

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



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

**Monday, July 18, 2022  
11:00 a.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/89934477005?pwd=7TJ6Cp1MhpaVZ7M9F2eOBw16pmnese.1>**

**Passcode: 748190**

**One tap mobile:**

US: +16699009128,,89934477005#

**By Phone:**

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

**Webinar ID: 899 3447 7005**

**Passcode: 748190**

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 the April 11, 2022 Board Meeting**

[5](#)

B. **Approve Minutes from the June 29, 2022 Board Meeting**

[8](#)

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

[12](#)

D. **Adopt Policy No. 22-01 DCE Procurement Policy & Procedures**

[13](#)

E. **Approve the Voluntary Allocation Agreement with Southern California Edison in connection with its voluntary allocation of its Power Charge Indifference Adjustment Long-Term Renewable Energy Portfolio and authorize the Executive Director to execute the necessary documents**

[28](#)

F. **Authorize the Executive Director to negotiate and execute an agreement with MRW & Associates, LLC for a not-to-exceed amount of \$65,000, authorizing work on the 2022 Integrated Resource Plan as required by the California Public Utilities Commission**

[30](#)

7. **DISCUSSION / ACTION**

A. **Update on statewide legislation impacting CCAs** – Sean MacNeil, CalCCA Director of Legislative Affairs

B. **DCE Financial Outlook** – Jaclyn Harr

- C. Update on DCE's Distributed Energy Resources Program – David Freedman** [34](#)

**Recommendation:** Discuss and provide direction to staff on next steps of the Behind-the-Meter Distributed Energy Resources Program

**8. INFORMATION**

- A. Attendance Record** [36](#)
- B. Unaudited Financial Report as of May 31, 2022** [37](#)
- C. Unaudited Year-to-Year Financial Report as of May 31, 2022** [39](#)
- D. Supplier Diversity Update** [41](#)
- E. Legislative Update** [43](#)

**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 August 22, 2022 at 3:00 p.m. via Zoom webinar.

**11. CLOSED SESSION**

**Conference with Legal Counsel – Anticipated Litigation**

Initiation of litigation pursuant to Government Code Section 54956.9(d)(4)

Number of potential cases: 1

**12. 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  
Meeting Minutes  
June 29, 2022  
3:30 pm**



**Held via Zoom videoconference**

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

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

The meeting of the DCE Board was called to order by Chair Geoff Kors, City of Palm Springs, at 3:34 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  
Councilmember Karina Quintanilla

#### **Agency**

City of Palm Springs  
City of Palm Desert

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

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

The Energy Authority  
Donald Dame Consulting

#### **Others Present**

Kim Floyd  
Daniel Paris

Sierra Club

### **3. AGENDA MODIFICATIONS (IF ANY)**

None.



#### 4. PUBLIC COMMENTS ON AGENDA ITEMS

None.

#### 5. BOARD MEMBER / DIRECTOR COMMENTS

Chair Kors discussed a new battery storage facility in the City of Palm Springs and provided feedback from a recent conference he attended.

Katie Barrows gave an update on items of interest in the State budget and announced that the procurement policy item would be on the July agenda as Vice Chair Jonathan had requested.

#### 6. CONSENT CALENDAR

**IT WAS MOVED BY COUNCILMEMBER KORS AND SECONDED BY COUNCILMEMBER QUINTANILLA, WITH THE EXCEPTION OF ITEM 6A TO:**

- A. Approve Minutes from Board Meeting of April 11, 2022** *(This item will be brought back to a future meeting for approval as Councilmember Quintanilla had to abstain)*
- B. Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of Desert Community Energy**
- 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**
- 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**

**THE MOTION CARRIED WITH 2 AYES.**

Councilmember Quintanilla  
Councilmember Kors

**Aye**  
**Aye**

#### 7. DISCUSSION / ACTION

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

Claude Kilgore introduced Janice Reitman, Accounting Manager, and Don Dame, consultant. The team provided a brief budget overview followed by a detailed presentation on the financials.

Member discussion ensued.

**IT WAS MOVED BY COUNCILMEMBER QUINTANILLA AND SECONDED BY COUNCILMEMBER KORS TO ADOPT RESOLUTION 2022-04 APPROVING DESERT COMMUNITY ENERGY'S FISCAL YEAR 2022/23 BUDGET**

**THE MOTION CARRIED WITH 2 AYES.**

**Councilmember Quintanilla  
Councilmember Kors**

**Aye  
Aye**

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

David Freedman presented the staff report. Brief member discussion ensued.

**IT WAS MOVED BY COUNCILMEMBER QUINTANILLA AND SECONDED BY COUNCILMEMBER KORS TO 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**

**THE MOTION CARRIED WITH 2 AYES.**

**Councilmember Quintanilla  
Councilmember Kors**

**Aye  
Aye**

**C. DCE Renewable Energy Procurement and SCE's PCIA Voluntary Allocation  
– David Freedman**

Mr. Freedman presented the staff report and discussed next steps. Member discussion ensued.

**IT WAS MOVED BY COUNCILMEMBER QUINTANILLA AND SECONDED BY COUNCILMEMBER KORS TO 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**

**THE MOTION CARRIED WITH 2 AYES.**

**Councilmember Quintanilla  
Councilmember Kors**

**Aye  
Aye**

**8. INFORMATION**

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

**A. Attendance Record**

**B. Fiscal Year 2022/2023 Meeting Calendar for DCE and the Coachella Valley Association of Governments**

**C. Unaudited Financial Report for July 1, 2021 to April 30, 2022**

**D. Unaudited Year-to-Year Financial Report as of April 30, 2022**

**E. DCE's 2022 Summer Readiness Outreach Strategy**

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

None.

**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 will be held June 27, 2022 at 6:00 p.m. via Zoom webinar.

Chair Kors noted that the time of the next Board meeting may be in conflict with a City meeting and staff indicated they would seek an alternative time.

**11. ADJOURNMENT** – Chair Kors adjourned the meeting at 4:33 p.m.

Respectfully submitted,

*Jennifer Nelson,*  
*Executive Assistant/Clerk*

## **ITEM 6C**

### **Desert Community Energy Board July 18, 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 6D**

### **Desert Community Energy Board July 18, 2022**



#### **STAFF REPORT**

**Subject:** DCE Procurement Policy & Procedures

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

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#### **Recommendation: Adopt Policy No. 22-01 DCE Procurement Policy & Procedures**

**Background:** Davis Farr LLP performed the annual audit over DCE's Basic Financial Statements as of June 30, 2021. In accordance with Government Auditing Standards, Davis Farr issued a report on their consideration of DCE's internal control over financial reporting and their tests of DCE's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters. During its testing, Davis Farr did not identify any material weaknesses or significant deficiencies in internal controls. However, the auditors did recommend that DCE adopt its own procurement policy.

As DCE is staffed and provided with administrative support by the Coachella Valley Association of Governments (CVAG), DCE's procurement procedures have historically been included as a part of CVAG's Procurement Policy and Procedures. Upon suggestion to carve-out DCE's policy into a separate stand-alone document, DCE staff utilized the CVAG policy and removed items that did not relate to DCE. The policy also includes in explanations that DCE has no employees, and all staffing and administrative work is performed by CVAG on behalf of DCE. In addition, given the primary activity of DCE's business is the procurement of electricity supplies and subsequent retail generation services to customers through its Community Choice Aggregation (CCA) program, DCE has established an Energy Risk Management Policy to address the procurement of energy supplies and the associated risks which is incorporated into the policy.

The resulting policy is substantially inline with CVAG's established and vetted policy and consistent with current procurement practices for DCE. However, in two specific areas the DCE procurement policies are distinct from CVAG's policy. First, DCE is covered under the Supplier Diversity Program Compliance rules of the California Public Utilities Commission. Second, since promotion of local job creation is one of the core benefits of DCE, the policy includes a local preference based substantially on the Local Business Preference Program in effect in both Palm Desert and Palm Springs.

**Fiscal Analysis:** There are no additional costs associated with adopting this policy.

**Attachments:** DCE Policy No. 22-01 Procurement Policy & Procedures

**DESERT COMMUNITY ENERGY**  
**PROCUREMENT POLICY & PROCEDURES**  
**POLICY NO. 22-01**

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## 1. Purpose and Scope

Desert Community Energy (DCE) is committed to fair, open, and transparent procurement of goods and services. DCE will conduct procurement processes in a professional and ethical manner, without any conflict of interest, to obtain maximum value for every public dollar spent. Except for contracts entered prior to the effective date of this Policy, all purchases of materials, equipment, supplies, and services must adhere to the procedures, authority, and dollar limits set forth in this Policy – including subsequent versions of any cross-referenced policies and documents.

The primary activity of DCE's business is the procurement of electricity supplies and subsequent retail generation services to customers through its Community Choice Aggregation (CCA) program for cities in the Coachella Valley that elect to become participants. DCE has established an Energy Risk Management Policy to address the procurement of energy supplies and the associated risks. This Energy Risk Management Policy is referenced in section 10. *DCE Energy Procurement* and applies to all related procurement items.

DCE's Joint Powers Agreement provides that DCE may contract with the Coachella Valley Association of Governments (CVAG) for staff services and that CVAG staff time, as well as office expenses, direct and indirect overhead, shall all be charged to DCE. CVAG provides such staffing and administration via an executed Implementation and Management Services Agreement effective October 30, 2017. As such, DCE has no employees or staff of its own; therefore, all references in this document to staff, departments, titles or other administrative references pertain to CVAG. Procurement by CVAG for goods and services that are shared with DCE pursuant to the Implementation and Management Services Agreement shall be carried out by CVAG pursuant to CVAG Policy No. 21-04.

## 2. Definitions

**Addendum (sing.)/Addenda (pl.)** – A written change, addition, alteration, correction, or revision to a solicitation or contract document. Commonly, the name given to the document used to revise a solicitation.

**Amendment** – An agreed addition to, deletion from, correction, or modification of a document or contract.

**Architect or Engineer (A/E) Professional Services** - Services that require performance by a registered architect or engineer. Professional services of an architectural or engineering nature that are associated with research, planning, development, and design for construction, alteration, or repair.

**Awardee** – A person or firm who is awarded a contract.

**Coachella Valley Association of Governments (CVAG)** – A public agency formed by a Joint Powers Agreement that contracts with DCE for staff services and administration. CVAG staff time, as well as office expenses, direct and indirect overhead, shall all be charged to DCE. CVAG provides such staffing and administration via an executed Implementation and Management Services Agreement effective October 30, 2017.

**Committee Chair (Chair)** – Serves as the head of the DCE Board.



**Cooperative Procurement** – The action taken when two or more entities combine their requirements to obtain advantages of volume purchases, including administrative savings and other benefits. A variety of arrangements, whereby two or more public procurement entities purchase from the same supplier or multiple suppliers using a single Invitation for Bids (IFB) or Request for Proposals (RFP). Cooperative procurement efforts may result in contracts that other entities may “piggyback.”

**Designee** – A duly authorized representative.

**Electronic Procurement (eProcurement)** – Conducting all or some of the procurement function over the Internet.

**Energy Risk Management Policy** - DCE has established an Energy Risk Management Policy to address the procurement of energy supplies and the associated risks under Policy 18-09.

**Ethical Procurement** – Prohibits the breach of the public’s trust by discouraging a public employee from attempting to realize personal gain through conduct inconsistent with the proper discharge of the employee’s duties.

**Executive Director** – DCE retains CVAG, acting through its Executive Director to serve as the Executive Officer for DCE, and to serve as Secretary for DCE’s Board of Directors, and to provide staff for DCE, to fill the needs and requirements of DCE.

**Formal Solicitation** – A bid that must be submitted in a sealed envelope (or through an eProcurement site) and in conformance with a prescribed format to be opened in public at a specified date and time.

**Informal Solicitation** – A competitive bid, price quotation, or proposal for supplies or services that is conveyed by a letter, fax, e-mail, or other manner that does not require a formal sealed bid or proposal, public opening, or other formalities. Generally relegated to requirements that may be considered low value or fall under a stipulated price/cost threshold.

**Invitation for Bids (IFB)** – A procurement method used to solicit competitive sealed bid responses, sometimes called a formal bid, when price is the basis for award.

**Local Business** – A person or business who has a valid physical business address located within the Coachella Valley, at least six months prior to bid or RFP opening date, from which the person or business operates or performs business on a day-to-day basis and holds a valid business license by a city located in the Coachella Valley or by the County of Riverside. Post office boxes are not verifiable and shall not be used for the purpose of establishing such physical address. A business that has at least 25% of its total workforce who reside within the Coachella Valley shall also be considered a Local Business.

**Nonprofessional Services** – A contract for services where the service provided is not a solution to a problem and does not involve professionals. Examples include, but are not limited to, janitorial work, equipment rental, catering, and security.

**Offeror** – A generic term that refers to a person or business who submits an offer in response to a solicitation.

**Piggyback** – A form of intergovernmental cooperative purchasing in which an entity will be extended the pricing and terms of a contract entered into by another entity. Generally, an entity

will competitively award a contract that will include language allowing for other entities to utilize the contract which may be to their advantage in terms of pricing, thereby gaining economies of scale that they normally would not receive if they competed on their own.

**Procurement** – Purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction; includes all functions that pertain to the acquisition, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration. The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, storekeeping, salvage, and disposal operations.

**Professional Services** – Services rendered by members of a recognized profession or possessing a special skill. Such services are generally acquired to obtain information, advice, training, or direct assistance (e.g., financial, legal, economic, accounting, engineering, information services, technical, architectural, or other administrative professional matters).

**Project Manager (PM)** – Designated individual to administer a specific task or contract.

**Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper** – Such products that consist of at least thirty percent (30%), by fiber weight, postconsumer fiber, consistent with the requirements of Sections 22150 to 22154 and Sections 12200 and 12209 of the Public Contract Code, and as amended.

**Request for Proposals (RFP)** – The document used to solicit proposals from potential providers (proposers) for goods and services. Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price, prior to contract award. May include a provision for the negotiation of best and final offers. May be a single-step or multi-step process.

**Request for Qualifications (RFQ)** – A document, which is issued by a procurement entity to obtain statements of the qualifications of potential responders (development teams or consultants) to gauge potential competition in the marketplace, prior to issuing the solicitation.

**Responsible Bidder** – A bidder that possesses the minimum qualifications, licensure, experience, financial stability, expertise and workforce to perform the work.

**Responsive Bid/Proposer** – A bid or proposal that fully conforms in all material respects to the Invitation for Bids (IFB)/Request for Proposals (RFP) and all of its requirements, including all form and substance.

**Scope of Work (SOW)** – A scope of work is developed at the beginning of the procurement cycle and is a written description of the entity's needs and desired outcomes for the procurement and becomes the basis for any resulting solicitation. The scope of work helps to ensure that the product or service meets the stated outcome and establishes the parameters of the resulting contract.

**Single Source Procurement** – A non-competitive method of procurement used when, although two or more vendors supply the commodities or service(s), the department selects one for substantial reasons, eliminating the competitive bidding process. A written justification shall be required from staff explaining why only this supplier fulfills the requirement.

**Sole Source Procurement** – A non-competitive method of procurement used when only one supplier possesses the unique ability or capability to meet the requirements of the entity or

because only one supplier is practicably available. A written justification shall be required from staff explaining why only this supplier can fulfil the requirement.

**Staff** – The individual or department contracted by the Coachella Valley Association of Governments who procures or uses a procured good or service.

**Standard Specification** - A specification that is to be used for all or most purchases of an item; describes all required physical and functional characteristics of goods, services, or construction.

**Task Order** – Task order contract means a contract for services that does not procure or specify a firm quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of orders for the performance of tasks during the period of the contract.

### 3. **Standards of Conduct**

Transactions relating to the expenditure of public funds require the highest degree of public trust and impeccable standards of conduct. DCE's contracting activity shall be conducted in a manner above reproach, with the highest of ethical standards and, except as authorized by law, with complete impartiality and without preferential treatment. It is DCE's policy to strictly avoid any conflict of interest or even the appearance of a conflict of interest in all its procurement and contracting practices.

All staff shall comply with all applicable laws regarding conflicts of interest, including, but not limited to, the California Political Reform Act, and the provisions of the California Government Code regarding Prohibited Interests in Contracts, as these laws may be amended from time to time.

The Coachella Valley Association of Government (CVAG) provides administrative support staffing through a contract with DCE. All staff are required to comply with CVAG's Personnel Rules and Benefits Manual, including the policies addressing conflicts of interest and ethical standards.

Contracts/Procurement shall have adequate internal controls to ensure all contracts and purchases processed are in accordance with the policies specified in that:

All internal requests contain proper approvals before being converted into a contract or purchase order;

Staff have a mechanism to report unauthorized activities as well as any suspicions of fraud, waste, or abuse; and

Any violation of these standards may be cause for disciplinary action, including dismissal, if appropriate.

### 4. **Delegation of Authority**

The Executive Director has authority to approve expenditures up to the dollar amounts shown in the following table:

**Table 1**

<b>AGENCY</b>	<b>CAPITAL EXPENDITURES</b>	<b>NON-CAPITAL EXPENDITURES</b>	<b>PROJECT- SPECIFIC EXPENDITURES</b>
<b>DCE</b>	\$100,000	\$100,000	n/a

Consistent with Policy No. 18-02, the Executive Director is authorized to execute agreements up to the limits in Table 1 without prior Board approval when certain conditions are met. This authority may be exercised by the Executive Director provided that: 1) the expenditures authorized by these agreements are consistent with the Agency's approved budget; (2) the agreements are approved as to form by DCE's general counsel; and (3) agreements are reported at the next Board meeting. Limits established in Table 1 may be modified by the DCE Board. Expenditures above the limits in Table 1 must be approved by the DCE Board.

Only the Executive Director (or designee) is authorized to sign contracts and agreements binding upon DCE. Contracts or agreements in excess of the thresholds established in Table 1 above shall require approval of the DCE governing board and the signature of the Chair, unless express authority is granted to the Executive Director by the DCE Board. The intent of this delegation of authority shall not be circumvented by breaking up an expenditure into smaller contract amounts or breaking up expenditures across more than one fiscal year. Expenditures shall be considered on an individual project basis in the aggregate for each fiscal year as well as across more than one fiscal year. For example, three non-capital expenditures for DCE in the amount of \$35,000 each to a single vendor for the same project during the same fiscal year shall not be provided without governing body approval. Likewise, three non-capital expenditures for DCE in the amount of \$35,000 each to a single vendor for the same project spanning three fiscal years shall not be provided without governing body approval. The Agency's fiscal year is from July 1 to June 30. In the event the Executive Director or Chair is absent or unavailable to sign the contract, the designee shall sign on that person's behalf.

## **5. Competitive Procurement Thresholds and Methods**

To establish uniform thresholds and procedures for the acquisition of goods or services, subject to the exceptions set forth in Section 6.

### **5.1. Procurement Thresholds**

Guidelines for competitive purchases for goods and services are provided in Table 2.

**Table 2**

<b>DOLLAR THRESHOLD</b>	<b>PROCUREMENT METHOD</b>
\$0 - \$5,000	Informal, one (1) written quote
\$5,001 - \$25,000	Informal, three (3) written quotes
\$25,001 and above	Formal Solicitation

*Splitting of purchases ("fragmenting") in order to avoid competitive procurement requirements is prohibited.*

The Executive Director (or designee) at his/her/their discretion shall have the authority to authorize a formal procurement method less than the limits established if it is deemed to be in the best interest of DCE.

## **5.2. Procurement Methods**

Informal Procurement (\$0 - \$5,000): Staff shall make and document a reasonable effort to solicit and obtain the lowest quote/proposal for the goods or services desired.

Informal Procurement (\$5001 - \$25,000): Staff shall make a reasonable effort to solicit and obtain three (3) competitive quotes/proposals via email, mail, fax or any other reasonable solicitation method. When three (3) quotes/proposals are unable to be obtained, Staff must provide documentation as to how the quotes were requested and document its findings prior to the approval of any purchase.

Formal Procurement (\$25,001 and above): Staff in consultation with the Director of Finance/Administration (or designee) will determine the best method of solicitation (i.e., RFP, IFB, or RFQ) depending on the nature of the desired goods or services. The Director of Finance/Administration (or designee) shall be the main point of contact for any formal solicitation to avoid any unethical practices. All formal procurement methods shall be posted on DCE's website for a minimum of fourteen (14) days and opened and reviewed as described in the bid documents. Purchases of supplies and equipment of an estimated value of greater than twenty-five thousand dollars (\$25,000) shall be by written contract. DCE is not required to formally publish its competitive solicitations in a newspaper or similar publication.

## **5.3. Purchases of Supplies, Material, and Equipment**

Staff shall use the informal request for quote method per Section 5.2 for goods and/or supplies in an amount under twenty-five thousand dollars (\$25,000) and award to the lowest bidder. For goods and/or supplies in an amount greater than twenty-five thousand dollars (\$25,000), staff shall procure the goods and/or supplies through a formal procurement method per Section 5.2 and award to the lowest bidder. Bids shall be publicly opened at a date and time set forth in the bid documents.

## **5.4. Nonprofessional Services**

Staff shall solicit a request for quote or request for proposal through an informal process per Section 5.2 for nonprofessional services in an amount under twenty-five thousand dollars (\$25,000) and a formal process per Section 5.2 for nonprofessional services in an amount greater than twenty-five thousand dollars (\$25,000). If an informal process is used, Staff shall award based on lowest bid. If a formal process is used, proposals received shall be evaluated based on qualifications and competence, where price is a criterion but not the determinative factor. Staff, in consultation with the Director of Finance/Administration (or designee), shall determine the best method of evaluating proposals received based on the nonprofessional services needed.

### **5.5. Professional Services – Government Code 4526**

Contracts for private architectural, landscape architectural, professional engineering, environmental, land surveying, and construction project management services shall be engaged based on demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to DCE, pursuant to California Government Code Section 4526.

Staff shall solicit a request for proposal for professional services through an informal process for services under twenty-five thousand dollars (\$25,000) and a formal process for services greater than twenty-five thousand dollars (\$25,000) per Section 5.2 and shall evaluate proposals received based on competence and qualifications. The cost proposal shall be submitted separately from the balance of the proposal (in a sealed envelope) and opened for comparison only after evaluation and ranking of the proposals is complete. DCE shall have the option to negotiate the cost with the top-ranked firm. Should DCE and the top-rank firm fail to agree on a cost, DCE shall have the option to reject the top-rank firm's proposal and start negotiations with the next highest ranked firm and so on until an agreement is made. The awarding authority shall have the right to reject any quote, bid, or proposal if doing so is determined to be in the best interest of DCE and to re-advertise for bids, and to waive any irregularity in any bid so long as doing so does not create an unfair advantage.

The above process may be utilized at the discretion of the Executive Director for the solicitation of professional services other than those enumerated above.

### **5.6. Environmentally Friendly Supply Products Specification**

It is the policy of DCE to require purchase of products and services that minimize environmental and health impacts, toxics, pollution, and hazards to worker and community safety and to the larger global community to the greatest extent practicable. If fitness, quality, and price of Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper are equal to that of non-recycled items, DCE shall purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper that consist of at least thirty percent (30%), by fiber weight, postconsumer fiber. If the Executive Director (or designee) determines that: (1) a recycled, energy efficient or environmentally friendly product lacks performance capabilities or needed quality levels; or (2) a sufficient amount of said product is not currently available in the market, then a reduced percentage can be required, or the supply specification can be limited to non-recycled, non-energy efficient or non-environmentally friendly materials.

### **5.7. Supplier Diversity Program Compliance**

As may be appropriate and consistent with applicable laws, regulations, and CPUC Orders and Decisions, for procurements that are solely for DCE, DCE will engage with the diverse business community in its service area and statewide, to inform businesses of the benefits of certification as a diverse business enterprise, as well as upcoming Requests for Proposals and other solicitations. While DCE cannot give any preference in the selection process to any business on the basis of race, sex, color, ethnicity, or national origin, DCE will strive to ensure that diverse business enterprises are aware of upcoming contract opportunities.

## 5.8. Local Preference

For procurements that are solely for DCE, it is the policy of DCE to promote employment and business opportunities for local residents and Local Businesses on all contracts and give preference to local residents, workers, businesses, contractors, and consultants to the extent consistent with the law and the interests of DCE and its customers.

## 6. Exceptions to Competitive Procurement

This Section 6 sets forth exceptions to competitive procurement. The following is a list of services and expenditures that fall outside the requirements of the competitive process:

- Utility Expenses
- Cooperative Purchases
- Piggyback Purchases
- Emergency Expenditure (further defined below)
- Association Fees
- Insurance Premiums & Fees
- Subscriptions
- Membership Dues
- Leases or Purchase of Real Property
- Government Permits & Fees, Advertisement
- Conferences & Seminars
- Office and Routine Program Supplies
- Environmental Permits & Fees
- Travel Expenses, Lodging, & Meals
- Application Fees
- Medical Services
- Taxes, such as property or payroll taxes
- Memoranda of Understanding (MOUs)

### 6.1. Procedures for Emergency Expenditures

An emergency exists when life or property is in immediate danger due to an Act of God or other catastrophic circumstance and prevention of loss requires a deviation from normal competitive procurement procedures.

The staff making the purchase must document (e-mail or memo) the specific reasons for the purchase.

The staff making the purchase must obtain approval from the Executive Director (or designee).

The use of the emergency purchase policy must not be considered a substitute for regular purchasing procedures, or a method of circumventing established purchasing controls.

Staff may request expenditure reimbursements by submitting a Payment Request Form. Original receipts are required as proof of purchase and must be attached to the payment request form, approved by the Department Director, and submitted to the Accounting Department.

## **6.2. Special Expertise Services**

A contract for professional services agreement may be awarded without competition when it is determined that an unusual or unique situation exists, in that due to experience and expertise demonstrated in prior contracts for professional services with DCE is uniquely qualified for a particular task, that makes the application of all requirements of competitive sealed bidding or competitive sealed proposals contrary to the public interest. Any special procurement under this section shall be made with such competition as is practicable under the circumstances.

## **6.3. Matters with Time Constraints**

Due to DCE Board meeting schedules, there could be instances where a good or service is needed in an exigent manner, and where a formal procurement method would not be in the best interest of DCE. The Executive Director, in consultation with the Chair, may authorize an informal bid process for matters that fall within his authorized expenditure in such instances. Staff shall make every effort to obtain proposals/quotes from a minimum of three (3) firms. The term of the contract shall not exceed one (1) year or the Executive Director's expenditure authority. If it is determined the service or good will be recurring, exceed the maximum one (1) year, or exceed the Executive Director's expenditure authority, DCE shall solicit with a formal procurement for said goods or service. Staff shall notify the Board of such an award at DCE's next meeting.

## **6.4. Cooperative Purchasing with Other Agencies**

The bidding requirements of Section 5.2 shall not apply to the purchasing of any equipment or supplies which the end user decides to obtain through a cooperative competitive bidding procedure, being prepared by and processed through another local, tribal, state, or federal governmental agency. If staff determines it to be in the best interest of DCE, staff is authorized to "piggy-back" onto or join into an existing written purchase contract, which contract was obtained within the last 12 months through a competitive bidding process prepared by and awarded by another local, state or federal government agency. Approval of a "piggy-back" or cooperative purchase shall be obtained from the DCE Board for an award exceeding the Executive Director's signing authority.

Multiple Awarded Bids. It is not uncommon to have multiple awarded bids. A competitive bidding process is conducted for a specified product. Several vendors whose product meets the specification are awarded the contract. Maximum item price and contract terms are established. If staff determine it to be in DCE's best interest, the staff is authorized to use federal, state or other government agency multiple awarded contracts. Staff must obtain quotes from at least three vendors on the list and award the bid to the lowest responsible bidder. Approval shall be obtained from the DCE Board for purchases exceeding the Executive Director's signing authority.



## **6.5. Single/Sole Source Justification**

Procurement by single/sole source for goods or services requires submission, vetting, and approval of a Single/Sole Source Justification form. Final approval of a single/sole source procurement requires the signature of the Executive Director (or designee). A single/sole source shall not be used to limit competition in any way. A letter/memo from the vendor explaining the product or service, or statement of geographic territory on a formal letter, shall be attached to the single/sole source justification form when applicable.

## **7. Grant Funds**

Procurement of services or goods paid for with grant funds will be subject to the guidelines specified in the funding agreement(s) which supersedes this policy in such instances.

## **8. Federal Funds**

When money has first been secured from a federal source, DCE's project manager for the project shall determine whether expenditures of said money are subject to any federal purchasing policies or procedures, which shall thereafter be adopted as restrictions on the administration of those funds.

## **9. Energy Procurement**

DCE has established an Energy Risk Management Policy No. 18-09 to address the procurement of energy supplies and the associated risks.

DCE's Energy Risk Management Policy can be found on the DCE website at [www.desertcommunityenergy.com](http://www.desertcommunityenergy.com) currently under *Key Documents*.

## **10. Contracts (or Agreements) and Purchase Orders**

Contracts (or Agreements) shall be used when an initial expenditure exceeds \$25,000 for goods and/or services. Prior to the issuance of any Contract (or Agreement), the Director of Finance/Administration (or designee) shall ensure the proper procurement methods established in this policy were followed.

When negotiating terms, it may be determined by the Director of Finance/Administration (or designee) that it is in the best interest of the agency to issue Purchase Orders for goods and services requested. Prior to the issuance of any Purchase Order, the department director shall ensure the proper procurement methods established in this policy are followed.

## **11. Subsequent Contract Awards, Amendments, Extensions or Renewals**

Notwithstanding any extension clauses in a contract or anything herein to the contrary, the Executive Director (or designee) shall not award a subsequent contract to the same individual or entity for the same or similar services on the same project, or amend, extend or renew such a contract, without obtaining the next highest approval authority (i.e., the governing body), when the award, amendment, extension or renewal will result in DCE paying an aggregate amount in excess of the approval authority of the Executive Director to the individual or entity in any given

fiscal year or the cumulative total of the project. For purposes of this section, the phrase “same project” shall include an on-call or as-needed contract.

## **12. Insurance**

Prior to the execution of a contract, evidence of proper insurance coverage is required for any procurement involving services that puts DCE at risk. If a consultant request DCE to waive or alter any of its insurance requirements, the Executive Director may elect to waive certain insurance requirements, depending upon his/her/their assessment of the risks and liabilities posed to DCE.

## **13. Performance and Payment Bonds**

Payment Bond. Per Civil Code §9550, a direct contractor that is awarded a public works contract involving an expenditure in excess of twenty-five thousand dollars (\$25,000) shall, before commencement of work, give a payment bond to and approved by the DCE by whom the contract was awarded.

Performance Bond. The Executive Director (or designee) shall have the authority to require, at his/her/their sole discretion, a performance bond for a direct contractor that is awarded a service contract involving in expenditure in excess of twenty-five thousand (\$25,000) before commencement of work. The performance bond shall be provided to and approved by the officer or public entity to whom the contract was awarded when applicable. A performance bond in an amount equal to 100 percent of the contract amount shall be required for all public works contracts.

## **14. Protests for Formal Solicitations**

This protest process applies only to contracts awarded through a formal bidding process (e.g., RFP or IFB). This does not apply to DCE purchase orders.

Written protests must be filed with DCE’s Executive Director within five (5) workdays after posting the Notice of Intent to Award on DCE’s website. No verbal protest will be accepted. The protest must be detailed, referencing the solicitation number, project name, and the name of the administrator listed on the bid documents. The protest must be submitted to DCE’s Executive Director via certified mail using the following address:

Executive Director  
Desert Community Energy  
73-710 Fred Waring Dr., Suite 200  
Palm Desert, CA 92260

Any entity that submits a bid or proposal may protest a DCE contract award.

There is no basis for protest if DCE rejects all proposals/bids based on the best interest of DCE.

The Executive Director shall respond to the offeror protesting the solicitation in writing and acknowledge receipt of the offeror’s protest. The Executive Director shall notify Contracts/Procurement and the Project Manager of the protest received. The Executive Director, in consultation with Contracts/Procurement, the Project Manager, and legal counsel, if necessary, shall determine whether the basis of the protest has merit and is permissible. If so, the Executive

Director shall notify all offerors, including the awardee, that the protest will be decided by reviewing submissions of written material to support each party's position and setting the date of submission thereof. If the protest is deemed to be insufficient and without merit, the awarding authority shall notify the offeror protesting the solicitation the protest is denied.

#### **15. Pre-Bid/Pre-Proposal Meetings**

The project manager in consultation with the Director of Finance/Administration (or designee) shall determine if a pre-bid/proposal meeting is necessary. A pre-bid/pre-proposal meeting shall not be mandatory, unless stated in the bid documents. The meeting is held after the RFP or IFB is released and before bids/proposals are due. The meeting will allow the project manager to further elaborate on the Scope of Work in more detail and to answer questions from prospective bidders/proposers. Except for questions raised during a pre-bid/pre-proposal meeting, prospective proposers shall submit all questions pertaining to the bid documents in writing.

## **ITEM 6E**

### **Desert Community Energy Board July 18, 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))

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**Recommendation:** Approve the Voluntary Allocation Agreement with Southern California Edison in connection with its voluntary allocation of its Power Charge Indifference Adjustment Long-Term Renewable Energy Portfolio and authorize the Executive Director to execute the necessary documents

**Background:** At its June 2022 meeting, the Board approved the recommendation of The Energy Authority (TEA) that DCE elect a 100% allocation of long-term load share resources offered by Southern California Edison (SCE) under the Voluntary Allocation & Market Offer (VAMO) process ordered by the California Public Utilities Commission (CPUC). This process requires the Investor-Owned Utilities (IOUs) to offer Power Charge Indifference Adjustment (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. As noted at the June 29 meeting, this allocation election is beneficial for DCE customers, as it allows for future procurement of new resources and helps ensure DCE meets its SB 350 long-term contracting requirements in the 2021-2024 Renewable Portfolio Standard Compliance Period.

DCE enrolled in SCE's Voluntary Allocation process by providing a Voluntary Allocation Election Form on June 30, prior to SCE's deadline of July 1, 2022. DCE must now enter into a Voluntary Allocation Agreement (Agreement) to be executed by DCE and SCE. SCE set a deadline of July 22 for LSEs to execute and return the Agreement. SCE will execute the Agreement by the July 29, 2022, the deadline set by the CPUC for the IOUs to complete the Voluntary Allocation process.

On June 23, the CPUC approved SCE's Voluntary Allocation Pro Forma Contract, which is attached. On July 8, SCE provided the execution version of the Agreement, which is the pro forma contract completed with certain confidential information on DCE's voluntary allocation and other confidential terms. DCE's legal counsel and TEA have reviewed the Agreement and do not object to its terms. The Agreement is largely similar to the contracts that DCE has executed in the past to buy short-term renewable energy products.

With this item, DCE staff recommends approval of the Agreement. Staff and TEA will continue to review opportunities to purchase additional renewable energy in SCE's Market Offer of resources that are unsold in the Voluntary Allocation and return to the Board for approval of any future purchases.

**Fiscal Analysis:** 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 Agreement: <https://desertcommunityenergy.org/wp-content/uploads/2022/07/DCE-20220718-6Ea-Voluntary-Allocation-Agreement-2-1.pdf>

**Desert Community Energy Board  
July 18, 2022**



**STAFF REPORT**

**Subject:** Contract with MRW & Associates for DCE's 2022 Integrated Resource Plan

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

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**Recommendation:** Authorize the Executive Director to negotiate and execute an agreement with MRW & Associates, LLC for a not-to-exceed amount of \$65,000, authorizing work on the 2022 Integrated Resource Plan as required by the California Public Utilities Commission

**Background:** The Integrated Resource Plan (IRP) is a requirement for all load serving entities (LSEs) including DCE and other community choice aggregation agencies (CCAs). The overall purpose of the IRP process is to ensure that California's electricity sector meets its greenhouse gas (GHG) reduction goals while maintaining reliability at the lowest possible costs. It is an important part of the statewide effort to keep California on a path toward achieving the state's ambitious clean energy targets while ensuring system reliability. A focus of the IRP is to ensure that DCE is providing enough energy to serve DCE's load and to quantify its GHG emissions reduction objectives. The IRP process and coordination of this statewide planning effort has gained more significance as energy resources have been strained during recent heat events.

The IRP is required to be submitted every two years, and the CPUC updates requirements each time. For the 2022 IRP, the LSEs will be required to provide planning information out to 2035, and planning efforts will be focused around 2035 GHG reduction and reliability results. The CPUC also adopted a GHG planning target for 2030 of 38 million metric tons (MMT) of GHG emissions in aggregate for the electricity sector. In addition, LSEs are required to include in their individual IRPs a plan for achieving a 30 MMT GHG target in 2030.

Preparation of the IRP includes review and evaluation of the requirements provided by the CPUC in formal rulings and informal workshops and webinars. It also involves preparing detailed estimates of the GHG and criteria pollutant emissions of DCE's portfolio as well as verifying that assigned GHG planning benchmarks are met. The IRP provides an opportunity to communicate DCE's resource planning policies, objectives, and planning framework to the public and key stakeholder groups. As required by the CPUC, IRP filings are posted on DCE's website.

In 2018 and 2020, DCE contracted with The Energy Authority (TEA), which used MRW & Associates, LLC (MRW) to prepare and file the plans. These filings were well received by the CPUC and held up as an example for other CCAs. TEA has indicated to DCE staff that their main role is ensuring that DCE's procurement complies with its IRP obligations, and that they did not wish to continue as the prime contractor to DCE on the IRP as they do not have any substantive involvement in its preparation.

IRP preparation requires a specialized skillset that DCE staff does not possess. Staff is recommending that the Board authorize the Executive Director to negotiate a contract with MRW. The firm not only has existing knowledge of DCE, but also the experience preparing IRPs for DCE and the expertise and proven experience with the complex modeling necessary to prepare the IRP. The Agreement will be largely based on DCE's standard Professional Services Agreement prepared by DCE's legal counsel, and the scope of work will be substantially based on the work performed by MRW in 2020 under Task Order 4 with TEA. MRW is in the process of preparing a scope of work and anticipates delivering it to DCE staff in early August.

Staff has carried out this procurement in accordance with the sole source procurement rules under Section 6.5 of DCE Policy No. 22-01 relating to procurement policy and procedures, also on the meeting agenda for approval under Item 6.D. DCE staff has prepared, and the Executive Director has signed, the attached single/sole source justification form required by Section 6.5 confirming that MRW possesses the unique ability or capability to meet the requirements of DCE.

The IRP is due to the CPUC no later than November 1, 2022. Because of the amount of work required to prepare the IRP, and the potential that the August DCE meeting might be canceled, time is of the essence in approving the Agreement. Given the upcoming filing date, staff did not have time to competitively bid this work but plans to do so for the 2024 IRP filing cycle. With Board approval, the Executive Director will finalize and execute the Agreement with MRW to allow preparation of the IRP.

The IRP itself will be presented prior to the November 1 deadline for the Board's review, input, and approval. The 2022 IRP to be prepared through the proposed contract will address how DCE will meet the statewide targets by managing its portfolio of energy and capacity resources. The IRP will incorporate CPUC requirements and new planning targets adopted in early 2022, including:

- Meet more stringent requirements that 73 percent of California's retail electricity sales come from renewable energy sources and 86 percent GHG-free resources by 2032;
- Include more solar and battery storage, as well as new long-duration storage, out-of-state wind, and offshore wind resources;
- Ensure system and local reliability on both a near-term and long-term basis, including meeting the near-term and forecast long-term resource adequacy requirements; and
- Strengthen the diversity, sustainability, and resilience of electric transmission and distribution systems, and local communities.

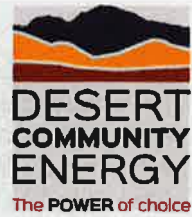
**Fiscal Analysis:** DCE staff is recommending a budget not to exceed \$65,000 for this work. The cost associated with a consultant contract for IRP preparation was included in the DCE Fiscal Year 2022/2023 budget, which was approved in June.

DCE staff time to work with MRW in preparing the IRP is included in the approved budget. Input from TEA on the IRP to ensure consistency between its procurement on DCE's behalf and DCE's IRP obligations is also covered under TEA's existing contract and budget allocations.

**Attachment:**

Single/Sole Source Justification Form

## Desert Community Energy



### MEMO

**To:** Tom Kirk, Executive Director

**From:** David Freedman, Program Manager

**Date:** July 8, 2022

**Re:** Sole Source Justification for Preparation of an Integrated Resource Plan with MRW & Associates, LLC

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Tom,

Pursuant to Section 6.5 of CVAG Policy No. 21-04 relating to procurement policy and procedures currently applicable to DCE and the parallel Section 6.5 of the proposed DCE Policy No. 22-01, which will be placed on the agenda of the July 18 Board meeting for approval, DCE staff is requesting authorization to proceed with a Sole Source Procurement with MRW & Associates, LLC (MRW) for the preparation of DCE's 2022 Integrated Resource Plan (IRP), to be filed with the California Public Utilities Commission (CPUC) by November 1, 2022. This memo constitutes the single/sole source justification form required by Section 6.5 of the respective CVAG and DCE policies.

Previously, MRW assisted DCE with the preparation of DCE's 2018 and 2020 IRP filings with the CPUC as a subcontractor to The Energy Authority. Given the upcoming filing date, staff did not have time to competitively bid this work and is requesting to contract directly with MRW to assist in the preparation of DCE's 2022 IRP. MRW is uniquely qualified to perform this work for DCE for the following reasons:

- Detailed existing knowledge of DCE;
- Substantial experience assisting DCE with IRP preparation; and
- Proven experience with the models necessary to prepare the IRP.



In order for DCE to proceed with contracting directly with MRW under a sole source agreement, you would need to agree that MRW possesses the unique ability or capability to meet the requirements of DCE by signing below. DCE is currently finalizing the Scope of Work to be performed by MRW and preparing the associated agreement, which will be placed on the agenda of the July 18 Board meeting for approval.

Thank you.

David

Tom Kirk

Tom Kirk (Jul 12, 2022 09:37 PDT)

Tom Kirk, Executive Director

July 8, 2022

Date

**Desert Community Energy Board**  
**July 18, 2022**



**STAFF REPORT**

**Subject:** Update on DCE's Distributed Energy Resources Program

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

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**Recommendation:** Discuss and provide direction to staff on next steps of the Behind-the-Meter Distributed Energy Resources Program

**Background:** A distributed energy resource is a small-scale unit of power generation that operates locally and is connected to a larger power grid at the distribution level, often behind a customer's retail power meter. Rooftop solar, battery storage, microgrids, and energy efficiency and demand management are often collectively referred to as Distributed Energy Resources or DERs. When the energy from one of these DERs is generated at a home or business and can be used to directly offset the customer's retail load, the resource is considered behind the meter (BTM).

At the February 2022 meeting, the DCE Board approved a contract with TerraVerde Energy (TerraVerde) for a pilot Behind-the-Meter Distributed Energy Resources Program. Per the terms of the agreement, it requires no costs to DCE until additional Board action is taken. Following this authorization, TerraVerde conducted a program design and feasibility assessment of a pilot distributed DER program for non-residential customers. This phase has included identifying target customers and evaluating customer gross savings from solar and battery resources. As a result of these efforts, TerraVerde has identified several target customers whose energy use, energy resilience needs, and site configuration would support installation of a solar and battery energy storage system generating both customer net savings and net revenue for DCE.

As a result of these initial findings, TerraVerde has begun engaging with these target customers, in close collaboration with DCE staff. Introductory meetings with staff also in attendance at which TerraVerde has presented the program and customer pro forma financial information have been held in late June and early July, and TerraVerde is working to schedule meetings with the other target customers in the coming weeks. TerraVerde and staff have also met with City of Palm Springs staff, as several of the target customers lease their land from the City. In addition, one of the target customers is a historic building subject to the Palm Springs Historic Preservation Ordinance, which governs the installation of solar panels on an historic building and its parking lots.

Parallel to these customer-focused discussions, staff is working with The Energy Authority (TEA) to evaluate the financial benefits to DCE of this program, including the generation of renewable energy that would help ensure DCE meets its SB 350 long-term contracting requirements. Other benefits to DCE include exploring opportunities to promote local projects and local jobs, encouraging local investment and enhancing the clean energy profile of the Coachella Valley.

While this DER program if successful has clear benefits to DCE, it also carries some risks. Under TerraVerde's distributed power purchase agreement (PPA) framework, DCE would enter into a Distributed PPA Program Agreement with the customer providing a portion of its electricity supply at fixed prices, likely resulting in annual utility cost savings and a Distributed Solar + Battery PPA from developers for projects sited at these customer locations. DCE would charge the customer a PPA rate that is lower than the customer's gross bill savings, but at a rate higher than what DCE would be paying to the developer. Staff is working with DCE's legal counsel to identify and mitigate potential risks to DCE of this structure. Additional risks include the potential for DCE rates to fall below PPA prices and changes likely to occur in the coming months to the CPUC's Net Energy Metering tariff, which may reduce the financial benefits of new energy projects, as well as expected reductions in the Federal Investment Tax Credit starting at the end of this year.


With this item, staff requests Board direction to continue with this program. Assuming Board approval, expected work over the next few months includes confirming the interest of the target customers, preparing a robust financial analysis together with TEA and working with DCE legal counsel and TerraVerde to develop program documents that minimize risks to DCE. If these efforts are successful, staff would come back to the Board to request approval to launch the RFP process for the PPA – which would include the form of PPA with developers – and the form of Distributed PPA Program Agreement with customers. Should the DCE Board choose to proceed with the program and move to the program implementation phase, PPAs with developers selected through the RFP process would be brought to the Board for approval and funding authorization.

**Fiscal Analysis:** As noted at the February Board meeting, TerraVerde is providing technical and financial due diligence, RFP development and administration services, and contract negotiation support services for the current phases of the project at no cost to DCE. TerraVerde is only compensated when the DCE Board approves projects for implementation. Staff will provide an analysis of the funding for the implementation phase of the project as part of the Board consideration of implementation agreements.

The costs associated with customer engagement and continued evaluation and monitoring of the project as it proceeds through its various phases are covered under the existing contracts with TEA and legal counsel as well as staff time.

**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.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**AS OF MAY 31, 2022**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
Unrestricted Funds			
Operating Account	-	200,000.00	200,000.00
Money Market Account	67,874.45	-	67,874.45
ICS Account	1.72	-	1.72
DDM Marketplace Sweep Account	171,450.79	-	171,450.79
Lockbox Account	3,581,658.04	(3,174,923.06)	406,734.98
Total Unrestricted Funds	3,820,985.00	(2,974,923.06)	846,061.94
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	3,967,985.00	(1,294,923.06)	2,673,061.94
Accounts Receivable			
Southern California Edison	-	4,865,967.98	4,865,967.98
Southern California Edison (Escrow Account) <sup>(1)</sup>	-	3,613,974.35	3,613,974.35
Coachella Hills Wind	-	53,807.72	53,807.72
Total Accounts Receivable	-	8,533,750.05	8,533,750.05
Accrued Accounts Receivable	-	2,090,371.08	2,090,371.08
Allowance for Doubtful Accounts <sup>(2)</sup>	-	(1,617,954.85)	(1,617,954.85)
<b>TOTAL ASSETS</b>	<b>3,967,985.00</b>	<b>7,711,243.22</b>	<b>11,679,228.22</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable			
Ace Printing	747.82	747.82	1,495.64
Best, Best & Kreiger LLP	9,903.71	29,711.13	39,614.84
Burke Rix Communications	-	8,504.12	8,504.12
CA Choice Energy Authority	-	15,965.83	15,965.83
Calpine Energy Solutions LLC	-	44,015.10	44,015.10
Donald D. Dame	564.81	1,694.44	2,259.25
River City Bank	9,989.00	-	9,989.00
The Energy Authority	-	2,265,767.81	2,265,767.81
Vesper Energy	-	40,536.55	40,536.55
Total Accounts Payable	21,205.34	2,406,942.80	2,428,148.14
Accrued Accounts Payable			
So Cal Edison	-	78,064.00	78,064.00
Total Accounts Payable	-	78,064.00	78,064.00
Due to Other Governments			
Coachella Valley Association of Governments	126,272.80	378,818.40	505,091.20
Utility Users Tax- Palm Springs	-	272,685.70	272,685.70
Electric Energy Surcharge (CDTFA)	-	19,597.43	19,597.43
Total Due to Other Governments	126,272.80	671,101.53	797,374.33
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)	-	3,400,000.00	3,400,000.00
Total Loans Payable	-	3,400,000.00	3,400,000.00
<b>TOTAL LIABILITIES</b>	<b>147,478.14</b>	<b>8,236,108.33</b>	<b>8,383,586.47</b>
<b><u>NET POSITION</u></b>			
Restricted Net Position	147,000.00	-	147,000.00
Unrestricted Net Position	3,673,506.86	(524,865.11)	3,148,641.75
Net Position	3,820,506.86	(524,865.11)	3,295,641.75
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>3,967,985.00</b>	<b>7,711,243.22</b>	<b>11,679,228.22</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.

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

(2) \$609,655 for the California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief has been credited to customer accounts and funds disbursed to DCE.

**DESERT COMMUNITY ENERGY**  
**UNAUDITED FINANCIAL STATEMENTS**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE PERIOD FROM JULY 1, 2021 TO MAY 31, 2022**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>			
Electricity Sales <sup>(1)</sup>	-	38,076,134.77	38,076,134.77
Other Revenue <sup>(2)</sup>	-	1,759,605.16	1,759,605.16
Investment Income	3,602.23	-	3,602.23
<b>TOTAL REVENUES</b>	<u>3,602.23</u>	<u>39,835,739.93</u>	<u>39,839,342.16</u>
<b><u>EXPENSES</u></b>			
Cost of Electricity			
Electricity Purchase	-	24,076,003.13	24,076,003.13
Resource Adequacy	-	6,597,321.25	6,597,321.25
Renewable Energy Credit Settlement	-	1,234,800.25	1,234,800.25
Market Charges	-	3,832,678.83	3,832,678.83
Total Cost of Electricity	-	38,121,803.46	38,121,803.46
Accounting / Bank Services	15,845.16	15,845.16	31,690.32
Legal Services	24,771.58	74,314.75	99,086.33
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	-	63,064.00	63,064.00
Total Professional Services	3,305.63	69,094.63	72,400.25
Insurance			
Total Insurance	3,896.63	3,896.63	7,793.25
Consultants			
Calpine Energy Solutions	108,001.39	324,004.16	432,005.55
Don Dame	-	21,668.50	21,668.50
White Rabbit Group	975.00	975.00	1,950.00
The Energy Authority	-	1,071,583.58	1,071,583.58
CVAG	257,384.71	257,384.71	514,769.41
Total Consultants	366,361.09	1,675,615.95	2,041,977.04
Outreach			
Burke Rix Communications	-	42,339.07	42,339.07
Total Outreach	-	42,339.07	42,339.07
Postage			
Ace Printing	7,720.45	7,720.45	15,440.89
Total Printing	7,720.45	7,720.45	15,440.89
Printing			
Ace Printing	8,983.69	8,983.69	17,967.37
Total Printing	8,983.69	8,983.69	17,967.37
Social Programs	-	21,899.00	21,899.00
Technology Costs	1,106.32	1,106.32	2,212.64
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	-	1,142,302.89	1,142,302.89
Interest Expense	-	117,029.74	117,029.74
<b>TOTAL EXPENSES</b>	<u>453,114.16</u>	<u>41,365,447.59</u>	<u>41,818,561.75</u>
Excess of Revenues over Expenses	(449,511.93)	(1,529,707.66)	(1,979,219.59)
Net Position - Beginning of the Period	4,270,018.79	1,004,842.55	5,274,861.34
Net Position - End of the Period	<u>3,820,506.86</u>	<u>(524,865.11)</u>	<u>3,295,641.75</u>

(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 MAY 31, 2022**

	<b>FY2021/2022</b>	<b>FY2020/2021</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Unrestricted Funds				
Operating Account	200,000.00	54,858.21	145,141.79	264.58%
Money Market Account	67,874.45	55,225.54	12,648.91	22.90%
ICS Account	1.72	818,169.39	(818,167.67)	-100.00%
DDM Marketplace Sweep Account	171,450.79	-	171,450.79	100.00%
Lockbox Account	406,734.98	528,055.81	(121,320.83)	-22.98%
Total Unrestricted Funds	846,061.94	1,456,308.95	(610,247.01)	-41.90%
Restricted Funds				
Restricted Cash (PPA Collateral)	1,680,000.00	1,680,000.00	-	0.00%
Money Market Account	-	-	-	100.00%
SCE FSR Letter of Credit Collateral	147,000.00	147,000.00	-	0.00%
Debt Service Reserve Account	-	200,000.00	(200,000.00)	-100.00%
Total Restricted Funds	1,827,000.00	2,027,000.00	(200,000.00)	-9.87%
Total Cash	2,673,061.94	3,483,308.95	(810,247.01)	-23.26%
Accounts Receivable				
Southern California Edison	4,865,967.98	3,131,207.67	1,734,760.31	55.40%
Southern California Edison (Escrow Account) <sup>(1)</sup>	3,613,974.35	2,719,285.63	894,688.72	32.90%
Coachella Hills Wind	53,807.72	-	53,807.72	100.00%
Total Accounts Receivable	8,533,750.05	5,850,493.30	2,683,256.75	45.86%
Accrued Accounts Receivable	2,090,371.08	1,402,623.79	687,747.29	49.03%
Allowance for Doubtful Accounts <sup>(2)</sup>	(1,617,954.85)	(563,282.41)	(1,054,672.44)	187.24%
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>11,679,228.22</b>	<b>10,273,143.63</b>	<b>1,406,084.59</b>	<b>13.69%</b>
<b>LIABILITIES</b>				
Accounts Payable				
Ace Printing	1,495.64	-	1,495.64	100.00%
Best, Best & Krieger LLP	39,614.84	-	39,614.84	100.00%
Burke Rix Communications	8,504.12	3,263.75	5,240.37	160.56%
California Choice Energy Authority	15,965.83	-	15,965.83	100.00%
Calpine Energy Solutions LLC	44,015.10	97,351.05	(53,335.95)	-54.79%
Donald D. Dame	2,259.25	2,971.50	(712.25)	-23.97%
River City Bank	9,989.00	-	9,989.00	100.00%
The Energy Authority	2,265,767.81	1,555,716.99	710,050.82	45.64%
Vesper Energy	40,536.55	-	40,536.55	100.00%
White Rabbit Group	-	1,150.00	(1,150.00)	-100.00%
Total Accounts Payable	2,428,148.14	1,660,453.29	767,694.85	46.23%
Accrued Accounts Payable				
SoCal Edison NEB Charges	78,064.00	699.87	77,364.13	11054.07%
Total Accrued Accounts Payable	78,064.00	699.87	77,364.13	11054.07%
Due to Other Governments				
Coachella Valley Association of Governments	505,091.20	-	505,091.20	100.00%
Utility Users Tax- Palm Springs	272,685.70	264,364.15	8,321.55	3.15%
Electric Energy Surcharge (CDTFA)	19,597.43	19,993.76	(396.33)	-1.98%
Total Due to Other Governments	797,374.33	284,357.91	513,016.42	180.41%
Other Current Liability				
Loans Payable Short-Term	-	1,503,125.00	(1,503,125.00)	-100.00%
Vendor security deposits	-	165,000.00	(165,000.00)	-100.00%
Total Other Current Liability	-	1,668,125.00	(1,668,125.00)	-100.00%
Total Current Liabilities	3,303,586.47	3,613,636.07	(310,049.60)	-8.58%
<b>Non Current Liabilities</b>				
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)	3,400,000.00	-	3,400,000.00	100.00%
Total Loans Payable	3,400,000.00	-	3,400,000.00	100.00%
Total Non Current Liabilities	5,080,000.00	1,680,000.00	3,400,000.00	202.38%
<b>TOTAL LIABILITIES</b>	<b>8,383,586.47</b>	<b>5,293,636.07</b>	<b>3,089,950.40</b>	<b>58.37%</b>
<b>NET POSITION</b>				
Restricted Net Position	147,000.00	147,000.00	-	0.00%
Unrestricted Net Position	3,148,641.75	4,832,507.56	(1,683,865.81)	-34.84%
<b>TOTAL NET POSITION</b>	<b>3,295,641.75</b>	<b>4,979,507.56</b>	<b>(1,683,865.81)</b>	<b>-33.82%</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>11,679,228.22</b>	<b>10,273,143.63</b>	<b>1,406,084.59</b>	<b>13.69%</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.  
- If the NEM customer generated more electricity than used, DCE will pay the NET balance at DCE's approved Net Surplus Compensation Rate; if the NEM customer used more electricity than generated, the net annual balance will be billed at the customer's metered rate.

(2) \$609,655 for the California Arrearage Payment Program (CAPP) allocation for COVID-19 bill relief has been credited to customer accounts and funds disbursed to 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 MAY 31, 2022**

	<b>FY2021/2022</b>	<b>FY2020/2021</b>	<b>\$ Change</b>	<b>% Change</b>
<b>REVENUES</b>				
Electricity Sales <sup>(1)</sup>	38,076,134.77	31,478,947.24	6,597,187.53	20.96%
Carbon Free	32,312,127.05	25,532,596.12	6,779,530.93	0.27
Carbon Free- CARE/FERA	1,719,093.94	3,585,066.84	(1,865,972.90)	(0.52)
Desert Saver	4,044,913.78	2,361,284.28	1,683,629.50	0.71
Other Revenue <sup>(2)</sup>	1,759,605.16	826,371.89	933,233.27	112.93%
Investment Income	3,602.23	13,569.69	(9,967.46)	-73.45%
<b>TOTAL REVENUES</b>	<b>39,839,342.16</b>	<b>32,318,888.82</b>	<b>7,520,453.34</b>	<b>23.27%</b>
<b>EXPENSES</b>				
Cost of Electricity				
Electricity Purchase	24,076,003.13	16,388,134.50	7,687,868.63	46.91%
Resource Adequacy	6,597,321.25	6,261,892.20	335,429.05	5.36%
Low Carbon Settlement	2,381,000.00	1,393,690.00	987,310.00	70.84%
Renewable Energy Credit Settlement	1,234,800.25	3,023,732.00	(1,788,931.75)	-59.16%
Market Charges	3,832,678.83	5,184,069.91	(1,351,391.08)	-26.07%
Total Cost of Electricity	38,121,803.46	32,251,518.61	5,870,284.85	18.20%
Accounting / Bank Services	31,690.32	22,220.29	9,470.03	42.62%
Office Supplies	-	1,199.43	(1,199.43)	-100.00%
Legal Services	99,086.33	-	99,086.33	100.00%
Professional Services	72,400.25	53,029.05	19,371.20	36.53%
Insurance	7,793.25	6,500.00	1,293.25	19.90%
Consultants	2,041,977.04	1,554,720.69	487,256.35	31.34%
Outreach	42,339.07	28,333.64	14,005.43	49.43%
Postage	15,440.89	2,973.28	12,467.61	419.32%
Printing	17,967.37	4,473.74	13,493.63	301.62%
Social Programs	21,899.00	-	21,899.00	100.00%
Technology Costs	2,212.64	-	2,212.64	100.00%
Registrations/Memberships	84,619.50	75,901.65	8,717.85	11.49%
Bad Debt Expense	1,142,302.89	546,766.92	595,535.97	108.92%
Interest Expense	117,029.74	12,811.74	104,218.00	813.46%
<b>TOTAL EXPENSES</b>	<b>41,818,561.75</b>	<b>34,560,449.04</b>	<b>7,258,112.71</b>	<b>21.00%</b>
Excess of Revenues over Expenses	(1,979,219.59)	(2,241,560.22)	262,340.63	-11.70%
Net Position - Beginning of the Period	5,274,861.34	7,221,067.78	(262,340.63)	-3.63%
Net Position - End of the Period	3,295,641.75	4,979,507.56	(1,683,865.81)	-33.82%

(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 8D**

### **Desert Community Energy Board July 18, 2022**



#### **STAFF REPORT**

**Subject:** Supplier Diversity Update

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

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#### **Recommendation: Information**

**Background:** The Public Utilities Commission (CPUC) has announced updates to its Annual Supplier Diversity Report. This annual report details a plan for increasing procurement from small, local, and diverse business enterprises as well as details procurement efforts related to Women, Minority, Disabled Veteran, Lesbian Gay Bisexual Transgender Business Enterprises (WMDVLGBTBE). The CPUC oversees the voluntary Utility Supplier Diversity Program, and under General Order 156 (GO 156) details various requirements for CCAs as well as electrical corporations, gas corporations, water corporations, wireless telecommunications service providers, electric service providers, and telephone corporations.

CPUC's new updates include:

- Incorporating Persons with Disabilities Business Enterprises to be included in 2024 reports;
- Increasing the LGBTBE target percentage to 1.5% in three years;
- Enhancing outreach and public participation;
- Noting that California disabled veteran owned businesses may get certified as a Disabled Veteran Business Enterprise (DVBE).

With the addition of a new category, Persons with Disabilities Business Enterprise (PDBE), Disabled Veteran Business Enterprise (DVBE) firms who are in the CPUC Supplier Clearinghouse will now be issued a second certification in the Clearinghouse as a Persons with Disabilities Business Enterprise (PDBE). California disabled veteran owned businesses will have two certifications: DVBE and PDBE certification. Disabled Veteran Owned firms outside California are not eligible to get certified as a DVBE, as they do not satisfy the California docility requirement. However, non-Californian disabled veteran owned firms may now apply to CPUC Supplier Clearinghouse or DisabilityIN for a PDBE certification, but not a DVBE certification.

As noted in an April report to the Board, DCE is required to submit an Annual Supplier Diversity Report, and the 2021 report was submitted on March 1, 2022. DCE staff continues to expand its understanding of the GO 156 requirements and the opportunities to diversify procurement efforts. DCE is committed to furthering equal access to economic opportunities for business enterprises owned by WMDVLGBT and other underserved or marginalized groups. DCE also continues efforts to include local and small businesses in procurement opportunities.

On October 13, 2022, the CPUC will be hosting its 20<sup>th</sup> Annual GO156 Supplier Diversity En Banc conference for Community Choice Energy providers, with both in-person and virtual attendance options. The physical event will be held at the Citrus Heights Community Center, 6300 Fountain Square Drive, Citrus Heights, CA 95621. DCE staff will attend virtually and will provide a report for the November DCE Board meeting.

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

**Desert Community Energy Board**  
**July 18, 2022**



**STAFF REPORT**

**Subject:** Legislative update

**Contact:** Emmanuel Martinez, Senior Programs Manager ([emartinez@cvaq.org](mailto:emartinez@cvaq.org))

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**Recommendation: Information**

**Background:** At its July meeting, the DCE Board will receive a legislative update from the California Community Choice Association (CalCCA), a non-profit association of which DCE is a member that advocates in the Legislature and at state regulatory agencies for California's community choice electricity providers such as DCE. In addition, the Coachella Valley Association of Governments (CVAG) has lobbyists that are tracking various issues at the state and federal levels, including those pertaining to energy issues that impact DCE. The following staff report provides a written recap of some of the issues that CVAG and its lobbyists are tracking.

During the last week of June, the Governor and the Legislature reached a deal on the state budget FY 2022-23. Of particular interest to the DCE Board is Assembly Bill 205, which makes statutory changes to implement the energy related items of the 2022 Budget Act. To help provide utility assistance to address past due electricity bills by customers impacted by the pandemic, the FY 2022 Budget Act establishes the California Arrearage Payment Program (CAPP). The CAPP program received an allocation of \$1.2 billion and will be administered by the Department of Community Services and Development. Furthermore, it prioritizes issuances of assistance and allocation of funds. It also requires utility applicants to issue CAPP benefits to residential customers within 60 days of receiving funds.

The energy package of the 2022 Budget Act also establishes the Strategic Reliability Reserve (SRR) to be administered by the Department of Water Resources (DWR) to support electrical grid reliability. This bill authorizes DWR to contract for, purchase, finance or otherwise secure electrical generation to create additional capacity available during extreme energy grid events. Specifically, DWR may use the SRR for new energy storage systems, new emergency and temporary generators, generation facilities using clean, zero-emission fuel technology generation, and the extension of operations at existing facilities planned for retirement, as specified. It also may be used to procure additional energy for electric reliability during the summer of 2022.

Additionally, AB 205 requires DWR to prepare a plan for its actions to invest in electric reliability for the California Energy Commission (CEC) to consider and approve. It also requires DWR to consult with the CEC, PUC and the Independent System Operator or other applicable balancing authorities, and the California Air Resources Board when carrying out the duties of SRR. As it relates to permitting, the budget bill authorizes the CEC to permit the siting of facilities by DWR in implementing SRR programs, and establish an expedited review of applications. To address reliability and air emission of new generation resources, AB 205 also requires the CEC, when reviewing permitting requests, to determine optimal location for resources based on electric reliability, reducing public safety power shutoffs, decreasing the use of high-emission resources

and minimizing air pollution. As part of this process for siting emergency resources, the CEC is required to consult with local governments on land use and with Native American tribes associated with the geographic area in which DWR wishes to site emergency resources. This bill also requires DWR to fully mitigate all air emissions in the surrounding community.

AB 205 establishes the Distributed Electricity Backup Assets Program to be administered by the CEC to incentivize cleaner and more efficient distributed energy assets, such as solar, that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events, as specified. Funding shall be used to support efficiency upgrades to existing power generators, and deployment of new zero- or low-emission technologies, such as fuel cells or energy storage, at new or existing facilities. There is \$550 million allocated to this effort.

Lastly, the Budget Act appropriates \$200 million for the Demand Side Grid Support program. Specifically, this fund allocation will help support demand response programs that help improve demand side management of the grid to improve grid support during peak periods and help increase reliability. This program will also be managed by the CEC.

At the federal level, the Department of Energy has announced the new IJIA Preventing Outages and Enhancing the Resilience of the Electric Grid formula grant program. This program will provide \$459 million in funding annually through FY 2026. Eligible entities for this program are states, territories, and Indian tribes who will receive formula funded allocations to improve the resilience of the electric grid against disruptive events. The FY 2022 funding is allocated to each state, territory and Indian tribe, and California is set to receive \$33.7 million. Eligible grid resilience activities under this program include:

- Utility pole upkeep and removal of trees and other vegetation affecting grid performance;
- Undergrounding electrical equipment;
- Relocating or reconductoring powerlines;
- Improvements to make the grid resistant to extreme weather;
- Increasing fire resistant components;
- Implementing monitoring, controls, and advanced modeling for real-time situational awareness; and
- Integrating distributed energy resources like microgrids and energy storage

After receiving the allocated funding, each state, territory or Indian tribe will determine their own process of distributing funds to eligible sub-applicants. Eligible sub-applicants include electric grid operators, electricity storage operators, electricity generators, transmission owners and operators, distribution providers, and fuel suppliers. States must finalize by September 30, 2022 the process by which the funds will be distributed.

In addition to these formula funds, the Department of Energy will release a competitive solicitation for the Preventing Outages and Enhancing the Resilience of the Electric Grid Program. The competitive program is anticipated to open in the Fourth Quarter 2022. If an eligible sub-applicant receives funding through the formula program, they are not eligible to apply and receive funding through the competitive program.

DCE staff will continue to track these efforts and funding opportunities.

**Fiscal Analysis:** There is no cost to DCE for this informational update.