered in the summer months than in the winter. The 4.5 MW peak volume to be delivered by Resi Station represents approximately 4.5% of DCE's current peak system RA requirements.

The Confirmation will be consistent with the term sheet, which is attached with confidential pricing and other terms redacted. The Confirmation is under review by the legal counsel representing the three CCAs in the joint procurement, as well as by DCE's legal counsel. All substantive business and legal terms have been agreed upon, and legal counsel in the joint procurement and DCE legal counsel will work with OhmConnect and TEA to finalize a few minor terms and execute this agreement in coordination with CalChoice and CEA upon DCE Board approval.

With this item, DCE staff recommends the Executive Director be authorized to finalize the Confirmation in order to meet DCE's Mid-term Reliability obligations and reduce price volatility in DCE's power portfolio, which will allow for increased rate certainty. The joint procurement team continues to work on other agreements, including for geothermal and battery storage resources. Potential contracts will be brought back for Board approval once the negotiation process is complete, expected to occur later this summer.

**Fiscal Analysis:** The costs associated with the RFP are covered under the existing TEA contract and staff time. Under the pricing terms in the agreement, DCE will pay for the system RA generated by the project at a fixed-price rate per MWh (megawatt hour) ranging from a low point for the months of November - March throughout the contract term to a high point for September 2023. The contract currently under consideration reflects pricing that is typical in the current market for new Demand Response resources.

CPUC Decision 21-06-035 sets out annual procurement amounts for LSEs, with the first annual compliance tranche required to be online date no later than August 1, 2023. A total of four

developers offered projects that were able meet this deadline. Relative to other eligible projects offered, the Resi Station was closely aligned with DCE's procurement need for 2023 and is expected to reduce the overall costs for compliance with the decision. TEA estimates that the Resi Station project should result in cost savings of more than \$1 million compared to the next most economical project offered.

**Attachment:** Term sheet

**TERM SHEET  
FOR  
RESOURCE ADEQUACY ONLY**

THIS TERM SHEET FOR RESOURCE ADEQUACY (“**Term Sheet**”) is entered into as of April 11, 2022 (the “**Effective Date**”), between and among California Choice Energy Authority, a California joint powers authority (“**CalChoice**”), Clean Energy Authority, a California joint powers authority (“**CEA**”); Desert Community Energy, a California joint powers authority (“**DCE**”) and Resi Station, LLC, a Delaware limited liability company (“**Respondent**”). This Term Sheet is intended to set forth the key commercial terms and conditions to be included in a proposed agreement for the purchase and sale of resource adequacy (“**RA Agreement**”) to be negotiated between one or more of CalChoice, CEA and/or DCE, as applicable (“**Buyer**”) and Resi Station, LLC, a Delaware limited liability company (“**Seller**”) (the “**Proposed Transaction**”). As used herein, Buyer and Seller are each a “**Party**” and collectively the “**Parties**.” Notwithstanding anything herein to the contrary, until a definitive agreement is fully negotiated and all applicable approvals have been received for each Party, no Party shall have any legal obligations, expressed or implied, or arising in any other manner under this Term Sheet to continue negotiations or enter into the Proposed Transaction or the RA Agreement.

**1. Terms and Conditions.**

<b>Facility Name:</b>	Resi Station CC_DCE_CEA
<b>Location:</b>	Multiple counties throughout the State of California
<b>CAISO Resource ID, if known:</b>	Multiple IDs
<b>Unit SCID, if known:</b>	OHM1
<b>Unit NQC:</b>	Multiple PDRs summing to a maximum of 15 MW
<b>Unit EFC:</b>	[ ] MW
<b>Resource Type:</b>	<input type="checkbox"/> A [ ] MW nameplate [renewable energy generation] project. <input type="checkbox"/> A [ ] MW/[ ] MWh (at [ ] hour discharge) nameplate energy storage facility. <input type="checkbox"/> A [ ] MW nameplate [renewable energy generation] project, and a [co-located][hybrid] [ ] MW/[ ] MWh (at [ ] hour discharge) energy storage facility <input checked="" type="checkbox"/> A 15 MW nameplate aggregated demand response project
<b>Resource Adequacy Capacity:</b>	See <u>Exhibit A</u> .
<b>Demand Response Capacity:</b>	15 MW






<b>Costs:</b>	<div></div>
<b>Change in Market Structure:</b>	<p>If a change in the market structure renders the Agreement or any provisions thereof incapable of being performed or administered, then either Party may request that the other Party enter into negotiations with the requesting party to make the minimum changes to the Agreement necessary to make the Agreement capable of being performed and administered, while attempting to preserve, to the maximum extent possible, the benefits, burdens, and obligations set forth in the Agreement as of the Effective Date.</p>
<b>Compliance Expenditure Cap:</b>	<div></div>
<b>Seller Representations and Warranties:</b>	<div></div>
<b>Change in Tax Law:</b>	<div></div> <p><b>“Change in Tax Law”</b> means (a) (i) any change in or amendment to the Code or another applicable federal income tax statute; (ii) any change in, or issuance of, or promulgation of any temporary or final regulations by the U.S. Department of the Treasury that would result in any change to the interpretation of the Tax Code or existing temporary or final regulations promulgated by the U.S. Department of the Treasury; (iii) any IRS guidance published in the Internal Revenue Bulletin and/or Cumulative Bulletin, notice, announcement, revenue ruling, revenue procedure, technical advice memorandum, examination directive or similar authority issued by the IRS</p>





	
<b>Dispute Resolution:</b>	In the event of any claim, controversy or dispute between the Parties arising out of or relating to or in connection with this Agreement any Party may deliver to the other Parties notice of the Dispute with a detailed description of the underlying circumstances of such Dispute (a “ <b>Dispute Notice</b> ”). The senior officers of the Parties shall meet and confer as often as they deem reasonably necessary during the thirty (30) day period following receipt of the Dispute Notice in good faith negotiations to resolve the Dispute to the satisfaction of each Party. In the event a Dispute is not resolved by the expiration of the thirty (30) day period, then a Party may pursue any legal remedy available to it in accordance with this Agreement.
<b>Applicable Law:</b>	California
<b>No Recourse to Members of Buyer:</b>	Buyer is organized as a Joint Powers Authorities in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Buyer shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members in connection with the RA Agreement.
<b>Assignment:</b>	Except with respect to collateral assignment to support a financing or refinancing by Seller of the Facility and assignment to an affiliate, prior written consent of the non-assigning party shall be required for assignment of any interest in the Agreement, which consent shall not be unreasonably withheld.
<b>Events of Default:</b>	Events of Default shall include, but not be limited to, failure to pay any amounts when due, breach of representations and warranties, failure to perform covenants and material obligations in the PPA, failure to meet performance assurance requirements, bankruptcy, and unauthorized assignment.

## 2. Additional Term Sheet Provisions.

**No Obligation to Enter Into Proposed Transaction.** This Term Sheet is intended to provide an overview of the Proposed Transaction and is not intended to constitute a binding contract or an offer to enter into an RA Agreement with respect to the Proposed Transaction and does not obligate any Party to enter into the Proposed Transaction or execute any agreement, including the RA Agreement, in connection with the Proposed Transaction. Neither Buyer nor Seller will be deemed to have agreed to the RA Agreement and

will not be bound by any term thereof, unless and until authorized representatives of both Buyer and Seller execute final definitive documents, enforceable in accordance with their terms.

**Other Agreements.** In connection with this Term Sheet, Respondent shall execute that certain Exclusive Negotiating Agreement (“**Exclusivity Agreement**”) with Buyer(s) and provide a Shortlist Deposit (as defined in such agreement) of [REDACTED] to Buyer(s) within three (3) Business Days after execution of the Exclusivity Agreement. The Shortlist Deposit will be returned in accordance with, and subject to, the terms of the Exclusivity Agreement.

**Expenses.** Each Party will pay its own costs and expenses (whether internal or out-of-pocket, and whether for legal, financial, technical or other consultants, or other purposes) in connection with the Term Sheet and any definitive agreements.

**Termination.** This Term Sheet will terminate upon the earlier of (a) execution of the RA Agreement or (b) expiration of the Exclusivity Deadline (as defined in the Exclusivity Agreement), as such Exclusivity Deadline may be extended pursuant to the Exclusivity Agreement.

**Governing Law.** This Term Sheet is governed by, and construed in accordance with, the laws of the State of California.

**Counterparts and Electronic Signatures.** This Term Sheet may be executed electronically and in counterparts, each of which will be enforceable against the Parties actually executing such counterparts, and all of which together will constitute one instrument. The Parties may rely on electronic or scanned signatures as originals. Delivery of an executed signature page of this Term Sheet by electronic transmission (including email transmission of a PDF image) shall be the same as delivery of an original executed signature page.

**Prior Agreements.** This Term Sheet supersedes all prior communications and agreements, oral or written, between the Parties regarding the subject matter herein contemplated.

**Assignment.** This Term Sheet will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party will assign, pledge or otherwise transfer this Term Sheet or any right or obligation under this Term Sheet without first obtaining the other Party’s prior written consent, which consent shall not be unreasonably withheld.

**No Consequential Damages.** IN NO EVENT SHALL ANY PARTY, ITS AFFILIATES AND/OR REPRESENTATIVES BE LIABLE FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, INDIRECT OR EXEMPLARY DAMAGES UNDER OR IN RESPECT TO THIS TERM SHEET.


*[Signatures appear on the following page.]*

IN WITNESS WHEREOF, the Parties have signed this Term Sheet effective as of the Effective Date.

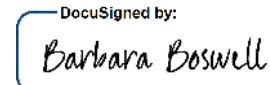
**California Choice Energy Authority, a  
California joint powers authority**

By:  \_\_\_\_\_  
DocuSigned by:  
8137CEA3D089472...  
Printed Name: Jason Caudle  
Title: Executive Director

**Resi Station, LLC, a Delaware limited liability  
company**

By:  \_\_\_\_\_  
Printed Name: Matt Duesterberg  
Title: President

**Clean Energy Authority, a California joint  
powers authority**

By:  \_\_\_\_\_  
DocuSigned by:  
887EFC95140348E...  
Printed Name: Barbara Boswell  
Title: Chief Executive Officer

**Desert Community Energy, a California joint  
powers authority**

By:  \_\_\_\_\_  
DocuSigned by:  
EDF70504BB4447A...  
Printed Name: Tom Kirk  
Title: Executive Director

**EXHIBIT A**

**CONTRACT QUANTITY AND CONTRACT PRICE**

Year	Showing Month	Contract Quantity	Contract Price
2023	January	3.10	████
2023	February	3.10	████
2023	March	3.40	████
2023	April	6.60	████
2023	May	9.70	████
2023	June	13.40	████
2023	July	15.00	████
2023	August	15.00	████
2023	September	15.00	████
2023	October	9.10	████
2023	November	4.10	████
2023	December	3.7	████

Year	Showing Month	Contract Quantity	Contract Price
2024	January	3.10	████
2024	February	3.10	████
2024	March	3.40	████
2024	April	6.60	████
2024	May	9.70	████
2024	June	13.40	████
2024	July	15.00	████
2024	August	15.00	████
2024	September	15.00	████
2024	October	9.10	████
2024	November	4.10	████
2024	December	3.7	████

Year	Showing Month	Contract Quantity	Contract Price
2025	January	3.10	████
2025	February	3.10	████
2025	March	3.40	████
2025	April	6.60	████
2025	May	9.70	████
2025	June	13.40	████
2025	July	15.00	████
2025	August	15.00	████
2025	September	15.00	████
2025	October	9.10	████
2025	November	4.10	████
2025	December	3.7	████

Year	Showing Month	Contract Quantity	Contract Price
2026	January	3.10	████
2026	February	3.10	████
2026	March	3.40	████
2026	April	6.60	████
2026	May	9.70	████
2026	June	13.40	████
2026	July	15.00	████
2026	August	15.00	████
2026	September	15.00	████
2026	October	9.10	████
2026	November	4.10	████
2026	December	3.7	████

Year	Showing Month	Contract Quantity	Contract Price
2027	January	3.10	
2027	February	3.10	
2027	March	3.40	
2027	April	6.60	
2027	May	9.70	
2027	June	13.40	
2027	July	15.00	
2027	August	15.00	
2027	September	15.00	
2027	October	9.10	
2027	November	4.10	
2027	December	3.7	

Year	Showing Month	Contract Quantity	Contract Price
2028	January	3.10	
2028	February	3.10	
2028	March	3.40	
2028	April	6.60	
2028	May	9.70	
2028	June	13.40	
2028	July	15.00	
2028	August	15.00	
2028	September	15.00	
2028	October	9.10	
2028	November	4.10	
2028	December	3.7	

Year	Showing Month	Contract Quantity	Contract Price
2029	January	3.10	
2029	February	3.10	
2029	March	3.40	
2029	April	6.60	
2029	May	9.70	
2029	June	13.40	
2029	July	15.00	
2029	August	15.00	
2029	September	15.00	
2029	October	9.10	
2029	November	4.10	
2029	December	3.7	

Year	Showing Month	Contract Quantity	Contract Price
2030	January	3.10	
2030	February	3.10	
2030	March	3.40	
2030	April	6.60	
2030	May	9.70	
2030	June	13.40	
2030	July	15.00	
2030	August	15.00	
2030	September	15.00	
2030	October	9.10	
2030	November	4.10	
2030	December	3.7	

Year	Showing Month	Contract Quantity	Contract Price
2031	January	3.10	
2031	February	3.10	
2031	March	3.40	
2031	April	6.60	
2031	May	9.70	
2031	June	13.40	
2031	July	15.00	
2031	August	15.00	
2031	September	15.00	
2031	October	9.10	
2031	November	4.10	
2031	December	3.7	

Year	Showing Month	Contract Quantity	Contract Price
2032	January	3.10	
2032	February	3.10	
2032	March	3.40	
2032	April	6.60	
2032	May	9.70	
2032	June	13.40	
2032	July	15.00	
2032	August	15.00	
2032	September	15.00	
2032	October	9.10	
2032	November	4.10	
2032	December	3.7	

## **ITEM 7A**

### **Desert Community Energy Board June 29, 2022**



#### **STAFF REPORT**

**Subject:** DCE Fiscal Year 2022/23 Budget

**Contact:** Don Dame, DCE Energy Consultant;  
Claude T. Kilgore, Director of Finance/Administration ([ckilgore@cvag.org](mailto:ckilgore@cvag.org));  
Janice L. Reitman, Accounting Manager ([jreitman@cvag.org](mailto:jreitman@cvag.org))

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#### **Recommendation: Adopt Resolution 2022-04 approving Desert Community Energy's Fiscal Year 2022/23 Budget**

**Background:** By the end of June of each year, DCE staff prepares a detailed forthcoming fiscal year budget for Board review and approval. DCE's FY 2022/23 budget, covering the period from July 1, 2022 through June 30, 2023, pertains to DCE's third full year of operation for its electricity customers in the City of Palm Springs. The budget process was previewed at the DCE Board's April 2022 meeting. The June 2022 Board meeting provides an opportunity for further budget questions and comments, and for the Board to consider budget approval as prescribed by the DCE Joint Powers Agreement. While the format of the FY 2022/23 budget largely resembles past DCE budgets, DCE staff is working behind the scenes to allow for budget-to-actual comparisons throughout the upcoming fiscal year. In addition, DCE staff anticipates future budgets remaining the same in function with slightly different form as it moves to building out a budget book for FY 2023/24.

The proposed budget includes the current expected business outcome for FY 2022/23. Future uncertainties remain, however, including residual economic impacts from the COVID-19 pandemic, western United States' generally poor hydro conditions, climate impacts, load variability, power market price volatility and forthcoming power purchase agreement CODs and performance. In addition to these factors, Southern California Edison's (SCE) retail rates and the Power Charge Indifference Adjustment (PCIA, or exit fee) were adjusted effective January 1 and March 1 of this year and further revisions and regulatory actions will occur. Largely in response to these SCE changes, DCE adjusted its retail rates effective March 1, 2022. It is important to note the proposed budget is a planning document and staff will continue to coordinate with The Energy Authority (TEA) to update power supply costs, retail sales receipts, climate impacts, regulatory mandates and other factors throughout the year as actual revenues/expenses occur and more reliable projections can be made.

DCE's FY 2022/23 budget assumptions include:

1. Accrual accounting practices are implemented so costs/revenues are booked when incurred.
2. Palm Springs is the only city where DCE is actively serving CCA customers.
3. Projected loads, resources, revenues, and costs are as detailed in TEA's June 1, 2022 financial model output.



4. An opt-out rate of about 10 percent (those customers remaining with SCE bundled service), and an opt-down rate of about 12 percent (those DCE customers that choose Desert Saver as opposed to the 100% Carbon Free default product).
5. Board approved rate-setting objectives. The residential Desert Saver customer bill, on average, is to be about 0.5% less than SCE's bundled base customer bill and meets full RPS compliance. DCE's 100% Carbon Free residential product is priced, on average, not to exceed a 14% total bill premium when compared to SCE's bundled base product.
6. DCE's subsidy suspension for the Carbon Free energy to customers enrolled in low-income assistance programs continues, and these customers are enrolled in the Desert Saver product.
7. Rates are sufficient to recover wholesale supply costs, yield positive net margin, build cash reserves and meet applicable loan terms, conditions, and financial covenants.
8. TEA will continue to provide credit support functions to DCE during FY2022/23 with a goal to reevaluate this function moving into the FY2023/24 budget.
9. Non-energy costs were estimated with increases between 3-10% on a budget-line level to reflect budgetary conservatism in a high-inflation market.
10. Cost allocation and rate setting is based on cost recovery, fairness, and equity.
11. DCE meets regulatory, legislative, and operating requirements.
12. DCE continues ongoing collaboration with CalCCA, other CCAs and public power groups.
13. DCE maintains necessary and adequate internal staffing and continues the contract support relationship with the Coachella Valley Association of Governments (CVAG).
14. DCE will monitor and adjust forecast retail loads, revenues and costs based on actual experience and revise expectations accordingly throughout the forthcoming year.
15. DCE follows adopted Board policies and objectives.

The following tables summarize DCE's expenses/revenues for the current fiscal year (through June 30, 2022) and provide DCE's budget projections for FY 2022/23. They also summarize additional forecasted projections for FY 2023/24 and FY 2024/25, which has been requested by the Board and is provided for informational purposes.

**Table 1** presents a comparison between the estimated actual results for the end of FY 2021/22 compared to DCE's originally adopted FY 2021/22 budget. This comparison is based on 10 months of actual FY 2021/22 cost data, plus a projection of the last two months of FY 2021/22. For CVAG related facilities support, the data was provided by CVAG and included six months of actual expenditures with estimated amounts for the remainder of the fiscal year. As these amounts are estimates, they may differ from actual results.

**Table 1**

<b>DCE Prior Year Budget to Actuals and FY2022/23 Proposed Budget</b>							
1	Revenues	FY2021/22 Budget	FY2021/22 Projected Actual	FY2021/22 Act. v. Budget %	FY2022/23 Budget	FY2022/23 Budget v. FY2021/22 Actuals	FY2022/23 Budget as % FY2021/22
2	Retails Sales + Other Revenue	\$46,356,668	\$48,970,682	106%	\$65,099,508	\$16,128,826	133%
3	Net Credit Fees	\$ (18,789)	\$ (74,462)	396%	\$ (70,380)	\$ 4,082	95%
4	<b>Total Revenues</b>	<b>\$46,337,879</b>	<b>\$48,896,220</b>	<b>106%</b>	<b>\$65,029,128</b>	<b>\$16,132,908</b>	<b>133%</b>
5							
6	<b>Power Supply Costs</b>						
7	Wholesale Power Supply	\$40,772,748	\$41,569,341	102%	\$44,730,744	\$3,161,402	108%
8							
9	<b>Non Power Operating Costs</b>						
10	DCE Position Support	\$ 455,390	\$ 449,764	99%	\$ 652,248	\$ 202,484	145%
11	Contract and Other Labor	\$ 126,293	\$ 120,239	95%	\$ 129,256	\$ 9,017	107%
12	CVAG Related Facilities Support	\$ 69,216	\$ 111,824	162%	\$ 103,989	\$ (7,835)	93%
13	Wholesale Support Svcs (TEA, Calpine, SCE, etc.)	\$ 1,840,267	\$ 1,755,839	95%	\$ 1,693,006	\$ (62,833)	96%
14	Retail Business Support Activities	\$ 30,554	\$ 47,318	155%	\$ 50,866	\$ 3,549	108%
15	Customer Programs	\$ 75,360	\$ 26,279	35%	\$ 125,000	\$ 98,721	476%
16	Office Supplies, Dues, Membership Expenses	\$ 158,856	\$ 184,233	116%	\$ 285,579	\$ 101,346	155%
17	Contingency	\$ 90,000	\$ -	na	\$ -	\$ -	na
18	<b>Total Non Power Operating Costs</b>	<b>\$ 2,845,936</b>	<b>\$ 2,695,496</b>	<b>95%</b>	<b>\$ 3,039,944</b>	<b>\$ 344,449</b>	<b>113%</b>
19							
20	<b>Total Power and Operating Costs</b>	<b>\$43,618,684</b>	<b>\$44,264,837</b>	<b>101%</b>	<b>\$47,770,688</b>	<b>\$3,505,851</b>	<b>108%</b>
21							
22	Retail Load (MWh, net of losses)	500,447	421,724	84%	434,872	13,148	103%

Customer loads were below forecast for the FY 2021/22 budget period and DCE has calibrated its model accordingly. FY 2021/22 revenues exceed budget projections by 6%, primarily reflecting DCE rate adjustments necessary to recover higher power supply costs which exceeded budget projections by 2%. The "Net Credit Fees" category for FY 2021/22 deviates significantly due to DCE's drawing on its River City Bank revolving credit facility. In addition, before the River City Bank revolving credit facility was established, DCE was obligated to pay interest on invoiced amounts outstanding to TEA. These amounts were not budgeted in FY2021/22 and totaled approximately \$66,000. Projected FY 2022/23 revenues and costs versus FY 2021/22 actuals increased approximately 33% and 8% respectively, reflecting sustained higher power market prices, recent DCE rate adjustments and targeted contributions to DCE's financial reserves.

With regard to year-over-year cost escalation and excluding wholesale power supply charges, aggregated non-power supply costs are up about 6% for the coming budget year, below the inflation rate that's exceeded 8% in the western U.S. during the last 12 months. In order for DCE staff to build out budget-to-actual comparisons for future reporting purposes, blanket contingency and miscellaneous expense lines have been removed from the FY 2022/23 budget as expenses were evaluated on a budget-line basis and represent anticipated increased costs. In addition,

DCE Position Support costs are projected to increase from roughly \$450,000 in FY 2021/22 to approximately \$650,000 in FY 2022/23. Since its inception, DCE has been very reliant on consultants and will continue to be reliant on the expertise of TEA, Don Dame, and other external consultants; however, in line with original organization strategies, as more and more internal expertise is acquired, DCE staff would look to reduce the number of contracts with consultants. The regulatory, customer service, policy, and programming needs of DCE continue to grow and having in-house staff resources to respond to those needs has benefits and creates efficiencies. It is DCE staff expectation that increased personnel costs will be offset, to some degree, by reduction in the use of consultants and professional services. For example, CVAG is currently recruiting for a program assistant whose primary role will be to take on the DCE's increased needs will take on the sometimes-tedious reporting requirements to the CPUC. This staff member, like others at CVAG, also work with CVAG's Energy & Sustainability Department, so only their time spent on DCE is billed to DCE. It also creates unique synergies, particularly as it pertains to the new Inland Regional Energy Network (I-REN). Under the CPUC-approved business plan, I-REN has a nearly \$66 million budget through 2027 and will bring in new programs that will benefit DCE's customers. Additionally, the CVAG staff who work on I-REN also work on DCE, meaning they can work in concert with each other rather than inadvertently creating overlapping sustainability related objectives and programs.

**Table 2** displays how costs in the coming fiscal year are proposed to be allocated within the budget process between DCE and Palm Springs (PS) as the only active member.

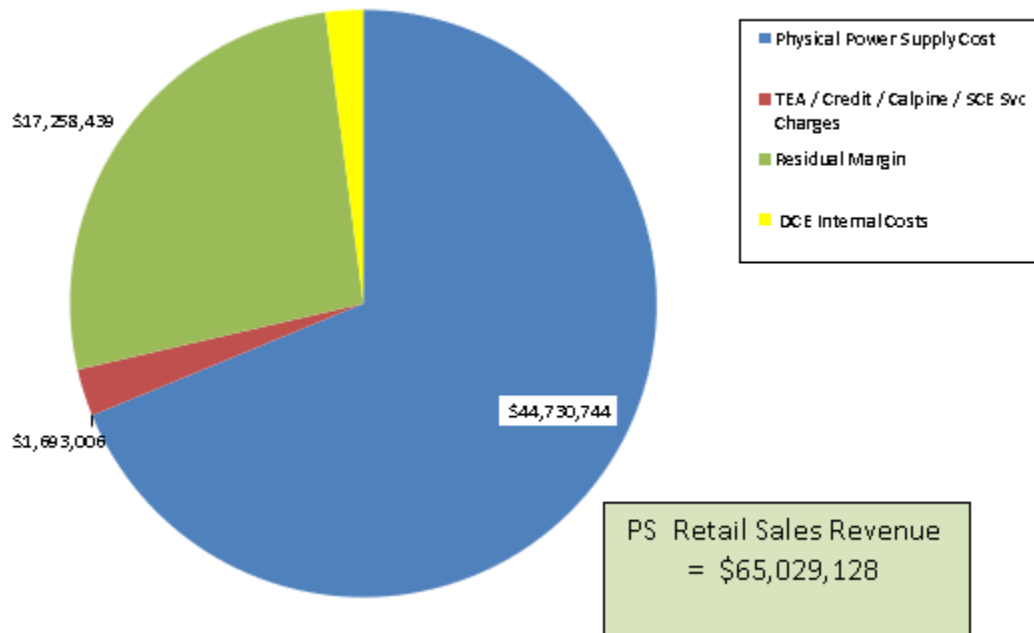
**Table 2**  
**FY 2023 Cost Allocation between DCE and Palm Springs**

Use	How Displayed	DCE	PS-CCA	TOT
1	DCE	100.00%	0.00%	100.00%
2	50% active PS-CCA, 50% "DCE"	50.00%	50.00%	100.00%
3	75% active PS-CCA	25.00%	75.00%	100.00%
4	100% active PS-CCA	0.00%	100.00%	100.00%
Use 1 is DCE-wide.				
Use 2 is 50% DCE-wide, 50% Active PS-CCA.				
Use 3 is 75% Active PS-CCA.				
Use 4 is 100% Active PS-CCA.				

Costs and or revenues specific to the Palm Springs CCA operations are allocated solely to Palm Springs (Use 4). Uses 1, 2 and 3 provide a means to share costs that benefit both DCE, the Palm Springs CCA program, and the City of Palm Desert. The herein described FY 2022/23 budget assigns all costs/revenues to the active PS CCA. Staff proposes to use best reasonable judgment to fairly allocate any expenses that may be attributable to both DCE and the Palm Springs CCA, and to bring to the Board for discussion any items that may not fall within the above four categories.

The following pie chart provides a high-level budget overview for FY 2022/23:

**Chart 1**  
**FY 2022/23 Accrual Budget**



(The "yellow" slice reflects DCE's internal General and Administrative costs of \$1,346,939)

The dark blue area represents total physical power supply costs of approximately \$44.7 million, about 94% of DCE's total operating costs. The red area represents DCE's wholesale vendor services charges from TEA, Calpine and SCE attributable to Palm Springs CCA. The yellow slice shows the budget portion of DCE internal charges attributable to Palm Springs' CCA operations (including CVAG services and facilities utilization) of approximately \$1.2 million. The green slice shows projected accrual net margins which may be available for reserves (see Chart 2, below).

**Table 3** shows the FY 2022/23 budget summary:

**Table 3**  
**FY 2022/23 Budget Summary Detail**

Line		MWh Load: 434,872			USE		
	Revenues *	FY2022/23	Avg \$/Month	Avg \$/MWh/h		DCE	PS CCA
1							
2	Retail Sales + Other Revenue	\$ 65,099,508	\$ 5,424,959	\$ 149.70	4	\$ -	\$ 65,099,508
3	Net Credit Fees	\$ (70,380)	\$ (5,865)	\$ (0.16)	4	\$ -	\$ -
4	<b>Total DCE Revenue</b>	<b>\$ 65,029,128</b>	<b>\$ 5,419,094</b>	<b>\$ 149.54</b>		<b>\$ -</b>	<b>\$ 65,099,508</b>
5							
6	Power Costs *	FY2022/23	Avg \$/Month	Avg \$/MWh/h			
7	DCE Wholesale Power Supply	\$ 44,730,744	\$ 3,727,562	\$ 102.86	4	\$ -	\$ 44,730,744
8							
9	DCE Operating Costs	FY2022/23	Avg \$/Month	Avg \$/MWh/h	USE	DCE	PS CCA
10	DCE Position Support	\$ 652,248	\$ 54,354	\$ 1.50	4	\$ -	\$ 652,248
11	Contract and Other Labor	\$ 129,256	\$ 10,771	\$ 0.30	4	\$ -	\$ 129,256
12	CVAG Related facilities support	\$ 103,989	\$ 8,666	\$ 0.24	4	\$ -	\$ 103,989
13	Wholesale Support Svcs (TEA, Calpine, SCE chgs, etc)	\$ 1,693,006	\$ 141,084	\$ 3.89	4	\$ -	\$ 1,693,006
14	Retail Business Support Activities	\$ 50,866	\$ 4,239	\$ 0.12	4	\$ -	\$ 50,866
15	Customer Programs	\$ 125,000	\$ 10,417	\$ 0.29	4	\$ -	\$ 125,000
16	Outreach Services, Dues, Memberships Expenses	\$ 285,579	\$ 23,798	\$ 0.66	4	\$ -	\$ 285,579
17	Contingency	\$ -	\$ -	\$ -	4	\$ -	\$ -
18	<b>Total non-power Operating Costs</b>	<b>\$ 3,039,945</b>	<b>\$ 253,329</b>	<b>\$ 6.99</b>		<b>\$ -</b>	<b>\$ 3,039,945</b>
19							
20	<b>Total Power and Operating Costs</b>	<b>\$ 47,770,688</b>	<b>\$ 3,980,891</b>	<b>\$ 109.85</b>		<b>\$ -</b>	<b>\$ 47,770,688</b>
21	Effective DCE / CCA Shares this FY					0.00%	100.00%
22	<b>Estimated FY Net Rev Available for Reserves &amp; Other</b>	<b>\$ 17,258,439</b>	(Without beginning cash or Cr balance adjustment)				

\* Accrual

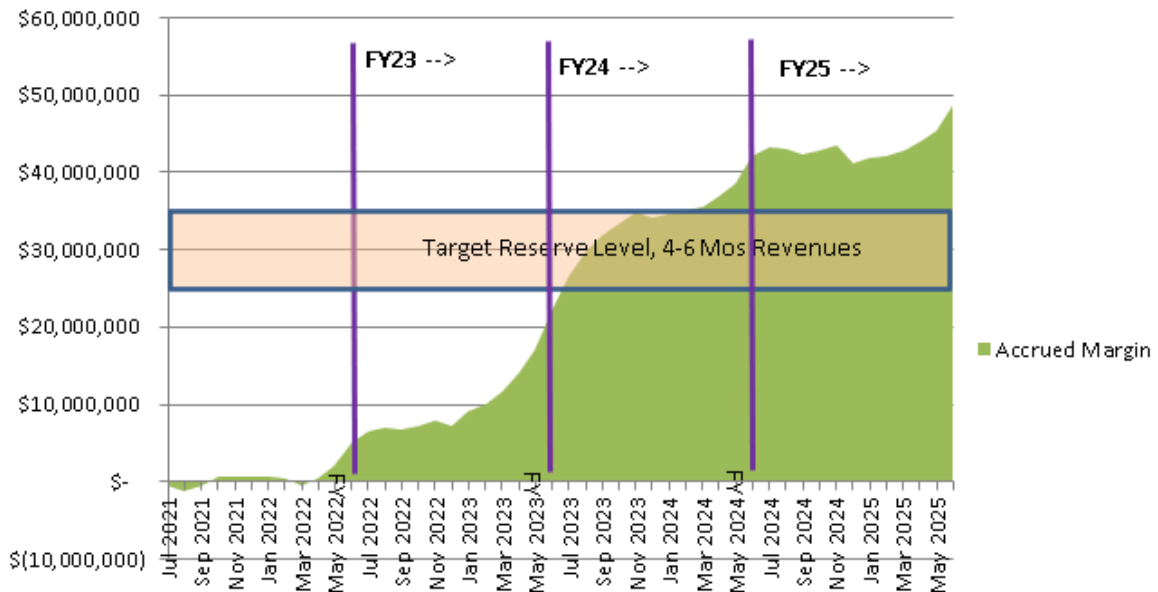
**Table 3**, Lines 2-7 show revenues and costs associated with PS CCA, as taken from the TEA financial model. Lines 10 - 18 show projected DCE non-power supply operating costs. Lines 13, 15 and 17 are assigned to PS only as a function of CCA operations. These costs include TEA and Calpine services, TEA credit fee, SCE billing charges, and programs that benefit just the customers of the City of Palm Springs. The net of credit draws, interest and fees associated with DCE's River City Bank revolving credit agreement are shown on Line 3. FY 2022/23 total power and operating costs of \$47,770,688 are approximately 8% above FY 2021/22 actuals, reflecting generally higher power market conditions due to COVID-19, poor hydro conditions, climate impacts and international energy market turmoil. Total FY 2022/23 revenue of \$65,029,128 reflects recent rate adjustments necessary to recover costs, respond to SCE rate actions and contribute to Board adopted reserve accumulation goals. It is important to note the FY 2022/23 budget results are accrual based and actual revenues and available reserves will fluctuate accordingly and differ from cash-on-hand. Actual revenue receipts can lag sales by as much as two months and are about \$8 million estimated on year-end FY2022/23. Line 22 in **Table 3** shows an estimated net amount available for reserves of approximately \$17 million; however, when adjusting for the revenue lag and considering the projected credit facility amount, actual cash on hand is estimated closer to \$10 million of that amount. The same logic is true for Cumulative Net Position as identified on line 95 in **Table 4**.

The following **Chart 2** shows DCE's accrued margins attained during the prior fiscal year and projected for FY 2022/23, FY 2023/24 and FY 2024/25. The recent negative margins, primarily due to increasing power supply costs and revenue lag, were partially offset utilizing credit arrangements with River City Bank and invoicing support from TEA. Commencing in FY 2022/23, DCE is projecting to accumulate positive reserves which may reach reserve policy target levels during FY 2023/24, adding to DCE's financial health and stability. DCE staff has held conversations with TEA regarding the credit support function it currently provides on behalf of DCE. While DCE is projected to be building reserves by the end of FY 2022/23, it is unlikely for DCE to be in a financial position to begin entering directly into credit agreements prior to FY 2023/24, at the earliest; therefore, to maintain a conservative approach, DCE staff is assuming

credit support function from TEA in FY2022/23 and will continue to reevaluate and keep the DCE Board informed.

**Chart 2**  
**Residual Margin and Reserves**

**DCE Projected Cumulative Reserves - Accrual**



**Fiscal Analysis:** The costs and revenues for DCE are outlined in the above and attached budget tables. The proposed budget incorporates multiple assumptions regarding CCA program participation, retail loads, wholesale supply cost, and economic impacts from the COVID-19 pandemic. Recent regulatory actions include the potential imposition of a substantial increase to DCE's (and other CCAs') Financial Security Requirement ("FSR"), which increase could be in the \$5 million range. DCE staff is currently assessing the most prudent manner to provide these additional depository funds and the DCE budget would be impacted accordingly. Additionally, SCE will likely submit additional rate changes over the period covered by this budget. DCE staff will actively monitor and report to the Board events which may materially alter expected budget results and as warranted, bring back to the Board any proposed budget revisions deemed prudent and necessary to maintain DCE Board policies and objectives.

**Attachments:**

1. Table 4: FY total budget for FY2021/22, proposed budget for FY2022/23, and projected estimates for FY2023/24 and FY2024/25. Monthly detail is included for FY 2022/23.
2. Table 5: DCE internal cost totals for FY2021/22, FY2022/23, and projected estimates for FY 2023/24 and FY2024/25. Monthly detail is included for FY 2022/23.
3. Resolution No. 2022-04 approving DCE's FY 2022/23 budget.

Table 4

## FY 2021/22 Total Budget and Projected Year-End Actuals; FY 2022/23 Proposed Budget by Month; and Projected FY 2023/24 and FY 2024/25 Budget Totals

FY2021/22 Total Budget and Projected Year-End Actuals; FY2022/23 Proposed Budget by Month; and Projected FY2023/24 and FY2024/25 Budget Totals																	
	FY2021/22 Budget <sup>1</sup>	FY2021/22 Projected Actuals	FY2022/23 Total	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Projected FY2023/24 Total	Projected FY2024/25 Total
<b>Load Particulars</b>																	
DCE Retail Load (MWh) net of opt-outs and losses	500,447	421,724	434,872	62,338	56,344	45,989	28,129	25,656	25,306	26,023	21,220	23,803	29,262	36,635	54,167	449,358	457,941
DCE Wholesale Load (MWh, retail load+ losses)	529,237	444,666	458,529	65,730	59,409	48,491	29,659	27,052	26,683	27,439	22,375	25,098	30,853	38,628	57,113	473,803	482,853
Estimated Distribution Losses (%)	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Losses (MWh)	28,790	35,156	23,657	3,391	3,065	2,502	1,530	1,396	1,377	1,416	1,154	1,295	1,592	1,993	2,947	24,445	24,912
<b>Revenue Particulars</b>																	
Gross Revenue	\$ 47,388,248	\$ 46,947,599	\$ 66,590,008	\$ 9,609,367	\$ 8,694,457	\$ 7,147,270	\$ 3,305,272	\$ 2,977,518	\$ 2,967,330	\$ 4,040,840	\$ 3,280,180	\$ 3,654,982	\$ 4,505,463	\$ 5,724,641	\$ 10,682,689	\$ 68,721,015	\$ 54,251,388
Less Uncollectable Accounts	\$ (1,624,164)	\$ 1,408,428	\$ (1,997,700)	\$ (288,281)	\$ (260,834)	\$ (214,418)	\$ (99,158)	\$ (89,336)	\$ (89,020)	\$ (121,225)	\$ (98,405)	\$ (109,649)	\$ (135,164)	\$ (171,739)	\$ (320,481)	\$ (2,061,630)	\$ (1,627,542)
Net DCE Total Retail Revenue	\$ 45,764,084	\$ 48,356,027	\$ 64,592,308	\$ 9,321,086	\$ 8,433,624	\$ 6,932,852	\$ 3,206,114	\$ 2,888,183	\$ 2,878,310	\$ 3,919,614	\$ 3,181,774	\$ 3,545,332	\$ 4,370,299	\$ 5,552,902	\$ 10,362,209	\$ 66,659,385	\$ 52,623,846
Average Monthly Revenue (\$/MWh)	\$ 91.45	\$ 114.66	\$ 148.53	\$ 149.52	\$ 149.68	\$ 150.75	\$ 113.98	\$ 112.57	\$ 113.74	\$ 150.62	\$ 149.94	\$ 148.95	\$ 149.35	\$ 151.57	\$ 191.30	\$ 148.34	\$ 114.91
Other Revenue	\$ 592,584	\$ 614,655	\$ 507,200	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 500,600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 258,400	\$ 259,000
Other Revenue Investment Income	\$ 592,584	\$ 609,655	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Accrual Monthly Revenues	\$ 46,356,668	\$ 48,970,682	\$ 65,099,508	\$ 9,321,686	\$ 8,434,224	\$ 6,933,452	\$ 3,206,714	\$ 2,888,793	\$ 2,878,910	\$ 4,420,214	\$ 3,182,374	\$ 3,545,932	\$ 4,370,899	\$ 5,553,502	\$ 10,362,809	\$ 66,917,785	\$ 52,882,846
<b>Total DCE Power Cost (w/o DCE Direct)</b>																	
Wholesale Power Supply (All Physical Components)	\$ 40,772,748	\$ 41,569,341	\$ 44,730,744	\$ 7,587,538	\$ 7,824,886	\$ 6,688,224	\$ 2,535,995	\$ 2,029,140	\$ 3,255,468	\$ 2,404,029	\$ 1,899,836	\$ 1,691,891	\$ 1,754,127	\$ 2,281,614	\$ 4,777,994	\$ 43,848,947	\$ 42,721,101
TEA Services	\$ 645,548	\$ 640,789	\$ 660,013	\$ 54,997	\$ 54,997	\$ 54,997	\$ 54,997	\$ 54,997	\$ 53,395	\$ 54,997	\$ 54,997	\$ 54,997	\$ 54,997	\$ 54,997	\$ 56,647	\$ 679,813	\$ 700,208
TEA Credit Support	\$ 535,894	\$ 544,127	\$ 528,909	\$ 71,595	\$ 65,274	\$ 54,356	\$ 35,524	\$ 32,917	\$ 32,548	\$ 33,304	\$ 28,240	\$ 30,963	\$ 36,718	\$ 44,493	\$ 62,978	\$ 544,183	\$ 518,043
TEA Interest <sup>2</sup>	\$ -	\$ 65,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calpine Data Management	\$ 577,297	\$ 442,744	\$ 441,158	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 36,763	\$ 441,158	\$ 441,158
SCE Billing Services	\$ 81,528	\$ 62,525	\$ 62,925	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,270	\$ 5,270	\$ 5,270	\$ 5,270	\$ 5,270	\$ 63,555	\$ 64,190
Total Wholesale Cost, Accrual (FiMo)	\$ 42,613,015	\$ 43,325,180	\$ 46,423,749	\$ 7,756,111	\$ 7,987,139	\$ 6,839,558	\$ 2,668,497	\$ 2,159,035	\$ 3,383,392	\$ 2,534,364	\$ 2,025,106	\$ 1,819,883	\$ 1,887,875	\$ 2,423,137	\$ 4,939,652	\$ 45,577,656	\$ 44,444,700
Average Wholesale Cost \$/MWh	\$ 85.15	\$ 102.73	\$ 106.75	\$ 124.42	\$ 141.76	\$ 148.72	\$ 94.87	\$ 84.15	\$ 133.70	\$ 97.39	\$ 95.43	\$ 76.46	\$ 64.52	\$ 66.14	\$ 91.19	\$ 101.43	\$ 97.05
<b>River City Bank Credit Facility</b>	<b>FY2021/22 Budget</b>	<b>FY2021/22 Total</b>	<b>FY2022/23 Total</b>	<b>Jul 2022</b>	<b>Aug 2022</b>	<b>Sep 2022</b>	<b>Oct 2022</b>	<b>Nov 2022</b>	<b>Dec 2022</b>	<b>Jan 2023</b>	<b>Feb 2023</b>	<b>Mar 2023</b>	<b>Apr 2023</b>	<b>May 2023</b>	<b>Jun 2023</b>	<b>FY2023/24 Total</b>	<b>FY2024/25 Total</b>
Related RCB Charges and Fees	\$ 18,789	\$ 74,462	\$ 70,380	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 5,865	\$ 70,380	\$ 35,190
Net RCB Credit Accrual	\$ (18,789)	\$ (74,462)	\$ (70,380)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (5,865)	\$ (70,380)	\$ (35,190)
<b>Estimated Operating Expenses</b>	<b>FY2021/22 Budget</b>	<b>FY2021/22 Total</b>	<b>FY2022/23 Total</b>	<b>Jul 2022</b>	<b>Aug 2022</b>	<b>Sep 2022</b>	<b>Oct 2022</b>	<b>Nov 2022</b>	<b>Dec 2022</b>	<b>Jan 2023</b>	<b>Feb 2023</b>	<b>Mar 2023</b>	<b>Apr 2023</b>	<b>May 2023</b>	<b>Jun 2023</b>	<b>FY2023/24 Total</b>	<b>FY2024/25 Total</b>
Total DCE Internal Operations Charges	\$ 1,005,669	\$ 939,656	\$ 1,346,939	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 112,245	\$ 1,447,959	\$ 1,556,556
DCE Internal, \$ / MWh	\$ 2.01	\$ 2.23	\$ 3.10	\$ 1.80	\$ 1.99	\$ 2.44	\$ 3.99	\$ 4.38	\$ 4.44	\$ 4.31	\$ 5.29	\$ 4.72	\$ 3.84	\$ 3.06	\$ 2.07	\$ 3.22	\$ 3.40
<b>Total Non Power Opr Exp (DCE + All Services)</b>	<b>\$ 2,845,936</b>	<b>\$ 2,695,495</b>	<b>\$ 3,039,945</b>	<b>\$ 280,817</b>	<b>\$ 274,497</b>	<b>\$ 263,579</b>	<b>\$ 244,747</b>	<b>\$ 242,139</b>	<b>\$ 240,169</b>	<b>\$ 242,579</b>	<b>\$ 237,515</b>	<b>\$ 240,238</b>	<b>\$ 245,993</b>	<b>\$ 253,768</b>	<b>\$ 273,903</b>	<b>\$ 3,176,669</b>	<b>\$ 3,280,155</b>
Operating Expenses \$/MWh	\$ 5.69	\$ 6.39	\$ 6.99	\$ 4.50	\$ 4.87	\$ 5.73	\$ 8.70	\$ 9.44	\$ 9.49	\$ 9.32	\$ 11.19	\$ 10.09	\$ 8.41	\$ 6.93	\$ 5.06	\$ 7.07	\$ 7.16
<b>Expected Accrual Results</b>		\$ -															
Revenues + Net RCB Credit Facility Impact	\$ 46,337,879	\$ 50,181,565	\$ 65,029,128	\$ 9,315,821	\$ 8,428,359	\$ 6,927,587	\$ 3,200,849	\$ 2,882,928	\$ 2,873,045	\$ 4,414,349	\$ 3,176,509	\$ 3,540,067	\$ 4,365,034	\$ 5,547,637	\$ 10,356,944	\$ 66,847,405	\$ 52,847,666
Power and Operations Costs	\$ 43,618,684	\$ 44,264,836	\$ 47,770,688	\$ 7,868,356	\$ 8,099,384	\$ 6,951,803	\$ 2,780,742	\$ 2,271,280	\$ 3,495,637	\$ 2,646,608	\$ 2,137,351	\$ 1,932,128	\$ 2,000,120	\$ 2,535,382	\$ 5,051,897	\$ 47,025,616	\$ 46,001,296
Net Margin Avail After Expenses - Accrual	\$ 2,719,195	\$ 5,916,408	\$ 17,258,439	\$ 1,447,465	\$ 328,975	\$ (24,216)	\$ 420,107	\$ 611,648	\$ (622,592)	\$ 1,767,741	\$ 1,039,158	\$ 1,607,939	\$ 2,364,914	\$ 3,012,255	\$ 5,305,046	\$ 19,863,389	\$ 6,846,400
Annual Cumulative Accrual Revenues	\$ 83,610,108	\$ 87,453,794	\$ 96,769,615	\$ 105,197,973	\$ 112,125,560	\$ 115,328,400	\$ 118,209,336	\$ 121,082,382	\$ 125,496,731	\$ 128,673,240	\$ 132,213,307	\$ 136,578,341	\$ 142,125,978	\$ 152,482,922	\$ 162,839,868	\$ 219,330,326	\$ 272,177,983
Annual Cumulative Accrual Power and Operations Cost	\$ 81,679,690	\$ 82,387,330	\$ 90,235,686	\$ 98,335,069	\$ 105,286,872	\$ 108,067,614	\$ 110,338,894	\$ 113,834,531	\$ 116,481,139	\$ 118,618,490	\$ 120,550,619	\$ 122,550,739	\$ 125,086,121	\$ 130,138,018	\$ 137,163,634	\$ 177,163,634	\$ 223,164,800
Cumulative Net Position - Accrual	\$ 1,930,418	\$ 5,066,464	\$ -	\$ 6,533,929	\$ 6,862,904	\$ 6,838,688	\$ 7,258,795	\$ 7,870,443	\$ 7,247,851	\$ 9,015,892	\$ 10,054,750	\$ 11,662,689	\$ 14,027,603	\$ 17,039,867	\$ 22,344,903	\$ 42,166,693	\$ 49,013,093

<sup>1</sup> Certain budget line items have been regrouped for presentation purposes and as a means to integrate budget-to-actual reporting capabilities. This consolidating of categories for presentation purposes did not have an effect on the total approved budget.

<sup>2</sup> This line item represents an unbudgeted expenditure related to payment of interest on outstanding invoices for procurement by TEA prior to the credit agreement with River City Bank and is not anticipated or budgeted in FY 2022/23.

Table 4 includes DCE's internal costs and expenses, which are displayed in greater detail on Table 5. Also note the budget is constructed using projected revenues and costs as accrued, and that reserve accumulation and actual cash on hand may be substantially affected by revenue receipts which can lag actual power sales by up to two months.

**Table 5**  
**FY 2021/22 Total Budget and Projected Year-End Actuals; FY 2022/23 Proposed Budget by Month; and Projected FY 2023/24 and FY 2024/25 Budget Totals**

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**DCE Internal Budget Costs**

Estimated Operating Expenses	FY2021/22 Budget	FY2021/22 Total	FY2022/23 Total	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	FY2023/24 Total	FY2024/25 Total
DCE Positions (Accessed via CVAG) Salary and Benefits	\$ 455,390	\$ 449,764	\$ 652,248	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 54,354	\$ 701,167	\$ 753,755
Total Salaries	\$ 344,104	\$ 339,853	\$ 494,708	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 41,226	\$ 531,811	\$ 571,697
Total Benefits	\$ 111,286	\$ 109,912	\$ 157,541	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 13,128	\$ 169,356	\$ 182,058
Contracts and Contract Labor (not incl. elsewhere)	\$ 126,293	\$ 120,239	\$ 129,256	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 10,771	\$ 138,951	\$ 149,372
4425 - Legal Services	\$ 91,286	\$ 82,387	\$ 88,566	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 7,380	\$ 95,208	\$ 102,349
4431 - Professional Services	\$ 7,800	\$ 10,352	\$ 11,128	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 11,963	\$ 12,860
4432 - Consultants (w/o TEA, Calpine, SCE)	\$ 27,207	\$ 27,500	\$ 29,563	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 31,780	\$ 34,163
CVAG Related Support	\$ 69,216	\$ 111,824	\$ 103,989	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 8,666	\$ 111,788	\$ 120,172
Office Operations	\$ 16,072	\$ 15,428	\$ 38,559	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 3,213	\$ 41,451	\$ 44,560
Meeting Attendance Stipends	\$ 1,551	\$ 1,760	\$ 2,408	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 2,589	\$ 2,783
Employee Travel or Training	\$ 12,360	\$ 3,577	\$ 6,906	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 576	\$ 7,424	\$ 7,981
Facility Expenses	\$ 34,330	\$ 41,099	\$ 38,629	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 3,219	\$ 41,527	\$ 44,641
Professional Services	\$ 4,903	\$ 49,960	\$ 17,486	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457	\$ 18,797	\$ 20,207
Retail Business Support Activities	\$ 30,554	\$ 47,318	\$ 50,866	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	\$ 54,681	\$ 58,783
4200 - Accounting / Bank Services	\$ 23,344	\$ 37,966	\$ 40,813	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 3,401	\$ 43,874	\$ 47,165
4353 - Insurance	\$ 7,210	\$ 9,352	\$ 10,053	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 838	\$ 10,807	\$ 11,618
DCE Programs	\$ 75,360	\$ 26,279	\$ 125,000	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 134,375	\$ 144,453
4455 - Customer Programs	\$ 75,360	\$ 26,279	\$ 125,000	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 134,375	\$ 144,453
Office Supplies and Other Expenses	\$ 158,856	\$ 184,233	\$ 285,579	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 23,798	\$ 306,997	\$ 330,022
4433 - Outreach Services	\$ 40,020	\$ 42,532	\$ 133,250	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 11,104	\$ 143,244	\$ 153,987
4435 - Technology Costs (IT)	\$ 9,970	\$ 1,863	\$ 2,002	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 2,153	\$ 2,314
4440 - Postage	\$ 6,617	\$ 17,745	\$ 19,076	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 20,506	\$ 22,044
4441 - Printing	\$ 8,088	\$ 20,550	\$ 22,092	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 1,841	\$ 23,749	\$ 25,530
4500 - Registrations/Memberships	\$ 86,746	\$ 101,543	\$ 109,159	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 9,097	\$ 117,346	\$ 126,147
Miscellaneous Expenses <sup>3</sup>	\$ 7,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency <sup>3</sup>	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total DCE Internal Operations Charges</b>	<b>\$ 1,005,669</b>	<b>\$ 939,656</b>	<b>\$ 1,346,939</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 112,245</b>	<b>\$ 1,447,959</b>	<b>\$ 1,556,556</b>
<b>DCE Internal, \$ / MWh</b>	<b>\$ 2.01</b>	<b>\$ 2.23</b>	<b>\$ 3.10</b>	<b>\$ 1.80</b>	<b>\$ 1.99</b>	<b>\$ 2.44</b>	<b>\$ 3.99</b>	<b>\$ 4.38</b>	<b>\$ 4.44</b>	<b>\$ 4.31</b>	<b>\$ 5.29</b>	<b>\$ 4.72</b>	<b>\$ 3.84</b>	<b>\$ 3.06</b>	<b>\$ 2.07</b>	<b>\$ 3.22</b>	<b>\$ 3.40</b>

<sup>3</sup> Blanket contingency and miscellaneous expense lines have been removed from the FY 2022/23 budget as expenses were evaluated on a budget-line basis and represent anticipated increased costs.



**RESOLUTION NO. 2022-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
DESERT COMMUNITY ENERGY  
ADOPTING FISCAL YEAR 2022/23 ANNUAL BUDGET**

THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

**WHEREAS**, Desert Community Energy ("DCE") is a joint powers authority established on October 30, 2017 for the purpose of implementing community choice aggregation programs under Public Utilities Code Section 366.2.0; and

**WHEREAS**, under Section 5.3.1 of the DCE Joint Powers Agreement the Board of Directors is to approve an annual budget by June 30<sup>th</sup> of each year for the next following fiscal year; and

**WHEREAS**, this budget pertains to Fiscal Year July 1, 2022, through June 30, 2023; and

**WHEREAS**, this budget provides guidelines to allocate DCE costs and revenues between Members with and without an active CCA program; and

**WHEREAS**, the DCE Fiscal Year 2022/23 Budget was presented to the Board of Directors at a duly noticed public meeting for its consideration and adoption.

**NOW THEREFORE**, the Board of Directors ("Board") of Desert Community Energy does hereby resolve, determine, and order as follows:

1. The Board of Directors hereby adopts the DCE Fiscal Year 2022/23 Budget.

**ADOPTED AND APPROVED** by the Board of Directors of Desert Community Energy on this 29th day of June 2022.

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Geoff Kors  
Chair, Desert Community Energy

Attest:

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Tom Kirk  
Secretary, Desert Community Energy

## **ITEM 7B**

### **Desert Community Energy Board June 29, 2022**



#### **STAFF REPORT**

**Subject:** First Amendment to Credit Agreement with River City Bank

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

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**Recommendation:** Adopt Resolution 2022-05, approving the First Amendment to Credit Agreement with River City Bank for an increased total not to exceed \$13,000,000, and authorize the Executive Director, in consultation with Legal Counsel, to take the necessary steps to finalize and execute the credit agreement amendment and related documents

**Background:** At the January 10, 2022, meeting, the DCE Board of Directors authorized the Executive Director to negotiate and execute a Credit Facility with River City Bank (RCB) for an amount not to exceed \$8,000,000 for three years in order to help DCE address short-term working capital requirements. DCE entered into the revolving line of credit agreement (Credit Agreement) on February 11, 2022. As of May 31, 2022, there is an outstanding balance of \$3.4 million.

Under the rules of the California Public Utilities Commission (CPUC), CCAs such as DCE must post a financial security requirement (FSR) with the Investor-Owned Utility (IOU) that serves them to cover increased costs the IOU may incur should there be an involuntary return of the CCA's customers to the IOU because the CCA is no longer able to serve those customers. The FSR is recalculated each May 10 and November 10, with the FSR to be posted by the following July 1 and January 1. DCE is served by Southern California Edison (SCE), and the FSR is calculated according to SCE's Rule 23, its tariff for CCAs in its service territory.

DCE's required FSR posting has been the minimum, currently \$147,000, and that amount was expected to continue when DCE arranged for the Credit Agreement for up to \$8 million. However, on May 10, SCE filed with the CPUC an Advice Letter informing DCE and the other CCAs in its territory of very large increases in their FSRs to be posted by July 1 for the period through December 31, 2022. According to SCE's May 10 filing, DCE's FSR would increase to almost \$5.2 million, and the total FSR for the CCAs in SCE territory is estimated at in excess of \$120 million. The direct cause of this sudden astronomic increase in the FSR amount is higher forecast wholesale energy prices during the six-month forward period of June – November 2022. In its FSR calculation SCE relied on forward electricity prices quoted in April 2022, which were much higher than the March 2022 forward prices. The spike in forward prices is partly due to the Russian invasion of Ukraine and its direct effect on the worldwide price for natural gas, which is the benchmark for electricity prices.

Through its legal counsel, DCE filed a protest letter with the CPUC on May 31, 2022 to contest SCE's FSR calculation as being inconsistent with CPUC decisions and SCE Rule 23. DCE also asked the CPUC to require SCE to base its FSR calculation on the March 2022 forward energy process, to be consistent with the FSR calculations the other two IOUs, Pacific Gas & Electric and San Diego Gas & Electric, used for the CCAs in their service territories. Had SCE used the March prices, DCE's FSR posting for the period of July 1 to December 31, 2022, would have remained at \$147,000.

DCE is working with California Community Choice Association (CalCCA), the trade association for the CCAs, which also filed a protest letter, as did Orange County Power Authority, which is another CCA in SCE territory. In response to these protest letters, SCE agreed in a June 7 filing that it had misapplied its Rule 23 tariff and lowered DCE's total FSR to approximately \$4.5 million. CalCCA is also party to a CPUC proceeding to reform the FSR calculation methodologies that may remove some of their current volatility. A decision in that proceeding is not expected until the first part of 2023.

On June 9, the CPUC Energy Division staff suspended SCE's Advice Letter until October 6, 2022, for further consideration by the CPUC of the arguments raised by the parties. However, the Energy Division staff could act on the Advice Letter before then. If the protest letter is ultimately unsuccessful, SCE's proposed new FSR for DCE, together with expected drawings under the Credit Agreement with RCB during the FSR period of July – December 2022, would require DCE to exceed the existing Credit Agreement's \$8 million commitment limit. Accordingly, DCE staff requested from RCB an increase in the Credit Agreement commitment from \$8 million to \$13 million. RCB has agreed to offer a \$5 million increase to DCE's Credit Agreement, under a First Amendment to Credit Agreement (First Amendment) to be used specifically for the issuance of standby letters of credit such as the FSR. RCB will structure the line with an \$8 million cash advance sublimit (equal to the existing commitment), and up to \$13 million can be used for letters of credit. Any existing cash advances and letters of credit issued under the line will reduce the available commitment.

RCB requires that the increased commitment of up to \$13 million be covered by the Guaranty of the City of Palm Springs, approved by the Palm Springs City Council on January 27, 2022 for the original Credit Agreement. The Guaranty also states that any amendment of the Credit Agreement that would increase the amount of the commitment requires the prior written consent of the City as guarantor. DCE staff is working with City staff to complete the necessary documents for its Consent and Reaffirmation of Guaranty consenting to the increase in the commitment from \$8 million to \$13 million. A resolution from the Palm Springs City Council for approval of the Consent and Reaffirmation of Guaranty is required and was approved by the Council at its June 16 meeting.

DCE staff is recommending that the Board of Directors adopt Resolution 2022-05 to delegate authority to the DCE Executive Director, in consultation with General Counsel, to negotiate, finalize and execute the First Amendment with RCB and an Amended and Restated Revolving Credit Promissory Note (Promissory Note) and Letter of Credit Note in favor of SCE for the required FSR amount (Credit Note), together with such changes as may be deemed necessary or appropriate upon advice from the General Counsel and DCE's advisors. This delegation is requested due to the time-sensitive nature of negotiations. Drafts of these documents provided by RCB are attached to this staff report.

**Fiscal Analysis:** Under the terms of the First Amendment offered by RCB, a line of credit of up to \$13 million with an \$8 million cash advance sublimit for three years would be available to help DCE address short-term working capital requirements and its FSR obligations to SCE. The line of credit will be secured by Consent and Reaffirmation of Guaranty from the City of Palm Springs. The interest on the line of credit is floating at the three-month US Treasury ("UST") bill yield plus 1.75 percent. The three-month UST bill yield was 1.12 percent at close of trading hours on June 1, 2022, indicating an all-in rate of 2.87 percent. The debt service payments and fees under the Credit Agreement as modified by the First Amendment are incorporated into the Fiscal Year 2022/2023 budget.

While standby letters of credit such as the FSR reduce the Credit Agreement availability, there is no interest accrual on the letter of credit commitment as long as the letter of credit remains

undrawn. However, under the terms of the Credit Agreement, RCB charges various fees for issuance of a letter of credit. Assuming DCE were required to post the \$4.5 million FSR requested by SCE for the period of October – December 2022, the RCB fees would be approximately \$35,000. This amount is also incorporated into the Fiscal Year 2022/2023 budget.

**Attachments:**

1. Resolution 2022-05
2. First Amendment to Credit Agreement with River City Bank
3. Amended and Restated Revolving Credit Promissory Note
4. Letter of Credit Note in favor of SCE

## **RESOLUTION NUMBER 2022-05**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY APPROVING AN AMENDED CREDIT FACILITY AND AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE RELATED AGREEMENTS**

**WHEREAS**, Desert Community Energy (DCE) is a joint powers authority established on October 30, 2017 for the purpose of implementing community choice aggregation programs under Public Utilities Code Section 366.2.0; and

**WHEREAS**, Desert Community Energy (“DCE”) entered into a Credit Agreement with River City Bank (“RCB”) to provide a Commercial Revolving Line of Credit for working capital in the amount of up to \$8,000,000 on February 11, 2022; and

**WHEREAS**, DCE may be required to post a letter of credit of up to \$5 million in collateral for the benefit of Southern California Edison to satisfy regulatory requirements imposed by the California Public Utilities Commission and has negotiated an increase in the amount available under the Credit Agreement to \$13,000,000 to allow for such posting pursuant to that certain draft First Amendment to Credit Agreement, Amended and Restated Revolving Credit Note and Letter of Credit Note with RCB (collectively, the “Revised Loan Documents”), and

**WHEREAS**, the increased line of credit under the Credit Agreement, as modified by the Revised Loan Documents, will continue to be secured by an unconditional guaranty of all obligations of DCE as borrower from the City of Palm Springs; and

**WHEREAS**, the DCE Board of Directors desires to delegate authority to the Executive Director and General Counsel to finalize and execute Revised Loan Documents with RCB in satisfaction of DCE’s additional credit requirements, consistent with the terms and conditions set forth in the Credit Agreement, as amended by the Revised Loan Documents, and pending approval of a Consent and Reaffirmation of Guaranty from the City of Palm Springs;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of DCE as follows:

1. The Board of Directors has reviewed the Revised Loan Documents and the recommendations of DCE staff and legal counsel and has determined that the recitals herein are true and correct.
2. The expanded line of credit of \$13,000,000, as documented in the Revised Loan Documents, is hereby approved, together with such changes and additions as the Executive Officer and General Counsel may deem necessary, appropriate or advisable, for the performance of DCE’s obligations thereunder and the consummation of the transactions contemplated thereby be, and are hereby, approved.
3. The Board of Directors hereby authorizes the Executive Director, or his designee, with the advice of legal counsel, to finalize and execute the Revised Loan Documents, as well as any documents ancillary thereto.
4. This Resolution shall be effective immediately upon approval by the Board of Directors.

**PASSED AND ADOPTED** by the Board of Directors of Desert Community Energy on this 29<sup>th</sup> day of June, 2022.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Geoff Kors  
Chair, Desert Community Energy

Attest:

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Tom Kirk  
Secretary, Desert Community Energy

Approved as to form:

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Glen Price  
DCE Legal Counsel

## FIRST AMENDMENT TO CREDIT AGREEMENT

This First Amendment to Credit Agreement (this “*Amendment*”) is entered into as of June \_\_\_, 2022, by and between **DESERT COMMUNITY ENERGY**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“*Borrower*”), and **RIVER CITY BANK**, a California corporation (“*Lender*”).

### 1. Background and Purpose.

1.1 Lender and Borrower have entered into a revolving credit facility as set forth in that certain Credit Agreement (the “*Credit Agreement*”) dated as of February 11, 2022. Capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

1.2 Borrower has requested certain modifications of the Credit Agreement. Lender is willing to grant Borrower’s request, on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual benefits of the parties hereto and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### 2. Amendment of Credit Agreement. The Credit Agreement is hereby amended as follows:

2.1 Revolving Credit Commitment. The Revolving Credit Commitment is hereby increased from \$8,000,000.00 to \$13,000,000.00; provided, however, that Working Capital Advances shall be subject to a sublimit of \$8,000,000.00. In no event will Borrower be entitled to request Working Capital Advances in an aggregate amount in excess of \$8,000,000.00 outstanding at any time. The term “Promissory Note” as used in the Credit Agreement is hereby amended to mean that certain Amended and Restated Revolving Credit Promissory Note dated as of the date of this Amendment, made by Borrower and payable to the order of Lender in the original principal amount of \$13,000,000.00.

2.2 Letter of Credit Increase. The Irrevocable Non-Transferable Standby Letter of Credit No. SLCPDX08105 issued December 7, 2020, for the benefit of Southern California Edison Company, will be increased from \$147,000.00 to \$5,192,792.00 and will no longer be cash secured; rather it will be deemed a Letter of Credit Advance under the Revolving Credit and subject to the terms and conditions of the Credit Agreement.

### 3. Conditions Precedent. The effectiveness of this Amendment is expressly conditioned upon the satisfaction of all of the following conditions:

3.1 Documents. Borrower shall have executed (if applicable) and Lender shall have received all of the following documents:

- (a) this Amendment, the Amended and Restated Revolving Credit Promissory Note, and the Letter of Credit Note, in the form provided herewith;

- (b) the Consent and Reaffirmation of Guaranty in the form provided herewith, duly executed by Guarantor;
- (c) a favorable written legal opinion from Borrower's counsel as to power and authority of Borrower to enter into this Amendment and perform its Obligations under the Credit Agreement, as amended; the power and authority of Guarantor to enter into Consent and Reaffirmation of Guaranty and perform its Obligations under the Guaranty, as amended; and the due execution, validity and enforceability of this Amendment and the Consent and Reaffirmation of Guaranty; and
- (d) such other documents, instruments and agreements as Lender may reasonably request.

3.2 Fees and Costs. Lender shall have received, in immediately available funds, payment of all fees and costs listed on the Invoice provided herewith.

3.3 Representations and Warranties. All representations and warranties contained herein shall be true and correct in all material respects, and no Default or Event of Default shall have occurred and be continuing.

4. Representations and Warranties. By signing this Amendment, Borrower hereby represents and warrants that (a) all representations and warranties in the Credit Agreement are true and correct in all material respects as of the date hereof, (b) Borrower is duly authorized to enter into this Amendment, and (c) no Default or Event of Default has occurred or is continuing under the Credit Agreement.

5. Continuing Validity. Except as expressly modified by this Amendment, the terms of the original Credit Agreement remain unchanged and in full force and effect. Consent by Lender to this Amendment does not waive Lender's right to strict performance of the Credit Agreement as modified, nor obligate Lender to make any future amendments.



IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the first date written above.

**BORROWER:**

DESERT COMMUNITY ENERGY

By: \_\_\_\_\_  
Thomas Kirk  
Executive Director

**LENDER:**

RIVER CITY BANK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## AMENDED AND RESTATED REVOLVING CREDIT PROMISSORY NOTE

\$13,000,000.00

June \_\_, 2022

FOR VALUE RECEIVED, **DESERT COMMUNITY ENERGY**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of up to THIRTEEN MILLION and No/100 DOLLARS (\$13,000,000.00), pursuant to the terms of that certain Credit Agreement (as amended, the "*Credit Agreement*") dated as of February 11, 2022, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Amended and Restated Revolving Credit Promissory Note (this "*Note*") shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Payment Terms. Borrower agrees to pay monthly payments of interest only on the unpaid principal balance of this Note as of each Payment Date beginning on July 1, 2022, with all subsequent payments due and payable on each Payment Date thereafter as provided in Section 3 of the Credit Agreement. Interest will accrue prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

Maturity Date. The outstanding principal balance of this Note and all accrued but unpaid interest thereon shall be due and payable in full on the Revolving Credit Termination Date. Under the terms of the Credit Agreement and subject to the conditions set forth therein, Borrower may request that any Working Capital Advances outstanding under this Note be converted into a Term Loan evidenced by a Term Note.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 11.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all Advances and all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

**Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.**

DESERT COMMUNITY ENERGY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

## LETTER OF CREDIT NOTE

\$5,192,792.00

Date: June \_\_, 2022

FOR VALUE RECEIVED, **DESERT COMMUNITY ENERGY**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of FIVE MILLION ONE HUNDRED NINETY TWO THOUSAND SEVEN HUNDRED NINETY TWO AND NO/100 DOLLARS (\$5,192,792.00,) pursuant to the terms of that certain Credit Agreement (as amended, the "*Credit Agreement*") dated as of February 11, 2022, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Letter of Credit Note (this "*Note*") shall be made to Lender at its address specified in the Credit Agreement or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

**Letter of Credit.** This Note is executed in connection with a Letter of Credit (as amended, the "*Letter of Credit*") issued by US Bank, N.A. ("*Issuing Bank*") on December 7, 2020, in favor of Southern California Edison Company (as Beneficiary) and identified as number: SLCPPDX08105, as amended by Amendment No. 1 dated June \_\_, 2022, increasing the amount of the Letter of Credit from \$147,000.00 to \$5,192,792.00. This Note restates and replaces that certain Promissory Note dated December 2, 2020, made by Borrower and payable to the order of Lender in the original principal amount of \$147,000.00.

**Draw or Demand under the Letter of Credit.** Borrower directs and authorizes Lender to immediately advance funds under this Note to repay in full any demand or draw request form Beneficiary under the Letter of Credit (the "*Disbursement*").

**Payment Terms.** Borrower agrees to pay any Disbursement immediately upon demand from Lender and in no event less than three (3) calendar days from the date of the Disbursement (the "*Demand Date*"). From the date of the Disbursement to the Demand Date, Borrower shall pay interest only on the unpaid principal balance of this Note (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after the Demand Date (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

**Maturity Date.** The repayment obligations from Borrower to Lender under this Note shall remain in full force and effect until the original Letter of Credit including any and all amendments is surrendered to Issuing Bank undrawn and cancelled to the satisfaction of Issuing Bank.

**Credit Agreement and Cash Collateral.** Borrower shall provide Cash Collateral to Lender with a value of not less than 110% of the stated principal amount of this Note upon the occurrence of any of the events described in Section 4.4 of the Credit Agreement.

**Default and Acceleration.** Upon the occurrence of any Event of Default described in Section 11.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all Advances and all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

**Miscellaneous.** This Note and the holder hereof are entitled to all of the rights and benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

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**Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.**

DESERT COMMUNITY ENERGY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Desert Community Energy Board**  
**June 29, 2022**



**STAFF REPORT**

**Subject:** DCE Renewable Energy Procurement and SCE's PCIA Voluntary Allocation

**Contact:** David Freedman, Program Manager ([dfreedman@cvag.org](mailto:dfreedman@cvag.org)) and  
Jaclyn Harr, The Energy Authority

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**Recommendation:** Approve a voluntary allocation of Southern California Edison's Power Charge Indifference Adjustment Long-Term Renewable Energy Portfolio and authorize the Executive Director to execute the Voluntary Allocation Election Form

**Background:** DCE customers reimburse Southern California Edison (SCE) for above-market costs of the energy resources procured on behalf of those customers, including renewable energy contracts, through the Power Charge Indifference Adjustment (PCIA) or "exit fee." In the past, DCE customers paid for these above market costs through the PCIA, but DCE was not able to count the PCIA resources in its portfolio. In 2021, the California Public Utilities Commission (CPUC) ordered the Investor-Owned Utilities (IOUs) to offer PCIA-paying load-serving entities (LSEs) like DCE voluntary allocations of PCIA-eligible renewable resources, and then sell any unallocated resources through an annual Market Offer process. This program is referred to as the Voluntary Allocation & Market Offer (VAMO) process. DCE now has an opportunity to secure allocations of PCIA-eligible renewable resources from SCE. DCE would pay the annual Market Price Benchmark (MPB) for resources allocated through this process. This MPB fluctuates in any given year and is the benchmark used to set the renewable energy portion of the PCIA.

In order to secure voluntary allocations, DCE must participate in SCE's enrollment process by providing a Voluntary Allocation Election Form by July 1, 2022 and then entering into a voluntary allocation agreement by July 29, 2022. A portion of the PCIA-eligible renewable energy resources includes long-term contracts (meaning they have at least 10 years in the remaining term). Per DCE's Energy Risk Management Policy, any power purchase transactions greater than two years require approval by the Board.

With this item, DCE staff is providing details on the enrollment process, an overview of the options that have been reviewed and a recommended approach in the voluntary allocation election. If approved by the Board, staff will return to the Board of Directors in July with a Voluntary Allocation Agreement to complete the process.

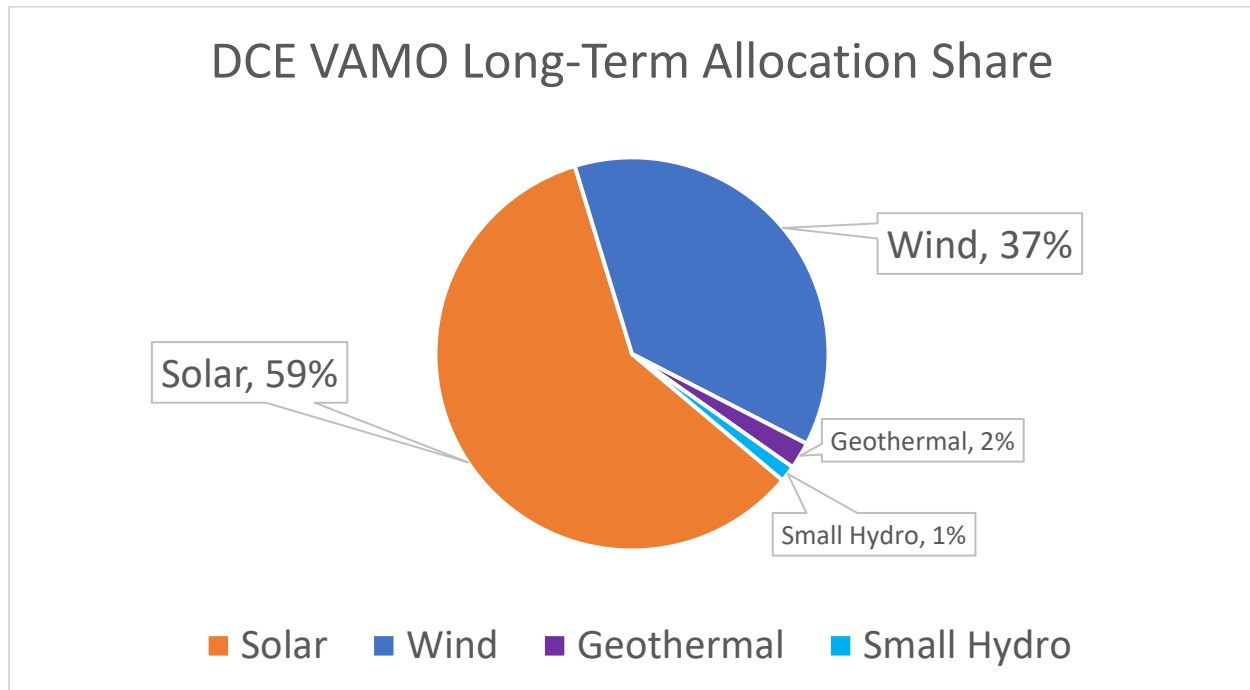
*Voluntary Allocation Portfolio Overview*

DCE has the option to receive allocations from the SCE PCIA renewable portfolio based on DCE's most recent annual load share. SCE provided DCE with a list of contracts and an indicative forecast of each resource's generation output that would be available to DCE.<sup>1</sup> The long-term resources are comprised primarily of solar and wind, as shown below:

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<sup>1</sup> The allocation forecast data is confidential, therefore DCE is only presenting aggregated data in this staff report.

## Long-Term Voluntary Allocation Portfolio – Resource Type and Percentage of Total Portfolio



The portfolio only includes Renewable Portfolio Standard (RPS)-eligible renewable energy and does not include any nuclear or fossil fuel resources. The PCIA renewable allocation is comprised of renewable energy resources but does not include Resource Adequacy (RA) value or deliver an energy hedge for DCE.

### *Voluntary Allocation & Market Offer (VAMO) Process*

There are many key features to the Voluntary Allocation Process:

- DCE may elect its allocation in 10% increments of its total allowable allocation (e.g., 0%, 10%, 20%, 30%... up to 100%), in three separate categories, as described in the below table:

Category	Description of Resources in Final Load Share Allocations
A	<b>Short-term load share resources</b> - less than 10 years remaining on the contracts with allocations for 2023 and 2024 only
B	<b>Long-term load share resources</b> - 10 years or longer remaining on the contracts with allocations for the remainder of the term of the contract <i>but excluding utility-owned generation or evergreen contracts (i.e., without an end to the term)</i>



<b>C</b>	<b>Additional long-term load share resources</b> - 10 years or longer remaining on the contracts with allocations for 2023 and 2024 only
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As a condition to making an election of Category C resources, DCE must first elect 100% of its Category A short-term load share. If does not intend to accept any Category C resources, then it is not required to elect 100% of its Category A short-term load share.

The total of the long-term load share allocations accepted by DCE may not exceed the amount of short-term and long-term resources in the final load share allocations. Specifically, DCE's combined elections of Category B and Category C, both for long-term resources, cannot exceed 100%. Similarly, DCE's election of Category A for short-term resources cannot exceed 100%.

- DCE will pay for the delivered renewable energy at the Market Price Benchmark, which is representative of the current market value of renewables in any given year.
- If DCE elects an allocation, SCE will continue to remain the counterparty of the resource contracts (i.e., the contracts are not assigned to DCE and DCE will not take on the obligations of the contract).
- If DCE chooses to receive a Category B long-term allocation, the allocation commitment will span the full term of the underlying contracts. The longest contract term in the portfolio extends through 2040.
- Once the allocation is transferred to DCE, DCE may resell the renewable energy.
- Allocations will be offered once per RPS Compliance Period, which is currently in California RPS Compliance Period 4 (2021-2024). The next opportunity to receive an allocation will be in 2024 for the 2025-2027 Compliance Period.

SCE will sell any remaining allocations not taken by LSEs to the market through the Market Offer process, which will be carried out by the end of 2022. DCE may participate in this Market Offer process to secure additional renewable energy not already elected for allocation. Staff will review with TEA Market Offer opportunities and will bring any purchase recommendations to the Board for consideration. Any unsold volumes in the Market Offer will remain with SCE for the benefit of their customers despite their above market costs being paid for by DCE customers through the PCIA.

### *Rationale For Electing Allocations*

There are several reasons why electing allocations is beneficial for DCE customers:

- DCE has a large and growing renewable energy demand, for which DCE will need to procure supply. The renewable allocations will be particularly helpful in the near term to help meet the additional renewable energy demand caused by DCE's default product being 100% carbon free.
- Pursuant to SB 350, DCE is subject to long-term contracting requirements.<sup>2</sup> While DCE has already met and exceeded these requirements with resources already under contract to come online through 2024, there is a risk that DCE could miss its compliance

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<sup>2</sup> 65% of DCE's RPS compliance requirement must be met with contracts that are 10 years or longer in term.

requirement for the 2021-2024 period due to project delays or failures. Electing additional long-term contracts from the PCIA renewable portfolio that will start delivering renewable energy to DCE starting in 2023 will mitigate this compliance risk.

- Allocations that remain in SCE's portfolio (i.e., not obtained by DCE and other LSEs) will only benefit SCE's customers.
- While electing allocations is beneficial to DCE, allocations of these existing resources will effectively reduce DCE's demand for new-build renewables. Therefore, the selection of allocations must be balanced with DCE's priority of expanding the availability of new renewable and clean energy resources on California's grid.

### *Voluntary Allocation Recommendation*

On June 9, 2022, The Energy Authority (TEA) presented DCE staff with allocation election options. Staff supported TEA's recommendation to take a 0% allocation of short-term load share resources (Category A), 100% allocation of long-term load share resources (Category B), and 0% allocation of additional long-term load share resources (Category C). This recommendation would help ensure DCE meets its SB 350 long-term contracting requirement in the 2021-2024 RPS Compliance Period. It also minimizes volume of PCIA resources at risk of being stranded in the Market Offer process. It allows room for DCE to do additional procurement of new build renewable resources. And, notably, unbundled RECs<sup>3</sup> make up a very small portion of the long-term portfolio.

Should DCE seek to secure additional long-term renewable allocation, the next 2024 VAMO process will be another opportunity for DCE to obtain these resources.

With this item, DCE staff recommends approval of the voluntary allocation election recommended by TEA for the reasons described above. The voluntary allocation will be secured via the Voluntary Allocation Agreement to be executed by DCE and SCE. SCE has filed its Standard Voluntary Allocation Pro Forma Contract with the CPUC and is awaiting CPUC approval, which is expected to occur at the CPUC's June 23 Voting Meeting. Upon approval of this item, DCE staff, TEA and DCE's legal counsel will review the Voluntary Allocation Agreement and will bring it to the Board for approval at the July 18 meeting.

**Fiscal Analysis:** The costs associated with determining the recommended allocation are covered under the existing TEA contract and staff time. DCE expects the cost of this procurement to average \$2 million per annum. Given the nature of the product being contracted for, this cost would likely be a subset of currently expected renewable and carbon free procurement.

### **Attachment:**

SCE Voluntary Allocation Election Form

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<sup>3</sup> Unbundled RECs or "PCC3 RECs" are low-value renewable energy credits and are not associated with direct energy delivery. The state's RPS rules permit up to 10% of renewable resources to be provided through PCC3 RECs.

**Southern California Edison**  
**2022 PCIA Voluntary Allocation Election Form**

**Instructions**

- Indicate your elections of the final load share allocations SCE provided to you which you intend to accept in the table below.
- Elections must be provided in 10% increments for each of the three Categories A, B, and C below.
- A percentage election must be entered for all three categories in below, and none of the fields below may be left blank.
- If you do not intend to accept any portion of your load share allocations for one or more categories, then enter "0" for each such category in the relevant cell.
- SCE will prepare a Voluntary Allocation Agreement between SCE and you using the information you provide in this form.

**Requirements and Conditions to Making Elections**

1. As a condition to making an election of Category C resources, you must first elect 100% of your Category A short-term load share.
  - a. If you do not intend to accept any Category C resources, then you are not required to elect 100% of your Category A short-term load share.
2. The total of the long-term load share allocations accepted by you may not exceed the amount of short-term and long-term resources in the final load share allocations.
  - a. Specifically, your combined elections of Category B and Category C, both for long-term resources, cannot exceed 100%.
  - b. Similarly, your election of Category A for short-term resources cannot exceed 100%.

**Notes**

- This election form is due by Friday, 5/27/2022 5 pm
- Please provide your name, title, e-mail, and submittal date to acknowledge that your voluntary allocation elections are final.
- Elections made in this Form are binding and may not be modified after submittal.

<b>Contract Participant Name:</b> <i>(As it should appear on the Voluntary Allocation Agreement)</i>	
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Category	Election, %	Description of Resources in Final Load Share Allocations
<u>A</u>		<u>Short-term load share resources</u> - less than 10 years remaining on the contracts with allocations for 2023 and 2024 only)
<u>B</u>		<u>Long-term load share resources</u> - 10 years or longer remaining on the contracts with allocations for the remainder of the term of the contract <i>but excluding utility-owned generation or evergreen contracts (i.e., without an end to the term)</i>
<u>C</u>		<u>Additional long-term load share resources</u> - 10 years or longer remaining on the contracts with allocations for 2023 and 2024 only
Total Election from Long Term Portfolio%		

I am authorized to submit this Voluntary Allocation election form on behalf of LSE and understand that the election percentage cannot be modified after submittal. The information contained herein is true and correct to the best of my knowledge.

<b>Authorized LSE Representative:</b>	
<b>Title:</b>	
<b>E-mail:</b>	
<b>Date:</b>	
<b>Signature:</b>	

**ITEM 8A****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.

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS SCHEDULE OF MEETINGS

## FISCAL YEAR 2022/2023



CVAG STANDING COMMITTEES	DAY	TIME	JULY (Dark)	AUG (Dark)	SEPT	OCT (Dark)	NOV	DEC (Dark)	JAN	FEB	MAR (Dark)	APR	MAY	JUN
EXECUTIVE COMMITTEE	Last Monday	4:30 p.m.	-	-	26	-	H Dec 5	-	30	27	-	24	H June 5	26
TRANSPORTATION COMMITTEE	1 <sup>st</sup> Monday	10:00 a.m.		-	H Aug 29	-	7	-	H Jan 9 11:00 am	6	-	3	1	5
COACHELLA VALLEY CONSERVATION COMMISSION	2 <sup>nd</sup> Thursday	10:30 a.m.	-	-	8	-	10	-	12	9	-	13	11	8
DESERT COMMUNITY ENERGY	3 <sup>rd</sup> Monday	3:00 p.m.	18	22	19	17	21	-	H Jan 9	H Feb13	20	17	15	12
ENERGY AND ENVIRONMENTAL RESOURCES COMMITTEE	2 <sup>nd</sup> Thursday	12:00 p.m.	-	-	8	-	10	-	12	9	-	13	11	8
PUBLIC SAFETY COMMITTEE	2 <sup>nd</sup> Monday	9:00 a.m.	-	-	12	-	14	-	9	13	-	-	8	12
HOMELESSNESS COMMITTEE	3 <sup>rd</sup> Wednesday	10:00 a.m.	-	-	21	-	16	-	18	15	-	19	17	21
GENERAL ASSEMBLY	Last Monday in June	6:00 p.m.	-	-	-	-	-	-	-	-	-	-	-	26

H = Holiday      \* = Special Meeting

AGENDAS CAN BE FOUND AT: [www.cvag.org](http://www.cvag.org).

UPDATED: June 20, 2022

**PLEASE NOTE:** When it becomes necessary to have a special meeting or to change the date of a meeting, committee members will be alerted and the change will be noted on the CVAG website calendar.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**AS OF APRIL 30, 2022**

**ASSETS**

Unrestricted Funds		
Operating Account	390,556.67	
Money Market Account	67,647.00	
ICS Account	81.91	
DDM Marketplace Sweep Account	633,773.12	
Lockbox Account	2,151.40	
Total Unrestricted Funds	<u>1,094,210.10</u>	
Restricted Funds		
Restricted Cash (PPA Collateral)	1,680,000.00	
SCE FSR Letter of Credit Collateral	147,000.00	
Total Restricted Funds	<u>1,827,000.00</u>	
Total Cash		2,921,210.10
Accounts Receivable		
Southern California Edison	5,232,559.31	
Southern California Edison (Escrow Account) <sup>(1)</sup>	3,639,369.17	
Total Accounts Receivable		8,871,928.48
Accrued Accounts Receivable		1,343,375.05
Allowance for Doubtful Accounts <sup>(2)</sup>		(1,495,129.02)
<b>TOTAL ASSETS</b>		<b><u>11,641,384.61</u></b>

**LIABILITIES**

**Current Liabilities**

Accounts Payable		
Ace Printing	1,236.27	
Best, Best & Krieger LLP	25,149.84	
Burke Rix Communications	11,931.66	
Calpine Energy Solutions LLC	43,840.30	
Coachella Hills Wind LLC	26,031.94	
Donald D. Dame	2,712.50	
River City Bank	6,839.89	
The Energy Authority	2,548,081.50	
Vesper Energy	<u>226,327.85</u>	
Total Accounts Payable		2,892,151.75
Accrued Accounts Payable		
SoCal Edison NEB Charges	<u>72,461.00</u>	
Total Accrud Accounts Payable		72,461.00
Due to Other Governments		
Coachella Valley Association of Governments	458,311.78	
Utility Users Tax- Palm Springs	598,835.36	
Electric Energy Surcharge (CDTFA)	<u>9,239.82</u>	
Total Due to Other Governments		1,066,386.96
Total Current Liabilities		<u>4,030,999.71</u>

**Non Current Liabilities**

PPA Collateral		
Terra-Gen (expires 01.01.2023)	<u>1,680,000.00</u>	
Total PPA Collateral		1,680,000.00
Loans Payable (long term)		
River City Bank Line of Credit (expires 02.01.2025)	<u>4,242,847.94</u>	
Total Loans Payable		4,242,847.94
Total Non Current Liabilities		<u>5,922,847.94</u>
<b>TOTAL LIABILITIES</b>		<b><u>9,953,847.65</u></b>

**NET POSITION**

Restricted Net Position		147,000.00
Unrestricted Net Position		<u>1,540,536.96</u>
<b>TOTAL NET POSITION</b>		<b><u>1,687,536.96</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>		<b><u>11,641,384.61</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) California Arrearage Payment Program (CAPP) allocated \$609,655 for COVID-19 bill relief to credit customer accounts and fund DCE.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE PERIOD FROM JULY 1, 2021 TO APRIL 30, 2022**

**REVENUES**

Electricity Sales <sup>(1)</sup>		33,981,940.28
Carbon Free	28,885,974.61	
Carbon Free- CARE/FERA	1,716,686.82	
Desert Saver	3,379,278.85	
Other Revenue <sup>(2)</sup>		1,582,045.10
Investment Income		3,326.59
<b>TOTAL REVENUES</b>		<b>35,567,311.97</b>

**EXPENSES**

Cost of Electricity		
Electricity Purchase	22,739,956.13	
Resource Adequacy	6,132,751.25	
Low Carbon Settlement	2,381,000.00	
Renewable Energy Credit Settlement	1,171,190.75	
Market Charges	3,380,779.93	
Total Cost of Electricity		35,805,678.06
Accounting / Bank Services		31,638.14
Legal Services		68,655.50
Professional Services		
AJ Gallagher & Co Insurance	350.00	
Brown & Riding Insurance	116.25	
Davis Farr LLP	5,450.00	
PFM Financial Advisors	3,420.00	
SOCAL Edison	56,513.32	
Total Professional Services		65,849.57
Insurance		7,793.25
Consultants		
Calpine Energy Solutions	387,990.45	
Don Dame	19,409.25	
White Rabbit Group	1,950.00	
The Energy Authority	991,013.36	
CVAG	467,989.99	
Total Consultants		1,868,353.05
Outreach		
Burke Rix Communications	39,781.75	
Total Outreach		39,781.75
Postage		14,787.25
Printing		17,125.37
Social Programs		21,899.00
Technology Costs		1,885.93
Registrations/Memberships		
Western Electricity Coordinating Council	125.00	
CA Community Choice Association	84,494.50	
Total Registrations/Memberships		84,619.50
Bad Debt Expense		1,019,477.06
Interest Expense		107,092.92
<b>TOTAL EXPENSES</b>		<b>39,154,636.35</b>
Excess of Revenues over Expenses		<b>(3,587,324.38)</b>
Net Position - Beginning of the Period		<b>5,274,861.34</b>
Net Position - End of the Period		<b>1,687,536.96</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) Includes \$609,655 from California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**AS OF APRIL 30, 2022**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Unrestricted Funds			
Operating Account	-	390,556.67	390,556.67
Money Market Account	67,647.00	-	67,647.00
ICS Account	81.91	-	81.91
DDM Marketplace Sweep Account	633,773.12	-	633,773.12
Lockbox Account	3,143,669.20	(3,141,517.80)	2,151.40
Total Unrestricted Funds	3,845,171.23	(2,750,961.13)	1,094,210.10
Restricted Funds			
Restricted Cash (PPA Collateral)	-	1,680,000.00	1,680,000.00
SCE FSR Letter of Credit Collateral	147,000.00	-	147,000.00
Total Restricted Funds	147,000.00	1,680,000.00	1,827,000.00
Total Cash	3,992,171.23	(1,070,961.13)	2,921,210.10
Accounts Receivable			
Southern California Edison	-	5,232,559.31	5,232,559.31
Southern California Edison (Escrow Account) <sup>(1)</sup>	-	3,639,369.17	3,639,369.17
Total Accounts Receivable	-	8,871,928.48	8,871,928.48
Accrued Accounts Receivable	-	1,343,375.05	1,343,375.05
Allowance for Doubtful Accounts <sup>(2)</sup>	-	(1,495,129.02)	(1,495,129.02)
<b>TOTAL ASSETS</b>	<b>3,992,171.23</b>	<b>7,649,213.38</b>	<b>11,641,384.61</b>
<b>LIABILITIES</b>			
Accounts Payable			
Ace Printing	618.14	618.14	1,236.27
Best, Best & Kreiger LLP	6,287.46	18,862.38	25,149.84
Burke Rix Communications	-	11,931.66	11,931.66
CA Dept of Tax and Fee Administration	-	-	-
Calpine Energy Solutions LLC	-	43,840.30	43,840.30
Coachella Hills Wind LLC	-	26,031.94	26,031.94
Donald D. Dame	678.13	2,034.38	2,712.50
Davis Farr LLP	-	-	-
Palm Springs	-	-	-
River City Bank	6,839.89	-	6,839.89
The Energy Authority	-	2,548,081.50	2,548,081.50
Vesper Energy	-	226,327.85	226,327.85
Total Accounts Payable	14,423.61	2,877,728.14	2,892,151.75
Accrued Accounts Payable			
So Cal Edison	-	72,461.00	72,461.00
Total Accounts Payable	-	72,461.00	72,461.00
Due to Other Governments			
Coachella Valley Association of Governments	114,577.95	343,733.84	458,311.78
Utility Users Tax- Palm Springs	-	598,835.36	598,835.36
Electric Energy Surcharge (CDTFA)	-	9,239.82	9,239.82
Total Due to Other Governments	114,577.95	951,809.02	1,066,386.96
PPA Collateral			
Terra-Gen	-	1,680,000.00	1,680,000.00
Total PPA Collateral	-	1,680,000.00	1,680,000.00
Loans Payable (long term)			
River City Bank Line of Credit (expires 02.01.2025)	-	4,242,847.94	4,242,847.94
Total Loans Payable	-	4,242,847.94	4,242,847.94
<b>TOTAL LIABILITIES</b>	<b>129,001.56</b>	<b>9,824,846.10</b>	<b>9,953,847.65</b>
<b>NET POSITION</b>			
Restricted Net Position	147,000.00	-	147,000.00
Unrestricted Net Position	3,716,169.68	(2,175,632.72)	1,540,536.96
Net Position	3,863,169.68	(2,175,632.72)	1,687,536.96
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>3,992,171.23</b>	<b>7,649,213.38</b>	<b>11,641,384.61</b>

(1) Net Energy Metering customers' usage is monitored on a monthly basis, recorded in an escrow account and true-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) California Arrearage Payment Program (CAPP) allocated \$609,655 for COVID-19 bill relief to credit customer accounts and fund DCE.



**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE PERIOD FROM JULY 1, 2021 TO APRIL 30, 2022**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Electricity Sales <sup>(1)</sup>	-	33,981,940.28	33,981,940.28
Other Revenue <sup>(2)</sup>	-	1,582,045.10	1,582,045.10
Investment Income	3,326.59	-	3,326.59
<b>TOTAL REVENUES</b>	<u>3,326.59</u>	<u>35,563,985.38</u>	<u>35,567,311.97</u>
<b>EXPENSES</b>			
Cost of Electricity			
Electricity Purchase	-	22,739,956.13	22,739,956.13
Resource Adequacy	-	6,132,751.25	6,132,751.25
Renewable Energy Credit Settlement	-	1,171,190.75	1,171,190.75
Market Charges	-	3,380,779.93	3,380,779.93
Total Cost of Electricity		35,805,678.06	35,805,678.06
Accounting / Bank Services	15,819.07	15,819.07	31,638.14
Legal Services	17,163.88	51,491.63	68,655.50
Professional Services			
AJ Gallagher & Co Insurance	175.00	175.00	350.00
Brown & Riding Insurance	58.13	58.13	116.25
Davis Farr LLP	1,362.50	4,087.50	5,450.00
PFM Financial Advisors LLC	1,710.00	1,710.00	3,420.00
SOCAL Edison	-	56,513.32	56,513.32
Total Professional Services	3,305.63	62,543.95	65,849.57
Insurance			
Total Insurance	3,896.63	3,896.63	7,793.25
Consultants			
Calpine Energy Solutions	96,997.61	290,992.84	387,990.45
Don Dame	-	19,409.25	19,409.25
White Rabbit Group	975.00	975.00	1,950.00
The Energy Authority	-	991,013.36	991,013.36
CVAG	233,995.00	233,995.00	467,989.99
Total Consultants	331,967.61	1,536,385.44	1,868,353.05
Outreach			
Burke Rix Communications	-	39,781.75	39,781.75
Total Outreach		39,781.75	39,781.75
Postage			
Ace Printing	7,393.63	7,393.63	14,787.25
Total Printing	7,393.63	7,393.63	14,787.25
Printing			
Ace Printing	8,562.69	8,562.69	17,125.37
Total Printing	8,562.69	8,562.69	17,125.37
Social Programs	-	21,899.00	21,899.00
Technology Costs	942.97	942.97	1,885.93
Registrations/Memberships			
Western Renewable Energy Generation Information System (WREGIS)	-	125.00	125.00
CA Community Choice Association	21,123.63	63,370.88	84,494.50
Total Registration/Memberships	21,123.63	63,495.88	84,619.50
Bad Debt	-	1,019,477.06	1,019,477.06
Interest Expense	-	107,092.92	107,092.92
<b>TOTAL EXPENSES</b>	<u>410,175.70</u>	<u>38,744,460.65</u>	<u>39,154,636.35</u>
Excess of Revenues over Expenses	(406,849.11)	(3,180,475.27)	(3,587,324.38)
Net Position - Beginning of the Period	4,270,018.79	1,004,842.55	5,274,861.34
Net Position - End of the Period	3,863,169.68	(2,175,632.72)	1,687,536.96

(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) Includes \$609,655 from California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION WITH PRIOR YEAR COMPARISON**  
**AS OF APRIL 30, 2022**

	<b>FY2021/2022</b>	<b>FY2020/2021</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Unrestricted Funds				
Operating Account	390,556.67	16,760.77	373,795.90	2230.18%
Money Market Account	67,647.00	254,999.56	(187,352.56)	-73.47%
ICS Account	81.91	817,928.71	(817,846.80)	-99.99%
DDM Marketplace Sweep Account	633,773.12	-	633,773.12	100.00%
Lockbox Account	2,151.40	118,847.19	(116,695.79)	-98.19%
Total Unrestricted Funds	1,094,210.10	1,208,536.23	(114,326.13)	-9.46%
Restricted Funds				
Restricted Cash (PPA Collateral)	1,680,000.00	1,680,000.00	-	0.00%
SCE FSR Letter of Credit Collateral	147,000.00	147,000.00	-	0.00%
Total Restricted Funds	1,827,000.00	1,827,000.00	-	0.00%
Total Cash	2,921,210.10	3,035,536.23	(114,326.13)	-3.77%
Accounts Receivable				
Southern California Edison	5,232,559.31	2,737,745.07	2,494,814.24	91.13%
Southern California Edison (Escrow Account) <sup>(1)</sup>	3,639,369.17	2,688,077.60	951,291.57	35.39%
Total Accounts Receivable	8,871,928.48	5,425,822.67	3,446,105.81	63.51%
Accrued Accounts Receivable	1,343,375.05	-	1,343,375.05	0.00%
Allowance for Doubtful Accounts <sup>(2)</sup>	(1,495,129.02)	(90,986.42)	(1,404,142.60)	1543.24%
Deposits/Bonds				
- CA ISO	-	100,000.00	(100,000.00)	-100.00%
Total Deposits/Bonds	-	100,000.00	(100,000.00)	-100.00%
<b>TOTAL ASSETS</b>	<b>11,641,384.61</b>	<b>8,470,372.48</b>	<b>3,171,012.13</b>	<b>37.44%</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable				
Ace Printing	1,236.27	-	1,236.27	100.00%
Best, Best & Krieger LLP	25,149.84	3,263.75	21,886.09	670.58%
Burke Rix Communications	11,931.66	-	11,931.66	100.00%
Calpine Energy Solutions LLC	43,840.30	97,439.50	(53,599.20)	-55.01%
Coachella Hills Wind LLC	26,031.94	-	26,031.94	100.00%
Donald D. Dame	2,712.50	1,918.00	794.50	41.42%
River City Bank	6,839.89	-	6,839.89	100.00%
Southern California Edison	-	1,519,322.78	(1,519,322.78)	-100.00%
The Energy Authority	2,548,081.50	1,324,235.53	1,223,845.97	92.42%
Vesper Energy	226,327.85	-	226,327.85	100.00%
Net Energy Metering payables	-	883.29	(883.29)	-100.00%
Total Accounts Payable	2,892,151.75	2,947,062.85	(54,027.81)	-1.83%
Accrued Accounts Payable				
SoCal Edison NEB Charges	72,461.00	-	72,461.00	100.00%
Total Accrued Accounts Payable	72,461.00	-	72,461.00	100.00%
Due to Other Governments				
Coachella Valley Association of Governments	458,311.78	-	458,311.78	100.00%
Utility Users Tax- Palm Springs	598,835.36	195,703.79	403,131.57	205.99%
Electric Energy Surcharge (CDTFA)	9,239.82	28,644.35	(19,404.53)	-67.74%
Total Due to Other Governments	1,066,386.96	224,348.14	842,038.82	375.33%
Other Current Liability				
Vendor security deposits	-	165,000.00	(165,000.00)	-100.00%
Total Other Current Liability	-	165,000.00	(165,000.00)	-100.00%
Total Current Liabilities	4,030,999.71	3,336,410.99	694,588.72	20.82%
Non Current Liabilities				
PPA Collateral				
Terra-Gen (expires 01.01.2023)	1,680,000.00	1,680,000.00	-	-100.00%
Total PPA Collateral	1,680,000.00	1,680,000.00	-	-100.00%
Loans Payable (long term)				
River City Bank Line of Credit (expires 02.01.2025)	4,242,847.94	-	4,242,847.94	100.00%
Total Loans Payable	4,242,847.94	-	4,242,847.94	100.00%
Total Non Current Liabilities	5,922,847.94	1,680,000.00	4,242,847.94	252.55%
<b>TOTAL LIABILITIES</b>	<b>9,953,847.65</b>	<b>5,016,410.99</b>	<b>4,937,436.66</b>	<b>98.43%</b>
<b>NET POSITION</b>				
Restricted Net Position	147,000.00	147,000.00	-	0.00%
Unrestricted Net Position	1,540,536.96	3,306,961.49	(1,766,424.53)	-53.42%
<b>TOTAL NET POSITION</b>	<b>1,687,536.96</b>	<b>3,453,961.49</b>	<b>(1,766,424.53)</b>	<b>-51.14%</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>11,641,384.61</b>	<b>8,470,372.48</b>	<b>3,171,012.13</b>	<b>37.44%</b>

(1) Net Energy Metering customers' usage is monitored on a monthly basis, recorded in an escrow account and true-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) California Arrearage Payment Program (CAPP) allocated \$609,655 for COVID-19 bill relief to credit customer accounts and fund DCE.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITION WITH PRIOR YEAR COMPARISON**  
**FOR THE PERIOD FROM JULY 1, 2021 TO APRIL 30, 2022**

	<b>FY2021/2022</b>	<b>FY2020/2021</b>	<b>\$ Change</b>	<b>% Change</b>
<b>REVENUES</b>				
Electricity Sales <sup>(1)</sup>	33,981,940.28	28,017,526.89	5,964,413.39	21.29%
Carbon Free	28,885,974.61	22,569,018.30	6,316,956.31	0.28
Carbon Free- CARE/FERA	1,716,686.82	3,264,168.29	(1,547,481.47)	(0.47)
Desert Saver	3,379,278.85	2,184,340.30	1,194,938.55	0.55
Other Revenue <sup>(2)</sup>	1,582,045.10	621,861.96	960,183.14	154.40%
Investment Income	3,326.59	13,103.03	(9,776.44)	-74.61%
<b>TOTAL REVENUES</b>	<b>35,567,311.97</b>	<b>28,652,491.88</b>	<b>6,914,820.09</b>	<b>24.13%</b>
<b>EXPENSES</b>				
Cost of Electricity				
Electricity Purchase	22,739,956.13	15,310,478.50	7,429,477.63	48.53%
Resource Adequacy	6,132,751.25	5,828,842.20	303,909.05	5.21%
Renewable Energy Credit Settlement	1,171,190.75	3,023,732.00	(1,852,541.25)	-61.27%
Market Charges	3,380,779.93	5,183,452.03	(1,802,672.10)	-34.78%
Total Cost of Electricity	35,805,678.06	30,740,194.73	5,065,483.33	16.48%
Accounting / Bank Services	31,638.14	2,072.91	29,565.23	1426.27%
Office Supplies	-	1,199.43	(1,199.43)	-100.00%
Legal Services	68,655.50	-	68,655.50	100.00%
Professional Services	65,849.57	53,029.05	12,820.52	24.18%
Insurance	7,793.25	6,500.00	1,293.25	19.90%
Consultants	1,868,353.05	1,420,762.07	447,590.98	31.50%
Outreach	39,781.75	28,333.64	11,448.11	40.40%
Postage	14,787.25	2,973.28	11,813.97	397.34%
Printing	17,125.37	4,473.74	12,651.63	282.80%
Social Programs	21,899.00	-	21,899.00	100.00%
Technology Costs	1,885.93	-	1,885.93	100.00%
Registrations/Memberships	84,619.50	75,901.65	8,717.85	11.49%
Bad Debt Expense	1,019,477.06	74,470.93	945,006.13	1268.96%
Interest Expense	107,092.92	9,686.74	97,406.18	1005.56%
<b>TOTAL EXPENSES</b>	<b>39,154,636.35</b>	<b>32,419,598.17</b>	<b>6,735,038.18</b>	<b>20.77%</b>
Excess of Revenues over Expenses	(3,587,324.38)	(3,767,106.29)	179,781.91	-4.77%
Net Position - Beginning of the Period	5,274,861.34	7,221,067.78	(179,781.91)	-2.49%
Net Position - End of the Period	1,687,536.96	3,453,961.49	(1,766,424.53)	-51.14%

(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) Includes \$609,655 from California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief.

## ITEM 8E

### Desert Community Energy Board June 29, 2022



#### STAFF REPORT

**Subject:** DCE's 2022 Summer Readiness Outreach Strategy

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

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#### **Recommendation: Information**

**Background:** The summer of 2021 once again saw sustained high temperatures that impacted the Coachella Valley, leading to renewed calls statewide about encouraging residential and business customers to do their part to reduce energy demands on the grid. High temperatures have arrived and the need to conserve energy during periods of extreme heat is anticipated in the summer of 2022. The California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), and California Energy Commission (CEC) are annually asking Community Choice Aggregation providers such as DCE to report on their existing efforts to address the increased need to reduce higher energy use that occurs in the summer and continue the summer readiness strategy.

DCE staff continues working with CalCCA and other CCAs to address summer readiness planning and messaging to customers. Flex Alerts, which are issued by the CAISO to request the public to voluntarily conserve electricity in times of combined high demand and low energy supply, generally are issued with only few days – or even hours - of notice. DCE is working with its outreach coordinator, Burke Rix Communications, to prepare its messaging in advance of forecasted heat waves and to ensure all Flex Alert messages are passed on to the public as quickly as possible.

DCE staff anticipates a summer outreach strategy similar to last year's program to encourage customers to reduce energy use, especially during peak hours. Given the immediacy and urgency of the CAISO Flex Alerts, DCE – like the majority of CCAs – will rely heavily on social media to promote these messages. DCE staff is working closely with its communication team, Burke Rix, to implement this outreach strategy with a heavy emphasis on reducing energy use during peak operating hours, which are typically between 4 p.m. to 9 p.m. DCE's public outreach educates and encourages customers to avoid peak hours by letting them know what times are best for using energy intensive appliances like washing machines and dishwashers, as well as best times to charge electric vehicles. DCE will continue to work with member agencies to encourage their residents and businesses to reduce consumption. The outreach team is broadcasting through various social media channels helpful tips and tricks on saving money and energy this summer. In addition, the attached Ways to Save Energy flyer shared with the Board in April will be distributed at public locations in Palm Springs. DCE will aim to expand its audience by working with other social media accounts and will be coordinating with the Cities of Palm Springs and Palm Desert throughout the summer.

Earlier this month, DCE staff also joined workshops on Zoom that Southern California Edison hosted for the public in this region on Time-of-Use billing and ways to reduce energy use during peak periods. The June 3 presentation was done in Spanish, and the June 6 presentation was in English.

In addition, DCE has updated its web page dedicated to saving money and energy. Customers can visit this site <https://desertcommunityenergy.org/save-money-energy/> to learn about energy saving programs offered and cost saving tips to help them survive the heat and lower their electric bills. Links to Flex Alert, SCE's rotating outage page, Public Safety Power Shutoff (PSPS), and other websites are also on the website as part of the summer readiness outreach.

DCE has been working with OhmConnect since November 2021 on outreach to encourage residential customers to avoid peak hours to save energy and money. DCE continues to promote OhmConnect's 2022 Spring/Summer outreach campaign to our customers via email, social media, and other outreach. Through the partnership with OhmConnect, customers are incentivized to switch out old thermostats with new ones and use smart plugs. The program lets customers know when they need to turn things off and rewards them with points when they meet OhmConnect hours. Customers who enroll in OhmConnect's demand response program can receive prizes and rewards such as gift certificates and even cash. This program will continue through June 30, 2022.

**Fiscal Analysis:** DCE has an existing contract with Burke Rix. The cost for the summer readiness outreach strategy have been incorporated under the marketing & outreach costs in the Fiscal Year 2022/2023 Budget, which is being recommended for adoption at the June meeting. DCE staff estimates that the costs associated with this outreach strategy will be between \$3,000 to \$5,000 for a summer social media campaign.

**Attachment:** "Ways to Save" flyer

# 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/>