DESERT COMMUNITY ENERGY
BOARD MEETING AGENDA

Tuesday, June 27, 2023
3:00 p.m.

Palm Springs City Hall
Large Conference Room
3200 E. Tahquitz Canyon Way
Palm Springs CA 92262

Members of the public may use the following link for listening access and ability to address the Desert Community Energy Board when called upon:

https://us02web.zoom.us/j/84082778083?pwd=ZFc2dHl5L1QxczRmZ2VMS2UrZmlYQT09

Dial In: +1 669 900 9128 US
Webinar ID: 840 8277 8083
Password: 667521

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 by 5:00 p.m. on the day prior to the Board 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 Lisa Middleton, Councilmember, City of Palm Springs

2. **ROLL CALL**

A. **Member Roster** P4

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 / EXECUTIVE DIRECTOR COMMENTS**

6. **CONSENT CALENDAR**

A. **Approve Minutes from the May 12, 2023 Board Meeting** P5

B. **Adopt Resolution 2023-02, approving the 2022 Power Source Disclosure (PSD) Annual Report and associated 2022 Power Content Labels for Desert Saver and Carbon Free products, and attest to their veracity** P8

C. **Adopt DCE Policy No. 23-01 for Net Energy Metering Service, which replaces Policy No. 2021-01 and includes language for the Solar Billing Program for DCE customers with onsite solar and battery storage systems** P25

D. **Authorize the updating of the signature cards and signatories for DCE investments and banking** P35

E. **Adopt DCE Policy No. 23-02, the restated Delinquent Accounts, Collections, and Bad Debt Policy** P36

F. **Approve a clarifying amendment to DCE Policy No. 18-10 Financial Reserve Policy** P41

G. **Authorize the Executive Director to issue a notice of termination of the amended Renewable Power Purchase Agreement with Deer Creek Solar I** P44

7. **DISCUSSION / ACTION**

A. **DCE Fiscal Year 2023/24 Budget–** Claude Kilgore P45

Recommendation: Adopt Resolution 2023-03 approving Desert Community Energy's Fiscal Year 2023/24 Budget

B. **Presentation: Historical & Forecasted Energy Prices In a Volatile Market –** Jaclyn Harr, The Energy Authority

8. INFORMATION

A) Attendance Record **P60**

B) Unaudited Year-to-Year Financial Report as of April 30, 2023 **P61**

C) Renewable and Mid-Term Reliability 2023 Request for Proposals **P64**

D) Southern California Edison General Rate Case **P65**

E) July 2023 Rate Adjustment Summary **P67**

F) DCE's 2023 Summer Readiness Outreach Strategy **P69**

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 July meeting is being cancelled. The next DCE meeting will be held August 21 at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

11. ADJOURNMENT

DESERT COMMUNITY ENERGY
BOARD MEMBER ROSTER

Voting Members	Seat on Committee	Representative
City of Palm Desert	Vice Chair	**Veronica Chavez** Finance Director *Alternate: Mayor Kathleen Kelly*
City of Palm Springs	Chair	**Lisa Middleton** Councilmember *Alternate: Mayor Pro Tem Jeffrey Bernstein*
DCE Staff		
Tom Kirk, Executive Director		
David Freedman, Program Manager		
Emily Langenbahn, Program Specialist		
Janice Reitman, Accounting Manager		

Desert Community Energy Board
Meeting Minutes
May 12, 2023

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 Middleton at 3:00 p.m. at Palm Springs City Hall's Large Conference Room, at 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

2. **ROLL CALL**

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

Members Present	**Member Jurisdiction**
Councilmember Lisa Middleton	City of Palm Springs
Finance Director Veronica Chavez	City of Palm Desert

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

   None

4. **PUBLIC COMMENTS ON AGENDA ITEMS**

   None

5. **BOARD MEMBER / DIRECTOR COMMENTS**

   DCE Program Manager David Freedman gave updates on two procurement matters, including a request for proposals and the market offer bid that Southern California Edison did not select.

6. **CONSENT CALENDAR**

   IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY CHAIR MIDDLETON TO:

   A. Approve Minutes from the April 5, 2023 Board Meeting

   B. Adopt DCE's General Order 156 Supplier Diversity Goals to meet California Public Utilities Commission requirements and diversify procurement efforts

   THE MOTION CARRIED WITH 2 AYES.

Councilmember Middleton	**Aye**
Finance Director Chavez	**Aye**

.

7. DISCUSSION / ACTION

A. DCE Financial Outlook

Jaclyn Harr, Client Services Manager with The Energy Authority, presented an in-depth presentation regarding DCE's financial outlook via Zoom videoconference.

Member discussion ensued, including Mrs. Harr answering questions regarding energy hedging to prepare for the summer months.

This item was an informational item with no action taken.

B. Rate Stabilization Schedule Amendment

DCE Energy Consultant Don Dame reviewed the rate stabilization schedule and the minor proposed changes to it based on the trends of the market and predicted needs for DCE.

Member discussion ensued.

IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY CHAIR MIDDLETON TO ADOPT DCE RESOLUTION 2023-01, APPROVING THE AMENDED RATE STABILIZATION SCHEDULE EFFECTIVE JUNE 1, 2023

THE MOTION CARRIED WITH 2 AYES.

Councilmember Middleton	**Aye**
Finance Director Chavez	**Aye**

C. DCE Fiscal Year 2023/24 Budget Preview

Finance Director Claude Kilgore gave a preview of the 2023/2024 DCE budget, which will be presented to the Board in June.

This item was an informational item with no action taken.

8. INFORMATION

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

A. Attendance Record

B. Unaudited Year-to-Year Financial Report as of February 28, 2023

C. SCE Green Rate Update

9. PUBLIC COMMENT ON NON-AGENDA ITEMS

None.

10. ANNOUNCEMENTS

The next DCE meeting will be held June 27, 2023 at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

11. CLOSED SESSION

The Board adjourned to closed session at 3:55 p.m.

Conference with Legal Counsel – Existing Litigation
Initiation of litigation pursuant to Government Code Section 54956.9(d)(1)
Name: CPUC Resource Adequacy Proceeding

The closed session concluded at 4:30 p.m. DCE Program Manager David Freedman reported that the board has unanimously voted to direct DCE staff and counsel to appeal the citation issued by the California Public Utilities Commission (CPUC) on April 17, 2023 in the amount of $374,674.20 for certain resource adequacy deficiencies related to DCE's 2023 year-ahead filing.

12. ADJOURNMENT

Chair Middleton adjourned the meeting at 4:31 p.m.

Respectfully submitted,

Elysia Regalado, Management Analyst

ITEM 6B

Desert Community Energy Board
June 27, 2023

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **2022 Power Source Disclosure Report and Associated Power Content Labels**

Contact: David Freedman, Program Manager (dfreedman@cvag.org)
Emily Langenbahn, Program Specialist (elangenbahn@cvag.org)

Recommendation: Adopt Resolution 2023-02, approving the 2022 Power Source Disclosure (PSD) Annual Report and associated 2022 Power Content Labels for Desert Saver and Carbon Free products, and attest to their veracity

Background: All retail sellers of electricity, including Community Choice Aggregation (CCA) energy providers such as DCE, are required by SB 1305, codified in Section 398.1 of the California Public Utilities Code, to disclose "accurate, reliable, and simple-to-understand information on the sources of energy" that are delivered to their customers each year. DCE started service to customers in Palm Springs in spring 2020, which was the first year DCE was required to provide this information on energy sources. Participation in the Power Source Disclosure (PSD) Program includes submitting an Annual PSD Report and associated Power Content Label (PCL) to the California Energy Commission (CEC).

The 2022 Power Source Disclosure reports for DCE's Desert Saver and Carbon Free products (attached) were submitted to the CEC on June 1, 2023 and resubmitted in response to CEC comments on June 16, 2023. The reports include specific power purchases, resales, and self-consumption of energy by fuel type for each electricity product offered to DCE customers. Information from DCE's 2022 Power Source Disclosure Annual Report is included in Schedule 3 of the attached PSD Reports for DCE's Carbon Free and Desert Saver products. The PCLs, shown below, will be posted on both the CEC website and the DCE website per CEC requirements.

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

Staff recommends that the Board adopt Resolution 2023-02 approving DCE's 2022 PSD Annual Reports and associated Power Content Labels for the Desert Saver and Carbon Free products. The Resolution also confirms that the Board attests to the veracity of the data in the Annual Reports. Adoption of the resolution enables DCE to comply with the CEC regulation implementing SB 1305 (California Code of Regulations, Title 20, Article 5, Sections 1390 to 1394).

Summary of Power Content Labels and Annual Report

As shown in the Schedule 3 Power Content Label, DCE provided Desert Saver customers with an energy supply consisting of 62.1% large hydropower facilities, and 37.9% of unspecified power resources – electricity that has been purchased through open market transactions and is not traceable to a specific generation source. DCE provided 100% carbon free energy to Carbon Free customers, including 26.3% renewable energy eligible under the state's Renewable Portfolio Standard purchased from solar sources (9.2%), wind sources (14.5%), and small hydropower (2.7%). The remaining carbon free energy was purchased from large hydropower sources (73.7%).

The DCE 2022 PSD Annual Reports for Desert Saver and Carbon Free were prepared with assistance from The Energy Authority (TEA). TEA performed a detailed review of all power purchases completed for the 2022 calendar year. This review included an inventory of all renewable energy transfers within DCE's Western Renewable Energy Generation Information System (WREGIS) accounts and pertinent transaction records. Based on staff's review of available data, the information presented in the PSD Annual Reports and the Power Content Label was determined to be accurate.

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2022
DESERT COMMUNITY ENERGY
DESERT SAVER

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	-	0.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	-	0.0%
Wind	-	0.0%
Coal	-	0.0%
Large Hydroelectric	55,420	62.1%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	33,755	37.9%
Total	**89,175**	**100.0%**

Total Retail Sales (MWh)	**89,175**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**357**

Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2022
DESERT COMMUNITY ENERGY
CARBON FREE

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	81,363	26.3%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	8,194	2.7%
Solar	28,374	9.2%
Wind	44,795	14.5%
Coal	-	0.0%
Large Hydroelectric	227,448	73.7%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
Total	**308,811**	**100.0%**

Total Retail Sales (MWh)	**308,811**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**-**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

Fiscal Analysis: Adoption of Resolution 2023-02 does not result in any financial impact on DCE.

Attachments:

1. Resolution 2023-02 approving 2022 Power Source Disclosure Annual Reports and associated Power Content Labels

2. 2022 Power Source Disclosure Annual Report for DCE’s Desert Saver product

3. 2022 Power Source Disclosure Annual Report for DCE’s Carbon Free product

RESOLUTION NO. 2023-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY APPROVING AND ATTESTING TO THE VERACITY OF THE 2022 POWER SOURCE DISCLOSURE ANNUAL REPORT AND ASSOCIATED POWER CONTENT LABEL FOR THE DESERT SAVER PRODUCT AND CARBON FREE PRODUCT

A. Desert Community Energy (DCE) is a joint powers authority established on October 30, 2017, for the purpose of implementing community choice aggregation programs under Public Utilities Code Section 366.2.

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

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

D. The Power Source Disclosure Regulation was updated effective May 4, 2020, allowing the board of directors of a public agency providing electric services to approve, at a public meeting, the submission to the California Energy Commission of an attestation of the veracity of each product's 2022 Power Source Disclosure Annual Report and 2022 Power Content Label.

E. DCE staff and consultants performed a detailed review of all power purchases completed for the 2022 calendar year, including an inventory of all renewable energy transfers within DCE's WREGIS account, and transaction records.

F. Pursuant to the current California Energy Commission regulations, California Code of Regulations Section 1394.2, the Board is required to attest to the veracity of the 2022 Power Content Labels.

G. The Board desires to attest to the veracity of the 2022 Power Source Disclosure Annual Reports for the Desert Saver product and the Carbon Free product and to the 2022 Power Content Labels so that all the required statements and attestations required by Section 1394.2 are contained in one resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY, AS FOLLOWS:

1. Approves the submission and attests to the veracity of the attached 2022 Power Source Disclosure Annual Reports and 2022 Power Content Labels for Desert Community Energy.

PASSED AND ADOPTED at a meeting of the Board of Directors of Desert Community Energy held on June 27, 2023.

ATTEST:

______________________________ ______________________________

Lisa Middleton, Chair
Desert Community Energy

Tom Kirk, Secretary
Desert Community Energy

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
For the Year Ending December 31, 2022

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

GENERAL INSTRUCTIONS

RETAIL SUPPLIER NAME
Desert Community Energy

ELECTRICITY PORTFOLIO NAME
Desert Saver

CONTACT INFORMATION	
NAME	David Freedman
TITLE	Program Manager - Enery & Sustainability
MAILING ADDRESS	74-199 El Paseo, Suite 100
CITY, STATE, ZIP	Palm Desert, CA 92260
PHONE	(760) 346-1127
EMAIL	dfreedman@cvag.org
WEBSITE URL FOR PCL POSTING	https://desertcommunityenergy.org/about/key-documents/

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

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

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

INTRODUCTION

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

A complete Annual Report includes the following tabs:

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

INSTRUCTIONS

Schedule 1: Procurements and Retail Sales

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

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

Facility Name - Provide the name used to identify the facility.
Fuel Type - Provide the resource type (solar, natural gas, etc.) that this facility uses to generate electricity.
Location - Provide the state or province in which the facility is located.
Identification Numbers - Provide all applicable identification numbers from the Western Renewable Energy Generation Information System (WREGIS), the Energy Information Agency (EIA), and the California Renewables Portfolio Standard (RPS).
Gross Megawatt Hours Procured - Provide the quantity of electricity procured in MWh from the generating facility.
Megawatt Hours Resold - Provide the quantity of electricity resold at wholesale.

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

Schedule 2: Retired Unbundled RECs

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

Schedule 3: Annual Power Content Label Data

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

ACS Resource Mix Calculator

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

GHG Emissions Factors

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

Attestation

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

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 1: PROCUREMENTS AND RETAIL SALES
For the Year Ending December 31, 2022
Desert Community Energy
Desert Saver

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

Retail Sales (MWh)	**89,175**
Net Specified Procurement (MWh)	55,420
Unspecified Power (MWh)	33,755
Procurement to be adjusted	-
Net Specified Natural Gas	-
Net Specified Coal & Other Fossil Fuels	-
Net Specified Nuclear, Large Hydro, Renewables, and ACS Power	55,420
GHG Emissions (excludes grandfathered emissions)	14,447
GHG Emissions Intensity (in MT CO_2e/MWh)	0.1620

DIRECTLY DELIVERED RENEWABLES

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
									-	-	#N/A		

FIRMED-AND-SHAPED IMPORTS

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	EIA ID of REC Source	EIA ID of Substitute Power	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	Eligible for Grandfathered Emissions?
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

SPECIFIED NON-RENEWABLE PROCUREMENTS

Facility Name	Fuel Type	State or Province	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
Mid-C Hydro - Priest Rapids & Wanapum Dams (Grant County PUI	Large Hydro	WA	0	0	0	3887	29,402	-	29,402	29,402	-	-	
Mid-C Hydro - Rocky Reach (Chelan County PUD)	Large Hydro	WA	0	0	0	3883	1,384	-	1,384	1,384	-	-	
Mid-C Hydro - Rock Island (Chelan County PUD)	Large Hydro	WA	0	0	0	6200	2,580	-	2,580	2,580	-	-	
G.M. Shrum Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada	0	0	0	P206	13,533	-	13,533	13,533	-	-	
Mica Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada	0	0	0	P210	5,846	-	5,846	5,846	-	-	
Revelstoke Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada	0	0	0	P212	115	-	115	115	-	-	
Lake Chelan Hydro	Large Hydro	WA	0	0	0	6424	52	-	52	52	-	-	
Big Creek Hydro 3	Large Hydro	CA	0	0	0	319	2,508	-	2,508	2,508	-	-	
								-	-	-	#N/A		
									-	-	#N/A		

PROCUREMENTS FROM ASSET-CONTROLLING SUPPLIERS

Facility Name	Fuel Type	N/A	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
										-	#N/A		
										-	#N/A		
										-	#N/A		
										-	#N/A		

END USES OTHER THAN RETAIL SALES	MWh

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 2: RETIRED UNBUNDLED RECS
For the Year Ending December 31, 2022
DESERT COMMUNITY ENERGY
DESERT SAVER

INSTRUCTIONS: Enter information about retired unbundled RECs associated with this electricity portfolio. Insert additional rows as needed. All fields in white should be filled out. Fields in grey auto-populate as needed and should not be filled out.

Total Retired Unbundled RECs	-

RETIRED UNBUNDLED RECS				
Facility Name	**Fuel Type**	**State or Province**	**RPS ID**	**Total Retired (in MWh)**

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2022
DESERT COMMUNITY ENERGY
DESERT SAVER

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

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	-	0.0%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	-	0.0%
Solar	-	0.0%
Wind	-	0.0%
Coal	-	0.0%
Large Hydroelectric	55,420	62.1%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	33,755	37.9%
Total	**89,175**	**100.0%**

Total Retail Sales (MWh)	**89,175**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**357**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
For the Year Ending December 31, 2022

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

GENERAL INSTRUCTIONS

RETAIL SUPPLIER NAME
Desert Community Energy

ELECTRICITY PORTFOLIO NAME
Carbon Free

CONTACT INFORMATION	
NAME	David Freedman
TITLE	Program Manager - Energy & Sustainability
MAILING ADDRESS	74-199 El Paseo, Suite 100
CITY, STATE, ZIP	Palm Desert, CA 92260
PHONE	(760) 346-1127
EMAIL	dfreedman@cvag.org
WEBSITE URL FOR PCL POSTING	https://desertcommunityenergy.org/about/key-documents/

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

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

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

INTRODUCTION

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

A complete Annual Report includes the following tabs:

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

INSTRUCTIONS

Schedule 1: Procurements and Retail Sales

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

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

Facility Name - Provide the name used to identify the facility.
Fuel Type - Provide the resource type (solar, natural gas, etc.) that this facility uses to generate electricity.
Location - Provide the state or province in which the facility is located.
Identification Numbers - Provide all applicable identification numbers from the Western Renewable Energy Generation Information System (WREGIS), the Energy Information Agency (EIA), and the California Renewables Portfolio Standard (RPS).
Gross Megawatt Hours Procured - Provide the quantity of electricity procured in MWh from the generating facility.
Megawatt Hours Resold - Provide the quantity of electricity resold at wholesale.

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

Schedule 2: Retired Unbundled RECs

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

Schedule 3: Annual Power Content Label Data

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

ACS Resource Mix Calculator

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

GHG Emissions Factors

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

Attestation

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

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 1: PROCUREMENTS AND RETAIL SALES
For the Year Ending December 31, 2022
Desert Community Energy
Carbon Free

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

Retail Sales (MWh)	**308,811**
Net Specified Procurement (MWh)	308,811
Unspecified Power (MWh)	-
Procurement to be adjusted	-
Net Specified Natural Gas	-
Net Specified Coal & Other Fossil Fuels	-
Net Specified Nuclear, Large Hydro, Renewables, and ACS Power	308,811
GHG Emissions (excludes grandfathered emissions)	0
GHG Emissions Intensity (in MT CO_2e/MWh)	0.0000

DIRECTLY DELIVERED RENEWABLES

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
CED Lost Hills Solar, LLC - Frontier Solar	Solar	CA	W7139	62516A	-	60039	28374	-	28,374	28,374	-	-	
Coachella Hills	Wind	CA	W11291	65072A	-	64323	31,363	-	31,363	31,363	-	-	
EDF Renewable Wind Farm V, Inc. - LaBrisa Wind Project	Wind	CA	W732	64042A	-	54453	13,432	-	13,432	13,432	-	-	
El Dorado - Montgomery Creek Hydro	Eligible hydro	CA	W589	60154A	-	55009	1,836	-	1,836	1,836	-	-	
Snow Mtn Hydro (Burney) - Burney Creek	Eligible hydro	CA	W673	60177A	-	10706	1,935	-	1,935	1,935	-	-	
Snow Mtn. Hydro - Lost Creek 1	Eligible hydro	CA	W670	60179A	-	10708	3,041	-	3,041	3,041	-	-	
Snow Mtn. Hydro - Lost Creek 2	Eligible hydro	CA	W671	60180A	-	10709	1,382	-	1,382	1,382	-	-	
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
								-	-	-	#N/A		
									-	-	#N/A		

FIRMED-AND-SHAPED IMPORTS

Facility Name	Fuel Type	State or Province	WREGIS ID	RPS ID	EIA ID of REC Source	EIA ID of Substitute Power	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	Eligible for Grandfathered Emissions?
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		
									-	-	#N/A		

SPECIFIED NON-RENEWABLE PROCUREMENTS

Facility Name	Fuel Type	State or Province	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
Mid-C Hydro - Priest Rapids & Wanapum Dams (Grant County PUI	Large Hydro	WA	0	0	0	3887	120,669	-	120,669	120,669	-	-	
Mid-C Hydro - Rocky Reach (Chelan County PUD)	Large Hydro	WA	0	0	0	3883	5,681	-	5,681	5,681	-	-	
Mid-C Hydro - Rock Island (Chelan County PUD)	Large Hydro	WA	0	0	0	6200	10,590	-	10,590	10,590	-	-	
G.M. Shrum Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada	0	0	0	P206	55,540	-	55,540	55,540	-	-	
Mica Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada	0	0	0	P210	23,991	-	23,991	23,991	-	-	
Revelstoke Hydroelectric Generation Facility (CAN)	Large Hydro	BC, Canada	0	0	0	P212	473	-	473	473	-	-	
Lake Chelan Hydro	Large Hydro	WA	0	0	0	6424	215	-	215	215	-	-	
Big Creek Hydro 3	Large Hydro	CA	0	0	0	319	10,289	-	10,289	10,289	-	-	
								-	-	-	#N/A		
									-	-	#N/A		

PROCUREMENTS FROM ASSET-CONTROLLING SUPPLIERS

Facility Name	Fuel Type	N/A	N/A	N/A	N/A	EIA ID	Gross MWh Procured	MWh Resold	Net MWh Procured	Adjusted Net MWh Procured	GHG Emissions Factor (in MT CO_2e/MWh)	GHG Emissions (in MT CO_2e)	N/A
										-	#N/A		
										-	#N/A		
										-	#N/A		
										-	#N/A		

END USES OTHER THAN RETAIL SALES	MWh

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT
SCHEDULE 2: RETIRED UNBUNDLED RECS
For the Year Ending December 31, 2022
DESERT COMMUNITY ENERGY
CARBON FREE

INSTRUCTIONS: Enter information about retired unbundled RECs associated with this electricity portfolio. Insert additional rows as needed. All fields in white should be filled out. Fields in grey auto-populate as needed and should not be filled out.

		Total Retired Unbundled RECs		-
RETIRED UNBUNDLED RECS				
Facility Name	Fuel Type	State or Province	RPS ID	Total Retired (in MWh)

2022 POWER SOURCE DISCLOSURE ANNUAL REPORT SCHEDULE 3: POWER CONTENT LABEL DATA
For the Year Ending December 31, 2022
DESERT COMMUNITY ENERGY

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

	Adjusted Net Procured (MWh)	Percent of Total Retail Sales
Renewable Procurements	81,363	26.3%
Biomass & Biowaste	-	0.0%
Geothermal	-	0.0%
Eligible Hydroelectric	8,194	2.7%
Solar	28,374	9.2%
Wind	44,795	14.5%
Coal	-	0.0%
Large Hydroelectric	227,448	73.7%
Natural gas	-	0.0%
Nuclear	-	0.0%
Other	-	0.0%
Unspecified Power	-	0.0%
Total	**308,811**	**100.0%**

Total Retail Sales (MWh)	**308,811**
GHG Emissions Intensity (converted to lbs CO_2e/MWh)	**-**
Percentage of Retail Sales Covered by Retired Unbundled RECs	**0.0%**

Item 6C

Desert Community Energy Board

June 27, 2023

STAFF REPORT

Subject: **Updated Policy for Net Energy Metering Service**

Contact: David Freedman, Program Manager (dfreedman@cvag.org)
Emily Langenbahn, Program Specialist (elangenbahn@cvag.org)

Recommendation: Adopt DCE Policy No. 23-01 for Net Energy Metering Service, which replaces Policy No. 2021-01 and includes language for the Solar Billing Program for DCE customers with onsite solar and battery storage systems

Background: As previously reported to the DCE Board, the California Public Utilities Commission (CPUC) in December 2022 approved a decision revising the Net Energy Metering (NEM) programs for solar customers. Through these NEM programs, customers receive bill credits for excess generation that is exported to the grid, offsetting energy costs. Effective April 15, 2023, all three investor-owned electric utilities (IOUs) – Southern California Edison (SCE), Pacific Gas & Electric, and San Diego Gas & Electric – began implementing this decision, which was referred to as NEM 3.0 because it is the third iteration of the NEM program. For customers in SCE's service territory, this updated program is known as the Solar Billing Plan. DCE's Solar Billing Program is the equivalent for DCE customers to SCE's Solar Billing Plan.

The most significant change in SCE's Solar Billing Plan is the reduction in compensation for solar customers exporting excess energy to SCE's grid. These customers will now pay more for energy taken from the grid than energy fed into the grid. This reduction is approximately a 75 percent decrease in export value from the previous NEM 2.0 program, increasing the payback period for residential solar-only customers from three to five years under NEM 2.0 to nine years under the Solar Billing Plan.

Another significant change is increased incentives for customers who also install battery storage systems. The incentive amount including any funding reserved to encourage low-income customers to install solar and battery storage is currently being considered in the state's 2023-24 budget discussions. For customers living in a designated area for Tribal Land, fire hazard zones, or disadvantaged communities, there may be additional rebates or benefits available.

NEM 3.0 impacts new solar customers. There is generally no impact from the implementation of the Solar Billing Plan on existing customers who enrolled under NEM 1.0 or NEM 2.0. These customers (and any new owners of their systems) will move to new billing rates under the Solar Billing Plan (or any successor tariff) 20 years after their original interconnection date. Existing NEM customers who increase their system size by 10 percent or 1kW, whichever is more, will move then to the Solar Billing Plan. However, existing NEM customers can add battery storage at any time without affecting their NEM status.

DCE launched service in the City of Palm Springs in April 2020 for residential and non-residential customers. By May 2020, DCE expanded its eligible customer base to NEM customers applying the Net Surplus Compensation Rate adopted since DCE's inception. In March 2021, DCE approved and adopted Policy No. 2021-01 for Net Energy Metering to inform the public of the detailed mechanics of DCE's NEM program. With the transition to SCE's Solar Billing Plan for solar customers beginning April 15, 2023, DCE staff is recommending an updated policy to include information about the new program from SCE and DCE's parallel Solar Billing Program. Staff have also updated DCE's website to reflect SCE's most current Solar Billing Plan and DCE's parallel Solar Billing Program. Both clean and redlined versions are attached to this report.

Although SCE's Solar Billing Plan is now in effect, the CPUC has provided guidance to the IOUs in updating their billing system to reflect the changes to the previous NEM policies. SCE is expected to take between 12 and 24 months to properly update its billing system. In the meantime, customers enrolled in the Solar Billing Plan will be billed under NEM 2.0 rates until SCE can adjust accordingly. Staff will report back to the Board on future developments as SCE's Solar Billing Plan implementation continues and propose additional amendments to DCE's policies as needed.

Fiscal Analysis: There are no costs associated with updating the policy. As the program evolves with SCE's billing updates, staff will evaluate potential effects on DCE's revenues and expenses, which will be reflected in DCE's Board-approved budgets.

Attachments:

DCE Policy No. 23-01
DCE Policy No. 23-01, redline showing amendments to DCE Policy No. 2021-01

DESERT COMMUNITY ENERGY

POLICY # 23-01
Net Energy Metering and Solar Billing Programs

Subject: DCE's Net Energy Metering (NEM) Program and Solar Billing Program are available to those DCE customers who are respectively eligible under Southern California Edison (SCE)'s NEM 1.0, 2.0, or Solar Billing Plan programs. These SCE Rate Schedules are available at: https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates and may be amended or replaced by SCE from time to time. DCE's NEM and Solar Billing Program Policy may be amended or clarified from time to time.

Net Energy Metering and Solar Billing Program Policy

Effective April 15, 2023, DCE customers who want to participate in SCE's Solar Billing Plan after enrolling with DCE must provide SCE with a completed SCE interconnection application and comply with all other SCE requirements before being eligible for the DCE Solar Billing Program, DCE's equivalent to SCE's Solar Billing Plan.

Eligible DCE customers who meet the requirements for the SCE Solar Billing Plan will be automatically enrolled in the DCE Solar Billing Program either at the time of initially enrolling with DCE or at the time SCE accepts them into SCE's Solar Billing Plan.

DCE customers eligible under NEM with SCE who have a home or business with a solar installation operating or applied for before April 15, 2023, are automatically enrolled in DCE's NEM Program.

RATES: All rates for the DCE NEM or Solar Billing Programs will be in accordance with the customer's applicable DCE rate schedule. Nothing in this policy will supersede any SCE authorized charges.

CHARGES & BILLING: The following section applies to both NEM and Solar Billing Program customers. This section will be revised for Solar Billing Program customers as SCE updates and implements its Solar Billing Plan. DCE's charges for energy (kWh) will be calculated at the DCE rate schedule and billed on the net metered usage, as described below.

a) For a NEM customer with Non-Time of Use (TOU) Rates:
   If the customer is a "Net Consumer," having overall positive usage during a specific monthly billing cycle, the customer will be billed in accordance with the customer's DCE Rate Schedule.

   If the customer is a "Net Generator," having overall negative usage during a specific monthly billing cycle, any net energy production shall be valued at the applicable rate as set forth in the customer's DCE Rate Schedule. The calculated value of any net energy production shall be credited to the customer according to the DCE Rate Schedule and applied as described in Sections (c) and (d).

b) <u>For a NEM or Solar Billing Program customer with TOU Rates:</u>
If the customer is a Net Consumer during any discrete TOU period reflected within a specific monthly billing cycle, the net kWh consumed during such TOU period shall be billed in accordance with applicable TOU period-specific rates or charges as specified in the customer's rate schedule.

If the customer is a Net Generator during any discrete TOU period reflected within a specific monthly billing cycle, any net energy production shall be valued at the applicable TOU period specific rates or charges as specified in the customer's DCE Rate Schedule. The calculated value of such net energy production shall be credited to the customer according to the DCE rate schedule and applied as described in Sections (c) and (d).

c) <u>Monthly Settlement of DCE Charges/Credits:</u>
Each customer will receive a statement as part of its monthly SCE bill indicating any accrued charges for electric energy usage during the current monthly billing cycle. When a customer's net energy production results in an accrued credit balance in excess of currently applicable charges, the value of any net energy production during the monthly billing cycle (in excess of currently applicable charges) shall be valued at the DCE Rate Schedule and noted on the customer's bill, including the quantity of any surplus production (measured in kWh), and carried over as a bill credit for use in a subsequent billing cycle(s).

A customer who has accrued credits during previous billing cycles will see such credits applied against currently applicable charges, reducing otherwise applicable charges by an equivalent amount to such credits. Any remaining credits reflected on the customer's billing statement shall be carried forward to subsequent billing cycle(s) until either the excess the credit is used to satisfy current charges, the customer no longer receives service from DCE or an annual account true-up is performed.

d) <u>DCE Annual True-Up & Cash-Out Processes:</u>

i. DCE Annual True-Up

a. *Generation Credit Refund*: During the monthly billing cycle in May of each year, DCE will perform a true-up of the most recent twelve (12) month billing cycle, or the period from the customer's commencement of participation in the DCE NEM or Solar Billing Programs up to the following May (the "Relevant Period"). At the time of the Annual True-Up, if the customer has accumulated any generation credits in excess of any currently outstanding charges, those generation credits will be refunded to the customer up to the total DCE charges paid by the customer on the same account during the Relevant Period, consistent with DCE's Annual Cash-Out practice in (ii).

b. *Net Surplus Compensation*: Net Surplus Energy is defined as any generation that exceeds total customer energy usage during the Relevant

Period, as measured in kWh. DCE will also determine whether each customer has produced Net Surplus Energy over the course of the Relevant Period. If a customer has produced Net Surplus Energy, then DCE shall credit such customer an amount not to exceed $10,000 that is equal to the current Net Surplus Compensation rate per kWh, as defined in DCE Net Surplus Compensation Rate Schedule, multiplied by the quantity of Net Surplus Energy produced by the customer during the Relevant Period, consistent with DCE's Annual Cash-Out practice in (ii) below. The amount of excess generation kWh will be paid out at DCE's Net Surplus Compensation aligned with the current SCE rate.

ii. DCE Annual Cash-Out

During the monthly billing cycle in May of each year, any current customer who has a combined NEM or Solar Billing Program generation credit and Net Surplus Compensation value of $100 or more, as determined during the Annual True-Up process, that exceeds any outstanding charges, will be sent a payment by check via U.S. Mail to the customer's mailing address on file at the time of mailing for the credit balance on their account, as determined through DCE's Annual True-Up process (i). Customers receiving direct payment will have an equivalent amount removed from their account balance at the time of check issuance. In the event customers do not have a combined generation credit and Net Surplus Compensation value exceeding $100, such credit balance will be carried forward to offset future DCE charges. All NEM and Solar Billing Program accounts will be reset to zero kilowatt hours annually as of the customer's May monthly billing cycle and the only NEM or Solar Billing Program credits that will be carried forward on the customer's account will be the combined NEM or Solar Billing Program generation credit and Net Surplus Compensation credit balances less than $100.

iii. DCE Cash-Out for Terminations

Customers who close their electric account through SCE, opt-out of DCE and return to bundled service, or move outside of the DCE service area prior to the monthly billing cycle in May of each year, shall be trued up according to DCE's Annual True-Up Process. If applicable, the customer shall receive a refund payment by check via U.S. mail to the customer's mailing address on file at the time of mailing for any NEM or Solar Billing Program generation credits on their account that exceeds outstanding charges at the time of true-up, up to the amount paid by the customer during the Relevant Period. If determined to have produced Net Surplus Energy, the customer shall also receive a check via U.S. Mail to the customer's mailing address on file at the time of mailing for Net Surplus Compensation, up to a maximum of $10,000. Payments will be released 30 days after final billing to allow for any revised usage and/or adjustments from SCE. Checks will expire 90 calendar days after issuance. If checks expire or are returned to DCE, customers may request the reissuance of a check and DCE will make a reasonable effort to reissue the check within 30 days of a customer's request.

e) <u>SCE NEM and Solar Billing Programs</u>

Customers are subject to applicable terms and conditions and billing procedures of SCE for SCE charges as described in SCE NEM or Solar Billing Plan Rate Schedules (except for generation-related charges, which are described in DCE's rate schedules). Customers should be aware that while DCE settles balances for generation monthly, SCE will continue to calculate charges for delivery, transmission and other services annually for those customers with an annual billing option, and DCE NEM and Solar Billing Program credits cannot be applied to any SCE charges. Customers are encouraged to review SCE NEM and Solar Billing Plan Rate Schedules at https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates.

f) <u>Return to SCE Bundled Service</u>:

DCE customers participating in the DCE NEM and Solar Billing Programs may opt out and return to SCE's bundled service, subject to any applicable restrictions imposed by SCE. If a DCE customer opts out more than 60 days after their initial enrollment date, DCE will perform a true-up of their account, as specified in section (d)(iii), at the time of return to SCE bundled service. For details concerning opting out of DCE service, please contact DCE Customer Service.

~~**POLICY #2021-01**~~

POLICY # 23-01
Net Energy Metering and Solar Billing Programs

Subject: DCE's Net Energy Metering ~~Service~~

~~**Subject**: Net Energy Metering~~ (NEM) Program ~~(DCE NEM~~and Solar Billing Program~~) is~~ are available to those DCE customers who are respectively eligible under Southern California ~~Edison's~~Edison (SCE)~~ Net Energy Metering program.~~'s NEM 1.0, 2.0, or Solar Billing Plan programs. These SCE ~~NEM~~ Rate Schedules are available at: ~~https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates~~ https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates and may be amended or replaced by SCE from time to time. DCE's NEM and Solar Billing Program Policy may be amended or clarified from time to time.

Net Energy Metering and Solar Billing Program Policy

Effective April 15, 2023, DCE customers who want to participate in ~~NEM~~SCE's Solar Billing Plan after enrolling with DCE must provide SCE with a completed SCE ~~NEM Application~~interconnection application and comply with all other SCE requirements before being eligible for the DCE ~~NEM Program.~~Solar Billing Program, DCE's equivalent to SCE's Solar Billing Plan.

Eligible DCE customers who meet the requirements for the SCE ~~NEM Program~~ Solar Billing Plan will be automatically enrolled in the DCE ~~NEM~~Solar Billing Program either at the time of initially enrolling with DCE or at the time SCE accepts them into SCE's ~~NEM Program~~Solar Billing Plan.

DCE customers eligible under NEM with SCE who have a home or business with a solar installation operating or applied for before April 15, 2023, are automatically enrolled in DCE's NEM Program.

RATES: All rates for the DCE NEM ~~Program~~or Solar Billing Programs will be in accordance with the customer's applicable DCE rate schedule. Nothing in this policy will supersede any SCE authorized charges.

~~CHARGES & BILLING:~~
CHARGES & BILLING: The following section applies to both NEM and Solar Billing Program customers. This section will be revised for Solar Billing Program customers as SCE updates and implements its Solar Billing Plan. DCE's charges for energy (kWh) will be calculated at the DCE rate schedule and billed on the net metered usage, as described below.

a) For a NEM customer with Non-Time of Use (TOU) Rates:
If the customer is a "Net Consumer," having overall positive usage during a specific monthly billing cycle, the customer will be billed in accordance with the customer's DCE

Rate Schedule.

If the customer is a "Net Generator," having overall negative usage during a specific monthly billing cycle, any net energy production shall be valued at the applicable rate as set forth in the customer's DCE Rate Schedule. The calculated value of any net energy production shall be credited to the customer according to the DCE Rate Schedule and applied as described in Sections (c) and (d).

b) For a NEM or Solar Billing Program customer with TOU Rates:
If the customer is a Net Consumer during any discrete TOU period reflected within a specific monthly billing cycle, the net kWh consumed during such TOU period shall be billed in accordance with applicable TOU period-specific rates or charges as specified in the customer's rate schedule.

If the customer is a Net Generator during any discrete TOU period reflected within a specific monthly billing cycle, any net energy production shall be valued at the applicable TOU period specific rates or charges as specified in the customer's DCE Rate Schedule. The calculated value of such net energy production shall be credited to the customer according to the DCE rate schedule and applied as described in Sections (c) and (d).

c) Monthly Settlement of DCE Charges/Credits:
Each customer will receive a statement as part of its monthly SCE bill indicating any accrued charges for electric energy usage during the current monthly billing cycle. When a customer's net energy production results in an accrued credit balance in excess of currently applicable charges, the value of any net energy production during the monthly billing cycle (in excess of currently applicable charges) shall be valued at the DCE Rate Schedule and noted on the customer's bill, including the quantity of any surplus ~~NEM~~ production (measured in kWh), and carried over as a bill credit for use in a subsequent billing cycle(s).

A customer who has accrued credits during previous billing cycles will see such credits applied against currently applicable charges, reducing otherwise applicable charges by an equivalent amount to such credits. Any remaining credits reflected on the customer's billing statement shall be carried forward to subsequent billing cycle(s) until either the excess the credit is used to satisfy current charges, the customer no longer receives service from DCE or an annual account true-up is performed.

d) DCE Annual True-Up & Cash-Out Processes:

i. DCE Annual True-Up

a. ~~*NEM*~~ *Generation Credit Refund*: During the monthly billing cycle in May of each year, DCE will perform a true-up of the most recent twelve (12) month billing cycle, or the period from the customer's commencement of participation in the DCE NEM ~~Program~~or Solar Billing Programs up to the following May (the "Relevant Period"). At the time of the Annual True-Up, if the customer has accumulated any ~~NEM~~ generation credits in excess of any currently outstanding charges, those ~~NEM~~ generation credits will be refunded to the customer up to the total DCE charges paid by the customer on the same ~~NEM~~ account during the Relevant Period, consistent with DCE's Annual Cash-Out practice in (ii).

~~DCE will perform the first Annual True-Up in May 2021. Commencing in May 2021, DCE will perform the Annual True Up for the 12-month period between May to April for all current NEM customers.~~

b. *Net Surplus Compensation*: Net Surplus Energy is defined as any generation that exceeds total customer energy usage during the Relevant Period, as measured in kWh. DCE will also determine whether each customer has produced Net Surplus Energy over the course of the Relevant Period. If a customer has produced Net Surplus Energy, then DCE shall credit such customer an amount not to exceed $10,000 that is equal to the current Net Surplus Compensation rate per kWh, as defined in DCE Net Surplus Compensation Rate Schedule, multiplied by the quantity of Net Surplus Energy produced by the customer during the Relevant Period, consistent with DCE's Annual Cash-Out practice in (ii) below. The amount of excess generation kWh will be paid out at DCE's Net Surplus Compensation aligned with the current SCE rate.

ii. DCE Annual Cash-Out

During the monthly billing cycle in May of each year, any current customer who has a combined NEM or Solar Billing Program generation credit and Net Surplus Compensation value of $100 or more, as determined during the Annual True-Up process, that exceeds any outstanding charges, will be sent a payment by check via U.S. Mail to the customer's mailing address on file at the time of mailing for the credit balance on their account, as determined through DCE's Annual True-Up process (i). Customers receiving direct payment will have an equivalent amount removed from their ~~NEM~~ account balance at the time of check issuance. In the event ~~that~~ customers do not have a combined ~~NEM~~ generation credit and Net Surplus Compensation value exceeding $100, such credit balance will be carried forward to offset future DCE charges. All NEM and Solar Billing Program accounts will be reset to zero kilowatt hours annually as of the customer's May monthly billing cycle and the only NEM or Solar Billing Program credits that will be carried forward on the customer's account will be the combined NEM or Solar Billing Program generation credit and Net Surplus Compensation credit balances less than $100.

iii. DCE Cash-Out for Terminations

Customers who close their electric account through SCE, opt-out of DCE and return to bundled service, or move outside of the DCE service area prior to the monthly billing cycle in May of each year, shall be trued up according to DCE's Annual True-Up Process. If applicable, the customer shall receive a refund payment by check via U.S. mail to the customer's mailing address on file at the time of mailing for any NEM or Solar Billing Program generation ~~credit~~credits on their account that exceeds outstanding charges at the time of true-up, up to the amount paid by the customer during the Relevant Period. If determined to have produced Net Surplus Energy, the customer shall also receive a check via U.S. Mail to the customer's mailing address on file at the time of mailing for Net Surplus Compensation, up to a maximum of $10,000. Payments will be released 30 days after final billing to allow for any revised usage and/or adjustments from SCE. Checks will expire 90 calendar days after issuance. If checks expire or are returned to DCE, customers may request the reissuance of a check and DCE will make a reasonable effort to reissue the check within 30 days of a customer's request.

e) SCE NEM ~~Program~~and Solar Billing Programs

Customers are subject to applicable terms and conditions and billing procedures of SCE for SCE charges as described in SCE NEM or Solar Billing Plan Rate Schedules (except for generation-related charges, which are described in DCE's rate schedules). Customers should be aware that while DCE settles balances for generation monthly, SCE will continue to calculate charges for delivery, transmission and other services annually for those customers with an annual billing option, and DCE NEM and Solar Billing Program credits cannot be applied to any SCE charges. ~~Customers are encouraged to review SCE NEM Rate Schedules at https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates.~~ Customers are encouraged to review SCE NEM and Solar Billing Plan Rate Schedules at https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates.

f) Return to SCE Bundled Service:

DCE customers participating in the DCE NEM ~~Program~~and Solar Billing Programs may opt out and return to SCE's bundled service, subject to any applicable restrictions imposed by SCE. If a DCE customer opts out more than 60 days after their initial enrollment date, DCE will perform a true-up of their account, as specified in section (d)(iii), at the time of return to SCE bundled service. For details concerning opting out of DCE service, please contact DCE Customer Service.

ITEM 6D

Desert Community Energy Board
June 27, 2023

STAFF REPORT

Subject: **Authorization to Update Signature Cards**

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

Recommendation: Authorize the updating of the signature cards and signatories for DCE investments and banking

Background: On occasion, usually due to a change in the Chair and/or employee turnover, DCE seeks authorization through Coachella Valley Association of Governments' employees (as authorized in its JPA and contracted by DCE for staffing) to update the appropriate signatories and signature cards for DCE investments and banking. This request supersedes any prior Board action related to the matter.

CVAG is in the process of hiring a new Director of Energy & Sustainability who will serve as a signatory once hired. All transactions require dual approval with transactions over $1,000,000 requiring three approvers.

With the Board's approval of the staff recommendation, the signature cards will be updated as follows and previously authorized staff will be removed:

1) Bank Signature Cards to the following CVAG employees and DCE Chair:

Name	Title	Type
Lisa Middleton	DCE Chair	Existing
Tom Kirk	Executive Director	Existing
Claude T. Kilgore	Director of Finance	Existing
Erica Felci	Chief Operating Officer	ADD
New Director - Pending Hire	Director of Energy & Sustainability	ADD

Fiscal Analysis: There is no cost to DCE for this action.

Desert Community Energy Board
June 27, 2023

STAFF REPORT

Subject: **Delinquent Accounts, Collections, and Bad Debt Policy**

Contact: Janice Reitman, Accounting Manager (jreitman@cvag.org)
Claude Kilgore, Finance Director (ckilgore@cvag.org)

Recommendation: **Adopt DCE Policy No. 23-02, the restated Delinquent Accounts, Collections, and Bad Debt Policy**

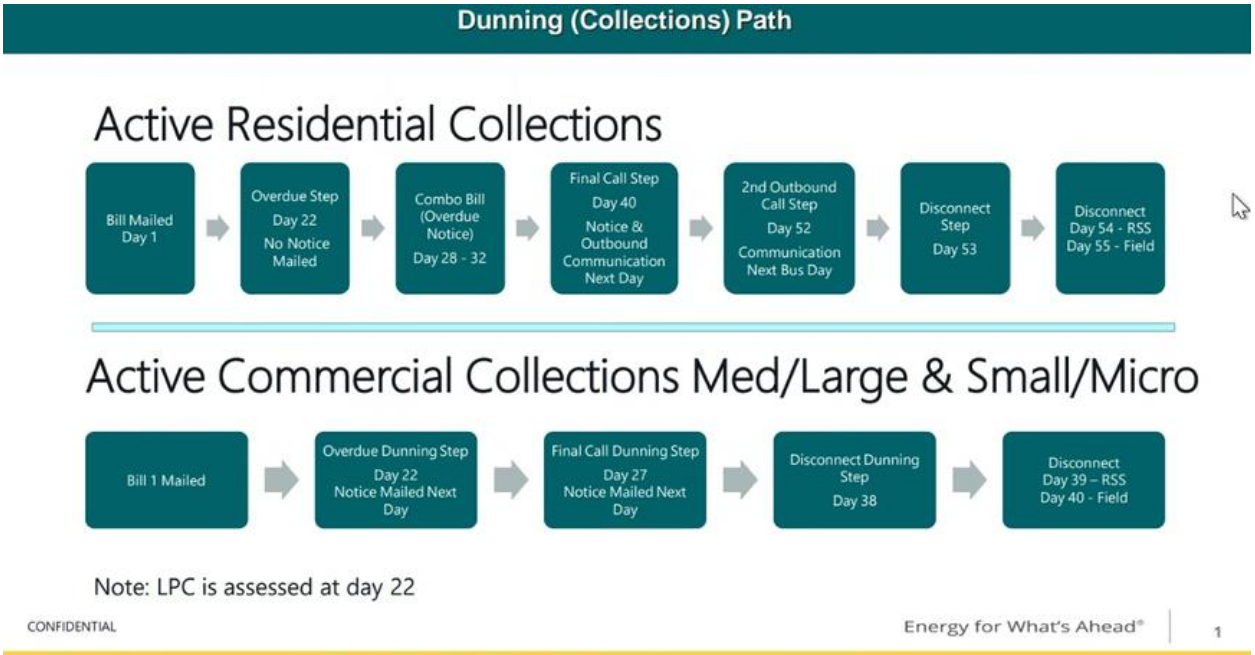
Background: The purpose of the Delinquent Accounts, Collections, and Bad Debt Policy (Policy) is to define DCE's process for methodically communicating with customers to ensure the collection of its accounts receivable (the term for this process is "dunning") while also ensuring that its financial statements allow for a bad debt reserve in DCE's financial statements. These accounting estimates for bad debt are derived using specialized knowledge and judgement, derived from current and past operating experience as well as relevant industry benchmarks. In addition, this accounting estimate is typically reviewed with a high level of scrutiny and in great detail by DCE's external auditors each year.

Given that these customers are jointly shared between DCE and Southern California Edison (SCE) and directly billed by SCE, DCE is reliant on SCE's dunning process until the joint customer is disconnected from service by SCE and the customer returned to DCE as further described below.

The DCE Board first adopted its policy for Delinquent Accounts, Collections, and Bad Debt in 2018. The Board amended it in 2021 to reference 3% of revenues for bad debt allowance. In recent years, major factors have come into play which has prompted DCE staff to recommend the Board replace the previous policies with the attached, restated Policy.

First, SCE has been in a critical multi-year billing system implementation moving away from their legacy platform and moving to a more functional program which is now provided by software giant, SAP. This process has provided many challenges between SCE and DCE related to the final reconciliation of transferred account balances and has made it difficult for DCE staff and its back-office data management vendor, Calpine, to assess the full status of delinquent accounts and implement a robust Policy.

Second, Southern California Edison's new SAP Dunning (Collections) Path, imaged below, was implemented after DCE's current Policy was adopted. It takes approximately 55 days to complete to a status of disconnection for residential customers and 45 days for commercial customers. During this time, there are many customer invoices and touchpoints provided by SCE as imaged below. In the future, DCE also hopes to build out a pre-collection notification as allowed in the Policy.



One exception to disconnection on SCE's SAP Dunning (Collections) Path is when local temperatures are forecasted to exceed 100 degrees. SCE's Customer Service indicated that there is a high likelihood of the customer remedying the delinquent account within days of the disconnection and a weekly report is available of the accounts that are disconnected and then reconnected.

Finally, the COVID-19 pandemic and the associated, state-imposed moratorium on service disconnections resulted in considerable increases in customer delinquencies from March 2020 through December 2022 – which happens to align with DCE's operational launch in April 2020. The financial impact to DCE is approximately $2,186,000 in inactive account balances as of the end of May 2023. The moratorium has been rescinded and SCE has begun collections on delinquent accounts. DCE is recommending to update the Policy to better align with industry best practices as well as begin the collections process on DCE returned accounts utilizing an external collections agent.

The current Policy establishes reserving 3% of revenue for DCE's bad debt reserve which has the advantage of simplicity yet does not factor fluctuations in the aging of delinquent accounts. While a bad debt reserve as a percentage of revenue is an allowable and appropriate estimate and used by many CCAs, DCE's auditors have informed staff that, for utility clients, a percentage of accounts receivable typically demonstrates a better estimate for the bad debt reserve. This is because a bad debt reserve based on accounts receivable buckets as opposed to revenue automatically adjusts as DCE's accounts receivable aging worsens or improves.

DCE staff met with staff at Clean Power Alliance (CPA) —the largest Community Choice Aggregator in SCE's service territory, serving customers in Los Angeles and Ventura Counties – to review its bad debt policy. CPA evaluates their customer account receivable balances for each aging bucket (30, 60, 90, 90+ days) and use a bad debt reserve percentage allocation for each aging bucket to calculate the reserve. This bad debt reserve percentage for the aging buckets was based on the SCE's aging methodology which applies a percentage reserve to each aging bucket.

Since a percentage of sales or accounts receivable are both allowable under US Generally Accepted Accounting Principles (US GAAP) and the bad debt reserve is typically an area of higher audit risk (due to its estimate nature) facing more scrutiny than other financial areas during DCE's annual audit, DCE's updated Policy allows for both methods. While consistency in accounting methods from period to period is an important accounting concept, DCE staff believe the above factors make it the right time to transition the bad debt reserve policy to a percentage of accounts receivable.

DCE staff recommend transitioning to the percentage of accounts receivable methodology as possible based on the above factors and, it may take DCE extended time to move to this methodology. DCE staff will keep the Board apprised of relevant updates. DCE's current external audit firm, Davis Farr LLP, are supportive of this recommendation to move the bad debt reserve to a percentage of Accounts Receivable. The proposed Policy also relates to staff's recommendation to make a clarifying amendment to DCE's Financial Reserve Policy, which is outlined in a separate staff report.

Fiscal Analysis: By implementing collections as outlined in the restated Policy, DCE will see increased cash flow allowing it to continue to build financial reserves towards Board targeted levels

Attachment: DCE Policy No. 23-02

DESERT COMMUNITY ENERGY

POLICY No. 23-02

Delinquent Account, Collections and Bad Debt Policy

Subject: Delinquent Accounts, Collections and Bad Debt Policy

Purpose:

This policy establishes rules governing late payment and pre-collection notifications to customers, and the process by which a third-party collection agent will collect past due Desert Community Energy (DCE) charges on DCE's behalf.

Delinquent Accounts:

All customers must pay all outstanding DCE charges for the period in which the customer received service from DCE.

Southern California Edison (SCE) as part of its established dunning (collections) path for joint SCE and DCE customer performs pre-collection notifications through its billing system.

Where feasible, DCE may send customers a late payment notice if the account has a DCE balance that is 90 days or more past due and the customer is not on a payment arrangement with SCE. The notice may be sent to a customer's last known mailing address or, if a customer consented to receive electronic notices or bills, at a customer's last known email address. Late payment notices should indicate that an outstanding balance is overdue and that failure to pay DCE charges to SCE or to enter into a payment arrangement with SCE may result in being referred to a collection agent designated by DCE.

Collections:

Except as provided elsewhere in this policy, any customer account with an outstanding DCE charge that is not subject to collection by SCE may be referred for collections to a collection agency designated by DCE.

Customers enrolled in the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), or Medical Baseline programs at the time SCE returns a receivable to DCE are not subject to the collections criteria in Section C.1. if the balance is $500 or less.

Any customer account that meets the collections criteria specified in above may receive a pre-collection notice informing the customer that charges owed to DCE are outstanding and that the customer's account is collectible through a collection agent designated by DCE.

DCE may engage one or more collection agents to collect past due funds from DCE customers on DCE's behalf (Collection Agent). The Collection Agent retained by DCE shall be licensed and accredited to help ensure compliance with all laws or regulations relating to consumer privacy and protection, credit, collections, and similar laws or regulations.

Bad Debt Reserve:

DCE shall establish a bad debt reserve based on either a percentage of revenue or accounts receivable and in line with US Generally Accepted Accounting Principles (US GAAP). The bad debt reserve shall be monitored by DCE staff and may vary over time based on current economic factors as well as specialized knowledge and judgement derived from current and past collections experience as well as relevant industry benchmarks. On an annual basis, DCE's bad debt reserve metrics will undergo an external financial statement audit and updates will be provided to the DCE Board accordingly.

Executive Director Authority:

The Executive Director or the Executive Director's designee may, in their discretion, cancel, recall an account from the Collection Agent, or otherwise deviate from Policy for reasons including but not limited to cases of unforeseeable events, exigent circumstances, operational need or customer hardship.

ITEM 6F

Desert Community Energy Board
June 27, 2023

STAFF REPORT

Subject: **Update to DCE Policy No. 18-10 Financial Reserve Policy**

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

Recommendation: Approve a clarifying amendment to DCE Policy No. 18-10 Financial Reserve Policy

Background: Due to recommended updates to DCE's restated Delinquent Accounts, Collections and Bad Debt Policy No. 23-01, the Financial Reserve Policy also needs minor non-substantive changes to remove outdated references to the former Delinquent Accounts, Collections and Bad Debt Policy No. 18-10.

Fiscal Analysis: There is no cost to DCE for this action.

Attachments: DCE Policy No. 18-10 Financial Reserve Policy as amended

POLICY No. 18-10 - Amended

Financial Reserve Policy

Subject: Guidelines for DCE reserve fund accumulation and utilization with respect to actual and projected operating surpluses subject to annual review and adjustment by the Board of Directors.

Reserve Policy:

Establishing operating reserves that build over time is a critical component of enterprise risk management, prudent fiscal management, contingency planning and implementation and funding of long-term program goals.

This reserve policy is intended to align with requirements set forth by DCE's procurement agent, The Energy Authority, and is subject to annual review and adjustment coincident with DCE's fiscal year budget approval process. Such reserve balances are established as an unrestricted fund sourced generally from excess revenues over expenditures, unrestricted one-time revenue occurrences, and other available funds as may be deemed appropriate and proper by the DCE Board to augment DCE reserve accumulation. ~~Such reserve balances may include the currently designated threshold of 0.300% of total revenues to be set aside for bad debt (see related policy) subject to approval by the Board.~~ This policy may be reviewed and modified at the Board's discretion from time to time in consultation, as applicable, with DCE's Executive Director, service providers, procurement agents, and banking/financial advisors.

Reserve Target Levels:

This policy establishes an initial operating reserve accumulation target equal to 30% (120 days operating capital) to 40% (150 days operating capital) of the most current Board approved DCE operating budget, including power supply~~, within the first 3 years of operations~~. The target reserve accumulation will increase to 50% (180 days operating capital) of the most current Board approved DCE operating budget by the end of DCE's 6th year of operation. Contributions to achieve these targets are subject to actual revenue and cash flow streams, prevailing conditions of business necessity, then existing financial obligations, and other relevant factors as may be determined by the Board. The targeted maximum reserve balance is 75% (270 days operating capital) of the most current Board approved DCE operating budget.

Use of Reserves:

Use of reserves shall be recommended by DCE's Executive Director and is subject to approval by the Board of Directors. Any recommendation for use of reserves shall include a proposal for the replenishment of such reserves within two fiscal years, or other time period as approved by the Board. Primary reserve fund uses include but are not limited to:

1) Meeting mandated regulatory and or operating depository requirements when other sources of funds are not available;
2) Credit support for power purchase arrangements;
3) Meeting financial obligations during periods of business necessity;
4) Rate stabilization to mitigate power price shocks, market volatility or regulatory changes;
5) Temporary operating financial resources in the event of an economic downturn or other emergency situations preceding expense reductions, rate adjustments, and/or other corrective actions;
6) Covering temporary operating shortfalls instead of incurring new debt;
7) Local power programs/projects requiring credit backing or short-term infusion of capital;
8) Other uses as deemed necessary and prudent by the DCE Board.

If reserve funds exceed target levels, the Board of Directors may use excess funds for capital improvements, financing programs, paying down existing debt, rate reductions and/or other strategic purposes.

Reporting

Reserve levels will be monitored during each fiscal year and reported no less frequently than quarterly in financial reports provided to the Board.

ITEM 6G

Desert Community Energy Board
June 27, 2023

STAFF REPORT

Subject: **Termination of Deer Creek Solar + Storage Project**

Contact: David Freedman, Program Manager (dfreedman@cvag.org)

Recommendation: Authorize the Executive Director to issue a notice of termination of the amended Renewable Power Purchase Agreement with Deer Creek Solar I

Background: On February 6, 2023, the DCE Board approved an amendment to the 20-year renewable power purchase agreement (PPA) with Deer Creek Solar I, LLC (Deer Creek) for the Deer Creek Solar + Storage Project in Tulare County, California, which was signed in April 2021. The amendment extended the Guaranteed Construction Start Date and Commercial Operation Date (COD) that were originally set out in the PPA. The amendment allows DCE, in its sole discretion, to terminate the PPA upon 30 days written notice to Deer Creek and collect an amount equal to the entire development security posted by Deer Creek if the project does not start construction as of the revised Guaranteed Construction Start Date for any reason.

On June 15, 2023, Deer Creek formally notified DCE that construction on the project is not anticipated to begin and will not achieve the revised Guaranteed Construction Start Date set forth in the amendment. Deer Creek further advised that it is not in a position to proceed with the project without: (i) a significant further delay in the COD; and (ii) another substantial increase in the amounts payable for energy and battery storage pursuant to the PPA.

Following discussion with DCE's procurement advisors, The Energy Authority (TEA), and legal counsel, DCE staff recommends that DCE terminate the amended PPA and immediately draw on the development security as the remedy set forth in the amendment. As further detailed in the Board's agenda packet under Item 8C, staff is working with TEA to procure additional long-term energy resources for DCE.

Fiscal Analysis: Termination of the amended PPA will entitle DCE to payment of an amount equal to the development security. TEA will continue to seek opportunities to find replacement energy products at the most efficient cost.

ITEM 7A

Desert Community Energy Board
June 27, 2023

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **DCE Fiscal Year 2023/24 Budget**

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

Recommendation: Adopt Resolution 2023-03 approving Desert Community Energy's Fiscal Year 2023/24 Budget

Background: By the end of June of each year, DCE staff prepares a detailed fiscal year budget for the Board's review and approval. DCE's Fiscal Year 2023/24 Budget, covering the period from July 1, 2023 through June 30, 2024, pertains to DCE's fourth full year of operation for its electricity customers in the City of Palm Springs. The budget process was previewed at the DCE Board's May 2023 meeting. The June 2023 Board meeting provides an opportunity for further budget questions and comments, and for the Board to consider budget approval as prescribed by the DCE Joint Powers Agreement.

The draft budget includes the current expected business outcome for Fiscal Year 2022/23 using ten months of actuals through April 2023, and estimates for May and June 2023. Future business uncertainties remain, however, including longer-term residual economic impacts from the COVID-19 pandemic, western United States' generally favorable hydro conditions, impacts from climate change, load variability, power market price volatility and integration/performance of power purchase agreements. In addition to these factors, Southern California Edison's (SCE) retail rates and the Power Charge Indifference Adjustment (PCIA, or exit fee) were adjusted effective January 1, 2023, March 1, 2023, and June 1, 2023 and staff would note that further rate revisions and regulatory actions will likely occur. In response to these recent SCE changes, DCE adjusted its retail rates effective January 1, 2023 and a subsequent adjustment becomes effective July 1, 2023. These DCE rate adjustment were developed and implemented pursuant to DCE's Rate Stabilization Schedule (RSS) and conform to Board policies and guidelines.

It is important to note the proposed budget is a planning document and staff will continue to coordinate with The Energy Authority (TEA) to update power supply costs, retail sales receipts, climate impacts, regulatory mandates and other factors throughout the year as actual revenues/expenses occur and keep the Board informed of any materials changes.

The budget information relating to TEA financial modeling (FiMo) inputs utilize the June 7, 2023 FiMo. DCE staff met with TEA at its June 15, 2023 Risk Management Team meeting and the Risk Management Team concurred that the FiMo presented is materially in line with that used in the budget.

Fiscal Analysis: The costs and revenues for DCE are outlined in budget itself. The proposed budget incorporates multiple assumptions regarding CCA program participation, retail loads, wholesale supply cost, and residual economic impacts from the COVID-19 pandemic. Recent and prospective regulatory actions include the potential imposition of a substantial increase to DCE's and other Community Choice Aggregators' Financial Security Requirement ("FSR"), which increase could be in the $5 million range.

DCE staff is currently assessing the most prudent manner to provide these additional depository funds and the DCE budget may be impacted accordingly. DCE also has cost exposure related to potential Resource Adequacy (RA) regulatory actions, which could result in material cost increases during Fiscal Year 2023/24 and beyond. Additionally, SCE will likely submit additional rate changes over the period covered by this budget. DCE staff will actively monitor and report to the Board events which may materially alter expected budget results and as warranted, bring back to the Board any proposed budget revisions deemed prudent and necessary to maintain DCE Board policies and objectives.

Attachments:

1. Resolution No. 2023-03 approving DCE's Fiscal Year 2023/24 budget
2. DCE's Fiscal Year 2023/24 budget

RESOLUTION NO. 2023-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY APPROVING FISCAL YEAR 2023/24 ANNUAL BUDGET

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

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

B. Under Section 5.3.1 of the DCE Joint Powers Agreement the Board of Directors is to approve an annual budget by June 30th of each year for the next following fiscal year;

C. This budget pertains to Fiscal Year July 1, 2023, through June 30, 2024;

D. The DCE Fiscal Year 2023/24 Budget was presented to the Board of Directors at a duly noticed public meeting for its consideration, approval and adoption.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY, AS FOLLOWS:

Section 1. Approval of Fiscal Year 2023/24 Annual Budget. The Board of Directors hereby approves the DCE Fiscal Year 2023/24 Budget.

PASSED AND ADOPTED at a meeting of the Board of Directors of Desert Community Energy held on this June 27, 2023.

ATTEST:

Lisa Middleton, Chair Desert Community Energy	Tom Kirk, Secretary Desert Community Energy

AYES: NAYS: ABSENT: ABSTAIN:

Desert Community Energy

FY2023/24 Annual Budget

Draft

Contents

From the Executive Director

To the honorable members of Desert Community Energy: City of Palm Springs and City of Palm Desert

June 27, 2023

When I'm asked about Desert Community Energy and its impact on the community, one of the first words that comes to mind is "choice." DCE gives those who pay for electricity in Palm Springs, for the very first time, a choice in who procures their electricity and a choice in what type of electricity they want powering their home or business. I think about the choices that were made by your colleagues at the Coachella Valley Association of Governments to explore these options and to bring such a bold, forward-thinking program to the Coachella Valley. And the choice by your Board predecessors to launch service in the City of Palm Springs in 2020, even amid a worldwide pandemic that was changing every aspect of daily life.

These choices, and the choices that you as Board members make in the months and years ahead, have almost immeasurable impacts on ensuring we have a sustainable future. You would be hard pressed to find a single choice that has made such a big difference in the Coachella Valley. DCE is now entering its fourth year of serving the City of Palm Springs. We're serving nearly 85 percent of the City's electric customers and data shows that it is helping the City achieve greenhouse gas emission reductions at a faster-than-expected pace. Think about this: In the first full year of operations alone, DCE's rollout had the same greenhouse gas reduction equivalent as replacing almost 23,000 gasoline-fueled cars in the city with bikes, all while giving customers a choice in their electricity service.

The budget itself, presented here for your review and approval, reflects the choices that the Board has made and lays the groundwork for achieving cost-conscious and customer-conscious milestones and objectives moving forward.

The budget also builds on what we've accomplished to date. By serving the City of Palm Springs residents and businesses with 100% Carbon Free electricity, we've been critical to Palm Springs exceeding the State of California's ambitious 2020 goals to reduce GHG emissions and help fight climate change. In the last year alone, we demonstrated financial stability by paying off all short-term debts and the line of credit. And we're looking ahead by approving a 15-year agreement for Cape Generating Station 1 LLC Geothermal Project as part of DCE's Mid-term Reliability Procurement. At the same time, we know we can't operate in a vacuum. DCE this year adopted its first legislative platform, and our presence on the statewide advocacy stage, including with the California Public Utilities Commission, continues to grow. We also are working to establish innovative new programs, including a customer recognition program for Palm Springs' business community that we hope to launch this coming fiscal year.

Most importantly, we're mindful of the customers' bottom lines. DCE's Desert Saver product remains the lowest-cost electricity option for Palm Springs. You will find that most of our social media and community outreach focuses on how to save money. We've also partnered with OhmConnect to offer a smart plug and thermostat program to help residents be aware of their energy use and find ways to be more efficient.

It takes a hardworking and professional staff to achieve these milestones and the objectives that are outlined in the budget. I'm incredibly proud of their dedication to implementing programs that the Board adopts and prioritizes. Our commitment to excellence is also reflected in our commitment to transparency, including this year's revamped budget to provide both the Board and the public with a more engaging and user-friendly document.

As we look ahead, I look forward to working with you to increase DCE's impact on a more sustainable Coachella Valley.

Tom Kirk
Executive Director
Desert Community Energy

About Desert Community Energy

Desert Community Energy (DCE) is a California joint powers authority (JPA) formed to offer a Community Choice Aggregation (CCA) program in the desert region of Riverside County. DCE was established in October 2017 to meet member agencies' environmental and economic goals including competitive electric rates, greenhouse gas reductions, local control, and local economic benefits. The original JPA was formed among the cities of Palm Springs, Cathedral City, and Palm Desert. However, the City of Cathedral City withdrew from DCE effective July 1, 2021. While DCE formed in 2017, it only began serving load on April 1, 2020, for one of its member agencies, the City of Palm Springs. The next possible launch date for the City of Palm Desert is 2025.

DCE is governed by a Board of Directors (Board), consisting of one director appointed by each of the members of the JPA. Directors are elected officials or senior staff of the appointing member. Each JPA member may also appoint an alternate to serve in the absence of its Director. All Board meetings are conducted in accordance with the provisions of the Ralph M. Brown Act.

The Board has established policies that ensure the financial health of the agency including an Energy Risk Management Policy and Financial Reserve Policy. The Board follows a fiscally conservative course with a near-term emphasis on building financial reserves. DCE targets, during the initial years of operation, to fund financial reserves with the following objectives:

- Establish long-term business sustainability.
- Build collateral for power procurement activities.
- Establish an investment grade credit rating.
- Develop a source of funds for investment in generation and other local programs.
- Stabilize rates and dampen year-to-year variability in procurement costs.

Pursuant to an Implementation and Management Services Agreement first approved in 2017 and extended for a further five years in 2022, DCE has contracted with Coachella Valley Association of Governments (CVAG) to provide administrative and staffing services. Staff support includes meeting coordination, support to the board, oversight of consultants, and coordination of CCA implementation. Additionally, CVAG staff provide administrative support and accounting services including preparation of the budget, oversight of the annual audit, and management of the various DCE funds. Of the CVAG employees providing support for the CCA program, each only spend part of their time on the CCA program. DCE reimburses CVAG for all staff time incurred as well as non-employee costs incurred by CVAG while performing the services, such as supplies, legal services, consultant services and equipment.

As noted above, DCE began serving load in April 2020 for one of its member agencies, the City of Palm Springs. Through DCE, customers within the service area can take advantage of opportunities granted by Assembly Bill 117, the Community Choice Aggregation Law. DCE implements sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources available in the region. DCE's primary objectives in implementing programs are to provide overall rates that are lower or competitive with those offered by Southern California Edison (SCE) for similar power supplies, to supply an energy portfolio that prioritizes the reduction of greenhouse gas emissions and the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible, and to establish local control. The prospective benefits to local consumers include the ability to reduce energy costs; improve the local and regional economy; stabilize electric rates; increase local electric generation reliability; influence which technologies are used to meet local electricity needs (including a planned increased use of renewable energy); and to ensure effective planning and development of sufficient resources and energy infrastructure to serve DCE residents and businesses.

The California Public Utilities Code provides the relevant legal authority for DCE to serve as a CCA and invests the California Public Utilities Commission (CPUC) with regulatory oversight of DCE. DCE's Implementation Plan was certified by the CPUC in March 2018. DCE is also registered with SCE and works closely with SCE on CCA program implementation.

In addition to staffing provided by CVAG as discussed above, DCE is supported by a solid team of contractors with expertise in the energy industry and CCA operations. This team helps DCE navigate the volatile energy markets and increasingly complicated regulatory environment that have marked the period since DCE's 2020 launch and are expected to continue.

Budget Overview

By the end of June of each year, DCE staff prepares a detailed forthcoming fiscal year budget for Board review and approval. DCE's FY2023/24 budget, covering the period from July 1, 2023, through June 30, 2024, pertains to DCE's fourth full year of operation for its electricity customers in the City of Palm Springs. The budget process was previewed at the DCE Board's May 2023 meeting. The June 2023 Board meeting provides an opportunity for further budget questions and comments and for the Board to consider budget approval as prescribed by the DCE Joint Powers Agreement.

The proposed budget includes the current expected business outcome for FY2022/23 using ten months of actuals through April 2023 and estimates for May and June 2023. Future business uncertainties remain, however, including longer-term residual economic impacts from the COVID-19 pandemic, the Western United States' generally favorable hydro conditions, climate change impacts, load variability, power market price volatility, and integration/performance of power purchase agreements. In addition to these factors, Southern California Edison's (SCE) retail rates and the Power Charge Indifference Adjustment (PCIA, or exit fee) were adjusted effective January 1, 2023, March 1, 2023, and June 1, 2023, and further rate revisions and regulatory actions will likely occur. In response to these recent SCE changes, DCE adjusted its retail rates effective January 1, 2023, and a subsequent adjustment becomes effective July 1, 2023. These DCE rate adjustments were developed and implemented pursuant to DCE's Rate Stabilization Schedule (RSS) and conform to Board policies and guidelines.

It is important to note the proposed budget is a planning document, and staff will continue to coordinate with The Energy Authority (TEA) to update power supply costs, retail sales receipts, climate impacts, regulatory mandates, and other factors throughout the year as actual revenues/expenses occur.

Budget Assumptions

DCE’s FY2023/24 budget assumptions include:

1. Full accrual accounting practices are implemented in line with US GAAP for enterprise-type funds so costs/revenues often differ from cash on hand.
2. Palm Springs is the only city where DCE is actively serving CCA customers.
3. Projected loads, resources, revenues, and costs will utilize TEA's June 7, 2023, financial model output (FiMo), and derived revenues will include DCE's July 1, 2023, rate adjustment. DCE financial staff provide DCE internal cost forecasts.
4. An opt-out rate of about 16 percent (those customers remaining with SCE bundled service) and an opt-down rate of about 11 percent (those DCE customers that choose Desert Saver as opposed to the 100% Carbon Free default product).
5. Board-approved rate-setting objectives. The residential Desert Saver customer bill, on average, is to be about 0–1.0% less than SCE's bundled base customer bill and meets full California Renewables Portfolio Standard compliance. DCE's 100% Carbon Free residential product is priced, on average, not to exceed a 14% total bill premium when compared with SCE's bundled base product for customers enrolled in DCE's largest residential rate class, "Domestic."
6. Continued rate Carbon Free subsidy suspension to customers enrolled in low-income assistance programs; these customers, representing about 16% of DCE's total customer base, are enrolled in the Desert Saver product.
7. Rates are sufficient to recover wholesale supply costs, yield a positive net margin, build cash reserves, and meet applicable loan terms, conditions, and financial covenants.
8. TEA will continue to provide credit support functions to DCE during FY2023/24 with a goal to reevaluate this function throughout the upcoming fiscal year and moving into the FY2024/25 budget.
9. Non-energy FY2023/24 operating costs will be estimated with escalation between 3–15% on a budget-line level to reflect budgetary conservatism in an inflation-prone market. For FY2024/25 and FY2025/26 notional estimates, a 4.5% annual escalation rate was applied.
10. Cost allocation and rate setting is based on cost recovery, fairness, and equity.
11. DCE meets regulatory, legislative, and operating requirements.
12. DCE continues collaborating with CalCCA, other CCAs, and public power groups.
13. DCE maintains necessary and adequate internal staffing and continues the contract support relationship with the Coachella Valley Association of Governments (CVAG).
14. DCE will monitor and adjust forecast retail loads, revenues, and costs based on actual experience and revise expectations accordingly throughout the forthcoming year.
15. DCE follows adopted Board policies and objectives.

Prior Year Budget to Actuals and New Proposed Budget

The tables that follow summarize DCE's expenses and revenues for the current fiscal year ending June 30, 2023, and provide DCE's budget projections for FY2023/22024. Additional forecast outcomes for FY2024/25 and FY2025/26 are also provided based on current market and business expectations.

DCE Prior Year Budget to Actuals and FY2023/24 Proposed Budget						
Revenues	**FY2022/23 Budget**	**FY2022/23 Actuals/Est to 6/30/23**	**FY2022/23 Act. v. FY2022/23 Budget %**	**FY2023/24 Budget**	**FY2023/24 Budget v. FY2022/23 Actuals**	**FY2023/24 Budget as % FY2022/23**
Retails Sales Revenue	$ 64,592,308	$ 61,408,279	95.1%	$ 71,203,715	$ 9,795,436	116.0%
Other Revenues	$ 507,200	$ 487,667	96.1%	$ 258,661	$ (229,006)	53.0%
Revenues	$ 65,099,508	$ 61,895,946	95.1%	$ 71,462,376	$ 9,566,430	115.5%
Interest Expense	$ (70,380)	$ (46,655)	66.3%	$ (5,000)	$ 41,655	10.7%
Total Revenues (net of Interest Expense)	$ 65,029,128	$ 61,849,291	95.1%	$ 71,457,376	$ 9,608,085	115.5%
Power Supply Costs						
Wholesale Power Supply	$ 44,730,744	$ 45,537,948	101.8%	$ 47,822,596	$ 2,284,648	105.0%
Non Power Operating Costs						
DCE/CVAG Staff and Operations Support	$ 756,237	$ 655,579	86.7%	$ 893,966	$ 238,387	136.4%
Contract and Other Labor	$ 129,257	$ 190,454	147.3%	$ 256,800	$ 66,346	134.8%
Wholesale Support Svcs (TEA, Calpine, SCE, etc.)	$ 1,693,006	$ 1,781,581	105.2%	$ 1,854,011	$ 72,430	104.1%
Retail Business Support Activities (Burke Rix, e.g.)	$ 50,866	$ 41,871	82.3%	$ 35,850	$ (6,021)	85.6%
Other Customer Programs	$ 125,000	$ -	0.0%	$ 150,000	$ 150,000	0.0%
Office Supplies, Dues, Membership Expenses	$ 285,579	$ 174,880	61.2%	$ 193,350	$ 18,470	110.6%
Total Non Power Operating Costs	$ 3,039,945	$ 2,844,366	93.6%	$ 3,383,977	$ 539,612	119.0%
Total Power and Operating Costs	$ 47,770,688	$ 48,382,314	101.3%	$ 51,206,573	$ 2,824,259	105.8%
Retail Load (MWh, net of losses)	434,872	398,428	91.6%	395,488	(2,940)	99.3%

Table 1: DCE Prior Year Budget to Actuals and FY2023/24 Proposed Budget

Table 1 presents a comparison between the estimated actual results for the end of FY2022/23 compared to DCE's originally adopted FY2022/23 budget. This comparison is based on 10 months of actual FY2022/23 cost data, plus a projection of the last two months as provided by TEA. For DCE/CVAG Staff and Operations Support, the data was provided by DCE staff and includes ten months of actual expenditures with estimated amounts for the remaining two months of the fiscal year. These estimated amounts may therefore differ somewhat from year-end actual results.

Customer loads were below forecast for the FY2022/23 budget period and DCE has been calibrating its model accordingly. FY2022/23 revenues are below budget projections by 4.9%, primarily reflecting DCE's actual retail loads coming in about 8.4% below budget forecast. Even with the reduced loads, power supply costs were almost 2% above forecast costs.

Given DCE's improving financial reserves position, a nominal amount was budgeted for Interest Expense as compared to FY2022/23 which saw DCE utilize the River City Bank revolving credit facility for working capital needs. Projected FY2023/24 revenues are expected to increase approximately 16% versus FY2022/23 actuals reflecting rate adjustments necessary to track supply costs, SCE rate changes, and to build reserves in line with DCE's Financial Reserves Policy.

Projected FY2023/24 Total Power and Operating Costs are expected to increase approximately 5.8% versus FY2022/23, reflecting ongoing power market price pressure, the full impact of which is tempered by DCE's wholesale supply hedging activities.

With regard to year-over-year cost escalation, aggregated non-power supply operating costs are up about 19% for the coming budget year. This is a result of many factors including inflation and also an increased budgeted amount for DCE programs such as supporting lower-income customers on weatherization as well as increased consultant and staff costs for these programs.

DCE is staffed by CVAG under an existing staffing agreement, and beginning July 1, 2023, CVAG will implement a Classification and Total Compensation adjustment which affects some of the CVAG positions providing staffing for DCE. In addition, CVAG is acquiring a new Enterprise Resource Planning (ERP) system, which DCE will be able to benefit from and utilize as well.

Because DCE operates in an increasingly complex market and regulatory environment, staff and consulting expertise are continuously required to manage business operations adequately. These extra efforts are primarily reflected in DCE/CVAG Staff and Operations Support and Contract and Other Labor depicted in Lines 10 and 11 of Table 2.

Since its inception, DCE has depended on several external consultants and will continue to rely on the expertise of TEA, Don Dame, Calpine, and other consultants. However, in line with original organization strategies, as more internal expertise is acquired, DCE staff will assimilate more of the work effort and reduce the use of consultants accordingly. Additional staff effort is required to address increasing operating and regulatory complexities engendered by climate change and the transition from carbon-based electricity production.

Thus, DCE's regulatory, customer service, business policy, and programming needs continue to grow, and responding to those needs, at least in part with internal staff, will provide organizational benefits. Ongoing synergies are also expected to be achieved via the utilization of CVAG's expertise and capabilities.

When DCE was established, there were plans for three active CCAs. This led prior budgets to reference cost allocations meant to accommodate the three active CCAs compared to DCE general operations. As the City of Palm Springs remains the only active CCA with no planned launch date for any other CCAs, no cost allocations are being utilized.

High-Level Budget Overview

The following pie chart provides a high-level budget overview for FY2023/24:

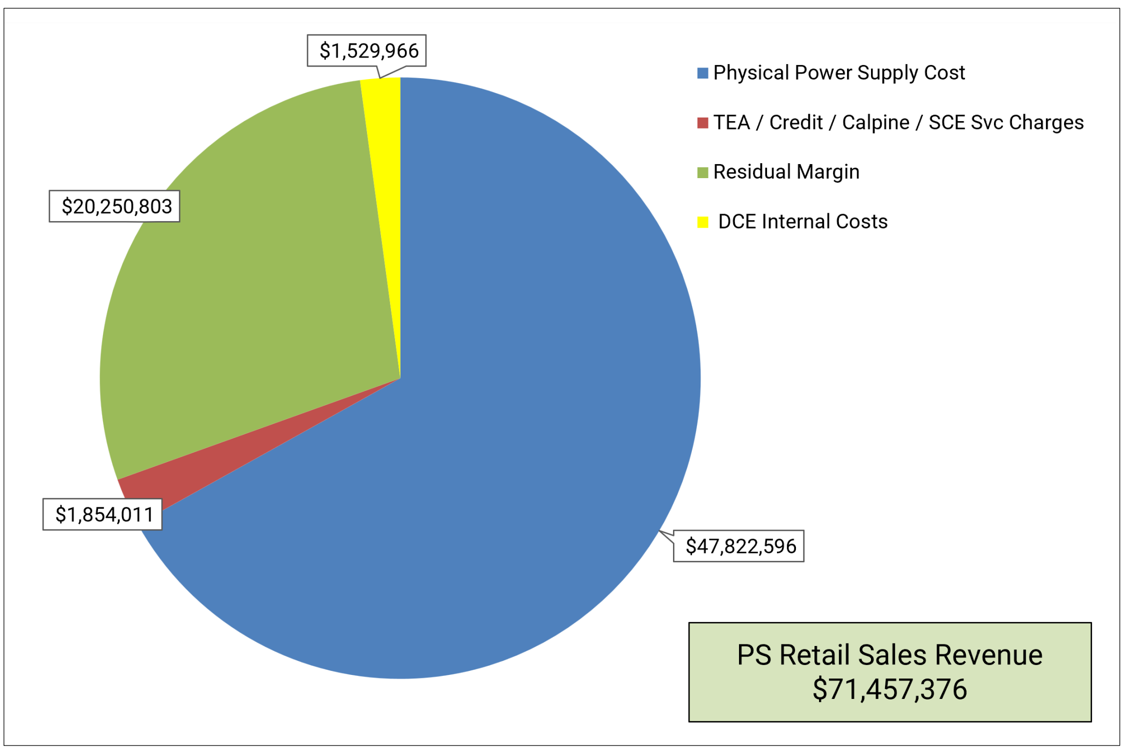


Chart 1: FY2023/24 Accrual Budget.

The blue area represents total physical power supply costs of approximately $47.8 million, which comprise about 94% of DCE's total operating costs. The red area represents DCE's wholesale vendor services charges from TEA, Calpine and SCE attributable to Palm Springs CCA. The yellow slice shows the budget portion of DCE's internal charges attributable to Palm Springs' CCA operations (including CVAG services and facilities utilization) of approximately $1.5 million. The green slice shows projected accrual net margins which may be available for reserves (see Chart 2).

Budget Summary Detail

Table 2 shows the FY2023/24 budget summary:

Line			MWh Load:	395,488
1	**Revenues ***	**FY2023/24**	**Avg $/Month**	**Avg $/MW/h**
2	Retail Sales + Other Revenue	$ 71,462,376	$ 5,955,198	$ 180.69
3	Net Credit Fees	$ (5,000)	$ (417)	$ (0.01)
4	**Total DCE Revenue**	**$ 71,457,376**	**$ 5,954,781**	$ 180.68
5				
6	**Power Costs ***	**FY2023/24**	**Avg $/Month**	**Avg $/MW/h**
7	**DCE Wholesale Power Supply**	**$ 47,822,596**	**$ 3,985,216**	**$ 120.92**
8				
9	**DCE Operating Costs**	**FY2023/24**	**Avg $/Month**	**Avg $/MW/h**
10	DCE Position Support	$ 742,328	$ 61,861	**$ 1.88**
11	Contract and Other Labor	$ 256,800	$ 21,400	**$ 0.65**
12	CVAG Related facilities support	$ 151,638	$ 12,637	**$ 0.38**
13	Wholesale Support Svcs (TEA, Calpine, SCE chgs, etc)	$ 1,854,011	$ 154,501	**$ 4.69**
14	Retail Business Support Activities	$ 35,850	$ 2,988	**$ 0.09**
15	CARE / FERA Outreach	$ 150,000	$ 12,500	**$ 0.38**
16	Outreach Services, Dues, Memberships Expenses	$ 193,350	$ 16,113	**$ 0.49**
17	**Total non-power Operating Costs**	**$ 3,383,977**	**$ 281,998**	**$ 8.56**
18				
19	**Total Power and Operating Costs**	**$ 51,206,573**	**$ 4,267,214**	**$ 129.48**
20	Effective DCE / CCA Shares this FY			
21	**Estimated FY Net Rev Available for Reserves & Other**	**$ 20,250,803**	(w/o beginning cash or Cr bal adjust.)	

* Accrual

Table 2: FY2023/24 Budget Summary Detail

Table 2, Lines 2–7 show revenues and costs associated with PS CCA, as taken from the TEA financial model (FiMo). Lines 10–18 show projected DCE non-power supply operating costs and are developed using DCE financial input, staffing, and related projections. These costs include TEA and Calpine services, TEA credit fee, SCE billing charges, and programs that benefit DCE customers.

FY2023/24 total power and operating costs of $51,206,753 are approximately 5.8% above FY2022/23 actuals, reflecting generally higher power market conditions, residual COVID-19 load shifts, climate impacts, and international energy market turmoil. Total FY2023/24 projected revenue of $71,457,376 reflects recent and scheduled rate adjustments necessary to recover costs, respond to SCE rate actions, and contribute to Board adopted reserve accumulation goals.

It is important to note the FY2023/24 budget results are accrual based, and actual revenues and available cash reserves fluctuate accordingly and differ from cash-on-hand. Actual revenue receipts can lag sales by as much as two months and are estimated to be in the $12 million range at the end of the current fiscal year. Line 21 in Table 2 shows an estimated FY2023/24 net amount available for reserves around $20 million; however, after adjusting for revenue lag amount, actual cash on hand at the end of FY2023/24 is estimated to be closer to $22–24 million, including end of FY2022/23 cash reserve balance.

Projected Cumulative Reserves

Chart 2 shows DCE's estimated accrued margins attained during the prior fiscal year and projected for FY2023/24, FY2024/25, and FY2025/26.

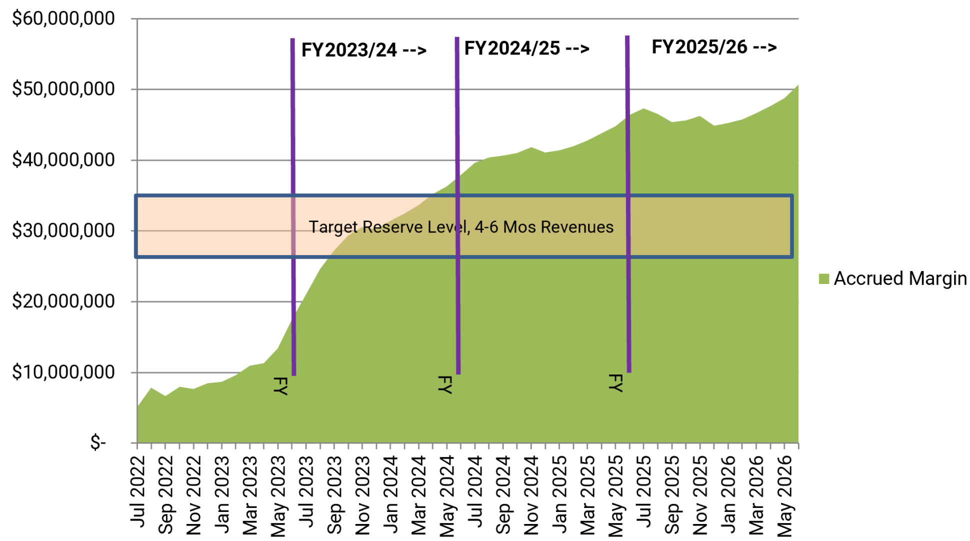


Chart 2: Residual Margin and Reserves

During DCE's early operational history, it experienced negative margins, primarily due to increasing power supply costs and revenue lag, which were tempered by utilizing credit arrangements with River City Bank as guaranteed by the City of Palm Springs, and invoicing support from TEA.

Commencing toward the end of FY2022/23 and continuing into FY2023/24, DCE is projected to begin accumulating positive cash reserves which may reach reserve policy target levels over the next twelve months, adding to DCE's financial health and stability and reaching an important benchmark for its journey to attain an investment quality credit rating.

DCE staff held conversations with TEA regarding the credit support function TEA currently provides on behalf of DCE. While DCE is projected to accumulate additional reserves by the end of FY2023/24, it is unlikely for DCE to be in a financial position to begin entering directly into credit agreements prior to FY2024/25, at the earliest; therefore, to maintain a conservative approach, DCE staff is assuming ongoing credit support from TEA during FY2023/24.

Fiscal Analysis

The costs and revenues for DCE are outlined in the above and attached budget tables. The proposed budget incorporates multiple assumptions regarding CCA program participation, retail loads, wholesale supply cost, and residual economic impacts from the COVID-19 pandemic.

Recent and prospective regulatory actions include the potential imposition of a substantial increase to DCE's (and other CCAs') Financial Security Requirement (FSR), which could be in the $5 million range. DCE staff is currently assessing the most prudent manner to provide these additional depository funds, and the DCE budget may be impacted accordingly. DCE also has cost exposure related to potential Resource Adequacy (RA) regulatory actions, which could increase material costs during FY2023/24 and beyond.

Additionally, SCE will likely submit additional rate changes over the period covered by this budget. DCE staff will actively monitor and report to the Board events which may materially alter expected budget results and, as warranted, bring back to the Board any proposed budget revisions deemed prudent and necessary to maintain DCE Board policies and objectives.

Proposed Budget

Table 3 includes DCE's internal costs and expenses, which are displayed in greater detail in Table 4. Also, note the budget is constructed using projected revenues and costs as accrued and that reserve accumulation and actual cash on hand may differ substantially given revenue receipts which can lag actual power sales by up to two months.

	FY2022/23 Budget	FY2022/23 Projected Actuals	FY2023/24 Total	Projected FY2024/25 Total	Projected FY2025/26 Total
Load Particulars					
DCE Retail Load (MWh) net of opt-outs and losses	434,872	398,428	395,488	395,488	395,488
DCE Wholesale Load (MWh, retail load+ losses)	458,529	420,890	417,785	417,785	417,785
Estimated Distribution Losses (%)	5.4%	5.6%	5.6%	5.6%	5.6%
Losses (MWh)	23,657	22,463	22,297	22,297	22,297
Revenue Particulars					
Gross Revenue	$ 66,590,008	$ 63,307,504	$ 73,405,892	$ 62,055,783	$ 57,986,801
Less Uncollectable Accounts	$ (1,997,700)	$ (1,899,225)	$ (2,202,177)	$ (1,861,674)	$ (1,739,604)
Net DCE Total Retail Revenue	$ 64,592,308	$ 61,408,279	$ 71,203,715	$ 60,194,110	$ 56,247,197
Average Monthly Revenue ($/MWh)	$ 148.53	$ 154.13	$ 180.04	$ 152.20	$ 142.22
Other Revenue	$ 507,200	$ 487,667	$ 258,661	$ 232,795	$ 209,516
Other Revenue	$ 500,000	$ 460,346	$ -	$ -	$ -
Investment Income	$ 7,200	$ 27,321	$ 258,661	$ 232,795	$ 209,516
Accrual Monthly Revenues	$ 65,099,508	$ 61,895,946	$ 71,462,376	$ 60,426,905	$ 56,456,712
Total DCE Power Cost (w/o DCE Direct)					
Wholesale Power Supply (All Physical Components)	$ 44,730,744	$ 45,537,948	$ 47,822,596	$ 48,511,749	$ 48,598,288
TEA Services	$ 660,013	$ 684,954	$ 732,000	$ 764,940	$ 799,362
TEA Credit Support	$ 528,909	$ 442,868	$ 465,011	$ 485,937	$ 507,804
TEA / Other Inv. Adjustments	$ -	$ 43,856	$ 15,000	$ 15,675	$ 16,380
Calpine Data Management	$ 441,158	$ 534,468	$ 540,000	$ 452,516	$ 452,516
SCE Billing Services	$ 62,925	$ 75,435	$ 102,000	$ 65,843	$ 66,501
Total Wholesale Cost, Accrual (FiMo)	$ 46,423,749	$ 47,319,530	$ 49,676,607	$ 50,296,659	$ 50,440,851
Average Wholesale Cost $/MWh	$ 106.75	$ 118.77	$ 125.61	$ 127.18	$ 127.54
River City Bank Credit Facility	**FY2022/23 Budget**	**FY2022/23 Total**	**FY2023/24 Total**	**FY2024/25 Total**	**FY2025/26 Total**
Interest Expense	$ 70,380	$ 46,655	$ 5,000	$ 5,225	$ 5,460
Net RCB Credit Accrual	$ (70,380)	$ (46,655)	$ (5,000)	$ (5,225)	$ (5,460)
Estimated Operating Expenses	**FY2022/23 Budget**	**FY2022/23 Total**	**FY2023/24 Total**	**FY2024/25 Total**	**FY2025/26 Total**
DCE Staff Costs from CVAG	$ 652,248	$ 552,531	$ 742,328	$ 775,733	$ 810,641
Total Salaries	$ 494,708	$ 412,965	$ 519,535	$ 542,914	$ 567,345
Total Benefits	$ 157,541	$ 139,566	$ 222,793	$ 232,819	$ 243,296
Contracts and Contract Labor (not incl. elsewhere)	$ 129,257	$ 190,454	$ 256,800	$ 268,356	$ 280,432
4425 · Legal Services	$ 88,566	$ 89,908	$ 103,500	$ 108,158	$ 113,025
4431 · Professional Services[1]	$ 11,128	$ 53,495	$ 21,500	$ 22,468	$ 23,479
4432 · Consultants[2]	$ 29,563	$ 47,052	$ 131,800	$ 137,731	$ 143,929
CVAG Overhead Support	$ 103,989	$ 103,048	$ 151,638	$ 158,462	$ 165,592
Office Operations	$ 38,559	$ 27,835	$ 37,572	$ 39,263	$ 41,030
Meeting Attendance Stipends[3]	$ 2,408	$ 2,322	$ 2,216	$ 2,316	$ 2,420
Employee Travel or Training	$ 6,906	$ 2,785	$ 4,284	$ 4,477	$ 4,678
Facility Expenses	$ 38,629	$ 37,532	$ 52,424	$ 54,783	$ 57,248
Professional Services	$ 17,486	$ 21,512	$ 25,598	$ 26,750	$ 27,954
Capital Outlay	$ -	$ 11,062	$ 29,544	$ 30,873	$ 32,263
Retail Business Support Activities	$ 50,866	$ 41,871	$ 35,850	$ 37,463	$ 39,149
4200 · Accounting / Bank Services	$ 40,813	$ 24,676	$ 5,550	$ 5,800	$ 6,061
4353 · Insurance	$ 10,053	$ 8,840	$ 9,300	$ 9,719	$ 10,156
4452 · Marketing	$ -	$ 8,355	$ 21,000	$ 21,945	$ 22,933
DCE Programs	$ 125,000	$ -	$ 150,000	$ 156,750	$ 163,804
4455 · Customer Programs	$ 125,000	$ -	$ 150,000	$ 156,750	$ 163,804
Office Supplies and Other Expenses	$ 285,579	$ 174,880	$ 193,350	$ 202,051	$ 211,143
4423 · Office Supplies	$ -	$ 1,200	$ -	$ -	$ -
4433 · Outreach Services	$ 133,250	$ 50,722	$ 48,000	$ 50,160	$ 52,417
4435 · Technology Costs (IT)	$ 2,002	$ 4,207	$ 4,200	$ 4,389	$ 4,587
4440 · Postage	$ 19,076	$ 14,183	$ 12,000	$ 12,540	$ 13,104
4441 · Printing	$ 22,092	$ 17,295	$ 18,000	$ 18,810	$ 19,656
4450 · Sponsorships	$ -	$ 1,603	$ -	$ -	$ -
4500 · Registrations/Memberships	$ 109,159	$ 85,671	$ 111,150	$ 116,152	$ 121,379
Total DCE Internal Operations Charges	$ 1,346,939	$ 1,062,784	$ 1,529,966	$ 1,598,814	$ 1,670,761
DCE Internal, $ / MWh	$ 3.10	$ 2.67	$ 3.87	$ 4.04	$ 4.22
Total Non Power Opr Exp (DCE + All Services)	$ 3,039,945	$ 2,844,366	$ 3,383,977	$ 3,383,725	$ 3,513,325
Operating Expenses $/MWh	$ 6.99	$ 7.14	$ 8.56	$ 8.56	$ 8.88
Expected Accrual Results					
Revenues	$ 65,029,128	$ 61,849,291	$ 71,457,376	$ 60,421,680	$ 56,451,252
Power and Operations Costs	$ 47,770,688	$ 48,382,314	$ 51,206,573	$ 51,895,474	$ 52,111,613
Net Margin Avail After Expenses - Accrual	$ 17,258,439	$ 13,466,977	$ 20,250,803	$ 8,526,206	$ 4,339,640
Annual Cumulative Accrual Revenues	$ 152,482,922	$ 180,954,291	$ 252,411,667	$ 312,833,347	$ 369,284,599
Annual Cumulative Accrual Power and Operations Cost	$ 130,138,018	$ 164,974,471	$ 216,181,044	$ 268,076,518	$ 320,188,130
Cumulative Net Position - Accrual	$ 22,344,904	$ 15,979,820	$ 36,230,623	$ 44,756,829	$ 49,096,469

[1] Does not include the professional services expenses of SCE which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

[2] Does not include the consultant expenses of TEA, Calpine and CVAG which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

[3] Represents overhead allocation of CVAG Executive Committee meeting attendance stipends as DCE receives a proportional share of CVAG overhead.

Table 3: FY2022/23 Total Budget and Projected Year-End Actuals; FY2023/24 Proposed Budget by Month; and Projected FY2024/25 and FY2025/26 Budget Totals.

Internal Budget Costs

	FY2023/24 Total	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
Load Particulars													
DCE Retail Load (MWh) net of opt-outs and losses	395,488	53,737	55,848	42,917	31,265	21,228	22,824	23,467	20,034	22,406	25,178	31,734	44,849
DCE Wholesale Load (MWh, retail load+ losses)	417,785	56,766	58,996	45,336	33,028	22,425	24,111	24,791	21,163	23,670	26,598	33,524	47,378
Estimated Distribution Losses (%)	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
Losses (MWh)	22,297	3,030	3,149	2,420	1,763	1,197	1,287	1,323	1,129	1,263	1,419	1,789	2,529
Revenue Particulars													
Gross Revenue	$ 73,405,892	$ 11,813,178	$ 12,447,712	$ 9,709,532	$ 5,536,512	$ 3,729,519	$ 4,033,520	$ 3,440,583	$ 2,912,055	$ 3,238,489	$ 3,668,035	$ 4,655,681	$ 8,221,076
Less Uncollectable Accounts	$ (2,202,177)	$ (354,395)	$ (373,431)	$ (291,286)	$ (166,095)	$ (111,886)	$ (121,006)	$ (103,217)	$ (87,362)	$ (97,155)	$ (110,041)	$ (139,670)	$ (246,632)
Net DCE Total Retail Revenue	$ 71,203,715	$ 11,458,783	$ 12,074,280	$ 9,418,246	$ 5,370,416	$ 3,617,633	$ 3,912,515	$ 3,337,365	$ 2,824,693	$ 3,141,334	$ 3,557,994	$ 4,516,011	$ 7,974,444
Average Monthly Revenue ($/MWh)	$ 180.04	$ 213.24	$ 216.20	$ 219.45	$ 171.77	$ 170.42	$ 171.42	$ 142.21	$ 141.00	$ 140.20	$ 141.31	$ 142.31	$ 177.81
Other Revenue	$ 258,661	$ 9,514	$ 13,760	$ 17,623	$ 20,118	$ 22,675	$ 24,731	$ 24,148	$ 24,465	$ 24,927	$ 24,203	$ 25,525	$ 26,972
Other Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment Income	$ 258,661	$ 9,514	$ 13,760	$ 17,623	$ 20,118	$ 22,675	$ 24,731	$ 24,148	$ 24,465	$ 24,927	$ 24,203	$ 25,525	$ 26,972
Accrual Monthly Revenues	$ 71,462,376	$ 11,468,297	$ 12,088,040	$ 9,435,870	$ 5,390,535	$ 3,640,308	$ 3,937,246	$ 3,361,513	$ 2,849,158	$ 3,166,261	$ 3,582,197	$ 4,541,536	$ 8,001,416
Total DCE Power Cost (w/o DCE Direct)													
Wholesale Power Supply (All Physical Components)	$ 47,822,596	$ 7,613,079	$ 8,324,811	$ 6,491,782	$ 3,030,795	$ 2,299,394	$ 3,982,004	$ 1,912,211	$ 1,571,610	$ 1,726,383	$ 1,740,619	$ 3,227,986	$ 5,901,922
TEA Services	$ 732,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000
TEA Credit Support	$ 465,011	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751
TEA / Other Inv. Adjustments	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -
Calpine Data Management	$ 540,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000
SCE Billing Services	$ 102,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 36,000
Total Wholesale Cost, Accrual (FiMo)	$ 49,676,607	$ 7,763,830	$ 8,475,562	$ 6,642,533	$ 3,181,546	$ 2,450,145	$ 4,132,755	$ 2,077,962	$ 1,722,361	$ 1,877,134	$ 1,891,370	$ 3,378,737	$ 6,082,673
Average Wholesale Cost $/MWh	$ 125.61	$ 144.48	$ 151.76	$ 154.78	$ 101.76	$ 115.42	$ 181.07	$ 88.55	$ 85.97	$ 83.78	$ 75.12	$ 106.47	$ 135.63
River City Bank Credit Facility	**FY2023/24 Total**	**Jul 2023**	**Aug 2023**	**Sep 2023**	**Oct 2023**	**Nov 2023**	**Dec 2023**	**Jan 2024**	**Feb 2024**	**Mar 2024**	**Apr 2024**	**May 2024**	**Jun 2024**
Interest Expense	$ 5,000	$ -	$ 5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net RCB Credit Accrual	$ (5,000)	$ -	$ (5,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated Operating Expenses	**FY2023/24 Total**	**Jul 2023**	**Aug 2023**	**Sep 2023**	**Oct 2023**	**Nov 2023**	**Dec 2023**	**Jan 2024**	**Feb 2024**	**Mar 2024**	**Apr 2024**	**May 2024**	**Jun 2024**
DCE Staff Costs from CVAG	$ 742,328	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861
Total Salaries	$ 519,535	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295
Total Benefits	$ 222,793	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566
Contracts and Contract Labor (not incl. elsewhere)	$ 256,800	$ 11,600	$ 12,500	$ 14,000	$ 14,000	$ 10,500	$ 10,500	$ 10,700	$ 10,500	$ 10,500	$ 10,500	$ 10,500	$ 131,000
4425 · Legal Services	$ 103,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 21,000
4431 · Professional Services[1]	$ 21,500	$ 1,500	$ 3,000	$ 4,500	$ 4,500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
4432 · Consultants[2]	$ 131,800	$ 2,600	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,200	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 109,000
CVAG Overhead Support	$ 151,638	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637
Office Operations	$ 37,572	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131
Meeting Attendance Stipends[3]	$ 2,216	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185
Employee Travel or Training	$ 4,284	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357
Facility Expenses	$ 52,424	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369
Professional Services	$ 25,598	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133
Capital Outlay	$ 29,544	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462
Retail Business Support Activities	$ 35,850	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 7,050	$ 800	$ 800	$ 800	$ 800	$ 800	$ 15,800
4200 · Accounting / Bank Services	$ 5,550	$ 25	$ 25	$ 25	$ 25	$ 25	$ 5,275	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25
4353 · Insurance	$ 9,300	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775
4452 · Marketing	$ 21,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ -	$ -	$ -	$ -	$ -	$ 15,000
DCE Programs	$ 150,000	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500
4455 · Customer Programs	$ 150,000	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500
Office Supplies and Other Expenses	$ 193,350	$ 27,350	$ 6,000	$ 5,850	$ 27,350	$ 5,850	$ 5,850	$ 29,350	$ 7,850	$ 7,850	$ 29,350	$ 7,850	$ 32,850
4423 · Office Supplies	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4433 · Outreach Services	$ 48,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
4435 · Technology Costs (IT)	$ 4,200	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350
4440 · Postage	$ 12,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
4441 · Printing	$ 18,000	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
4450 · Sponsorships	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4500 · Registrations/Memberships	$ 111,150	$ 21,500	$ 150	$ -	$ 21,500	$ -	$ -	$ 21,500	$ -	$ -	$ 21,500	$ -	$ 25,000
Total DCE Internal Operations Charges	$ 1,529,966	$ 127,747	$ 107,297	$ 108,647	$ 130,147	$ 105,147	$ 110,397	$ 127,847	$ 106,147	$ 106,147	$ 127,647	$ 106,147	$ 266,647
DCE Internal, $ / MWh	$ 3.87	$ 2.38	$ 1.92	$ 2.53	$ 4.16	$ 4.95	$ 4.84	$ 5.45	$ 5.30	$ 4.74	$ 5.07	$ 3.34	$ 5.95
Total Non Power Opr Exp (DCE + All Services)	$ 3,383,977	$ 278,498	$ 258,048	$ 259,398	$ 280,898	$ 255,898	$ 261,148	$ 293,598	$ 256,898	$ 256,898	$ 278,398	$ 256,898	$ 447,398
Operating Expenses $/MWh	$ 8.56	$ 5.18	$ 4.62	$ 6.04	$ 8.98	$ 12.05	$ 11.44	$ 12.51	$ 12.82	$ 11.47	$ 11.06	$ 8.10	$ 9.98
Expected Accrual Results													
Revenues	$ 71,457,376	$ 11,468,297	$ 12,083,040	$ 9,435,870	$ 5,390,535	$ 3,640,308	$ 3,937,246	$ 3,361,513	$ 2,849,158	$ 3,166,261	$ 3,582,197	$ 4,541,536	$ 8,001,416
Power and Operations Costs	$ 51,206,573	$ 7,891,577	$ 8,582,859	$ 6,751,180	$ 3,311,693	$ 2,555,292	$ 4,243,152	$ 2,205,810	$ 1,828,508	$ 1,983,281	$ 2,019,017	$ 3,484,884	$ 6,349,320
Net Margin Avail After Expenses - Accrual	$ 20,250,803	$ 3,576,720	$ 3,500,181	$ 2,684,690	$ 2,078,841	$ 1,085,016	$ (305,906)	$ 1,155,703	$ 1,020,650	$ 1,182,980	$ 1,563,180	$ 1,056,652	$ 1,652,096
Annual Cumulative Accrual Revenues	$ 252,411,667	$192,422,588	$204,505,628	$213,941,497	$219,332,032	$222,972,340	$226,909,586	$230,271,099	$233,120,257	$236,286,518	$239,868,715	$244,410,251	$252,411,667
Annual Cumulative Accrual Power and Operations Cost	$ 216,181,044	$172,866,047	$181,448,907	$188,200,086	$191,511,780	$194,067,072	$198,310,224	$200,516,034	$202,344,542	$204,327,823	$206,346,840	$209,831,724	$216,181,044
Cumulative Net Position - Accrual	$ 36,230,623	$ 19,556,540	$ 23,056,721	$ 25,741,411	$ 27,820,252	$ 28,905,268	$ 28,599,362	$ 29,755,065	$ 30,775,715	$ 31,958,695	$ 33,521,875	$ 34,578,527	$ 36,230,623

[1] Does not include the professional services expenses of SCE which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

[2] Does not include the consultant expenses of TEA, Calpine and CVAG which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

[3] Represents overhead allocation of CVAG Executive Committee meeting attendance stipends as DCE receives a proportional share of CVAG overhead.

Table 4: DCE Internal Budget Costs (FY2022/23 Total Budget and Projected Year-End Actuals; FY2023/24 Proposed Budget by Month; and Projected FY2024/25 and FY2025/26 Budget Totals).


DESERT
COMMUNITY
ENERGY

ITEM 8A

DESERT COMMUNITY ENERGY BOARD
FY2022-2023 ATTENDANCE RECORD

Voting Members	JUL*	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
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 Statement of Net Position Prev Year Comparison
As of April 30, 2023

	Apr 30, 23	Apr 30, 22	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1100 · Unrestricted Funds				
1105 · Operating Account -8099	$ 199,575	$ 390,557	$ (190,982)	(49%)
1107 · ICS Account -0995	0	82	(82)	(100%)
1109 · DDM Marketplace Sweep - 0991	1,917,380	633,773	1,283,607	203%
1115 · Lockbox -4446	991,571	2,151	989,420	45,998%
Total 1100 · Unrestricted Funds	3,108,526	1,026,563	2,081,963	203%
1199 · Restricted Funds				
1110 · Money Market -5470	405,416	1,747,647	(1,342,231)	(77%)
1120 · FSR Letter of Credit Collateral	147,000	147,000	0	0%
Total 1199 · Restricted Funds	552,416	1,894,647	(1,342,231)	(71%)
Total Checking/Savings	3,660,942	2,921,210	739,732	25%
Accounts Receivable				
1221 · Accounts Receivable	12,792,239	8,871,928	3,920,311	44%
1223 · Accrued Accounts Receivable	1,596,839	1,343,375	253,464	19%
Total Accounts Receivable	14,389,078	10,215,303	4,173,775	41%
Other Current Assets				
1225 · Allowance for Doubtful Accounts	(2,795,609)	(1,495,129)	(1,300,480)	(87%)
1240 · Prepaid Expenses	1,473	0	1,473	100%
Total Other Current Assets	(2,794,136)	(1,495,129)	(1,299,007)	(87%)
Total Current Assets	15,255,884	11,641,384	3,614,500	31%
Other Assets				
1170 · Deposits/Bonds	310,584	0	310,584	100%
Total Other Assets	310,584	0	310,584	100%
TOTAL ASSETS	**$ 15,566,468**	**$ 11,641,384**	**$ 3,925,084**	**34%**
LIABILITIES & NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable				
2110 · Accounts Payable	$ 2,053,874	$ 3,429,061	$ (1,375,187)	(40%)
2112 · Accrued Accounts Payable	0	72,461	(72,461)	(100%)
2120 · Due to Other Governments	170,718	458,312	(287,594)	(63%)
Total Accounts Payable	2,224,592	3,959,834	(1,735,242)	(44%)
Other Current Liabilities				
2230 · Taxes payable				
2231 · Utility Users Tax (UUT)	239,010	60,574	178,436	295%
2232 · Electric Energy Surcharge	8,213	9,240	(1,027)	(11%)
Total 2230 · Taxes payable	247,223	69,814	177,409	254%
2260 · Vendor Security Deposits				
2262 · PPA Development Security	225,000	1,680,000	(1,455,000)	(87%)
2263 · Contract Development Deposit	180,000	0	180,000	100%
Total 2260 · Vendor Security Deposits	405,000	1,680,000	(1,275,000)	(76%)
Total Other Current Liabilities	652,223	1,749,814	(1,097,591)	(63%)
Total Current Liabilities	2,876,815	5,709,648	(2,832,833)	(50%)
Long Term Liabilities				
2300 · Non-current Liability	0	4,242,848	(4,242,848)	(100%)
Total Long Term Liabilities	0	4,242,848	(4,242,848)	(100%)
Total Liabilities	2,876,815	9,952,496	(7,075,681)	(71%)
Net Position				
31000 · Restricted Net Position	147,000	147,000	0	0%
32000 · Unrestricted Net Position	4,724,389	5,127,861	(403,472)	(8%)
Net Income	7,818,265	(3,585,973)	11,404,238	318%
Total Net Position	12,689,654	1,688,888	11,000,766	651%
TOTAL LIABILITIES & NET POSITION	**$ 15,566,469**	**$ 11,641,384**	**$ 3,925,085**	**34%**

Desert Community Energy

Unaudited Changes to Net Position Prev Year Comparison

July 2022 through April 2023

	Jul '22 - Apr 23	Jul '21 - Apr 22	$ Change	% Change
Revenue				
5010 · Electricity Sales				
5011 · Carbon Free	$ 39,883,680	$ 28,885,975	$ 10,997,705	38%
5012 · Carbon Free- CARE / FERA	(326)	1,716,687	(1,717,013) [1]	(100%)
5013 · Desert Saver	8,502,613	3,379,279	5,123,334	152%
Total 5010 · Electricity Sales	48,385,967	33,981,941	14,404,026	42%
5100 · Other Revenue				
5120 · Energy Market Settlements	1,065,812	972,390	93,422	10%
5125 · Resouce Adequacy	223	0	223	100%
5150 · Other Revenue	460,346	609,655	(149,309)	(24%)
Total 5100 · Other Revenue	1,526,381	1,582,045	(55,664)	(4%)
5900 · Investment Revenue	15,651	3,327	12,324	370%
Total Revenue	$ 49,927,999	$ 35,567,313	$ 14,360,686	40%
Expense				
4100 · Cost of Electricity				
4105 · Electricity Purchase	24,653,747	22,739,956	1,913,791	8%
4110 · Resource Adequacy Settlement	8,057,734	6,132,751	1,924,983	31%
4115 · Low Carbon Settlement	0	2,381,000	(2,381,000) [2]	(100%)
4120 · Renewable Energy Cr. Settlement	134,106	1,171,191	(1,037,085)	(89%)
4125 · Market Charges	5,429,903	3,380,780	2,049,123	61%
Total 4100 · Cost of Electricity	38,275,490	35,805,678	2,469,812	7%
4200 · Accounting / Bank Services	24,723	31,638	(6,915)	(22%)
4353 · Insurance	7,367	7,793	(426)	(5%)
4423 · Office Supplies	1,200	0	1,200	100%
4425 · Legal Services	74,908	67,304	7,604	11%
4431 · Professional Services	130,786	66,797	63,989	96%
4432 · Consultants	1,925,859	1,868,353	57,506	3%
4433 · Outreach Services	43,722	38,834	4,888	13%
4435 · Technology Costs (IT)	3,523	1,886	1,637	87%
4440 · Postage	13,023	14,787	(1,764)	(12%)
4441 · Printing	16,187	17,125	(938)	(5%)
4450 · Sponsorships	1,603	0	1,603	100%
4452 · Marketing	8,355	0	8,355	100%
4455 · Customer Programs	0	21,899	(21,899)	(100%)
4500 · Registrations/Memberships	84,621	84,620	1	0%
4610 · Interest Expense	46,655	107,093	(60,438)	(56%)
4750 · Bad Debt Expense	1,451,714	1,019,477	432,237	42%
Total Expense	42,109,736	39,153,284	2,956,452	8%
Excess of Revenue over Expenses	**$ 7,818,263**	**$ (3,585,971)**	**$ 11,404,234**	**318%**

1 **CARE/FERA was discontinued and converted to Desert Saver.**

2 **Year-ahead purchases of low carbon energy have been less available in current year.**

Desert Community Energy
Unaudited Changes to Net Position Budget vs. Actual
July 2022 through April 2023

	Jul '22 - Apr 23 Actual	Jul '22 - Apr 23 Budget	Actual v Budget $	% of Budget
Revenue				
5010 · Electricity Sales				
5011 · Carbon Free	$ 39,883,680	$ 44,300,283	$ (4,416,603)	90%
5012 · Carbon Free- CARE / FERA	(326)	0	(326)	100%
5013 · Desert Saver	8,502,613	5,882,394	2,620,219	145%
Total 5010 · Electricity Sales	48,385,967	50,182,677	(1,796,710)	96%
5100 · Other Revenue				
5120 · Energy Market Settlements	1,065,812	0	1,065,812	100%
5125 · Resouce Adequacy	223	0	223	100%
5150 · Other Revenue	460,346	500,000	(39,654)	92%
Total 5100 · Other Revenue	1,526,381	500,000	1,026,381	305%
5900 · Investment Revenue	15,651	6,000	9,651	261%
Total Revenue	$ 49,927,999	$ 50,688,677	$ (760,678)	98%
Expense				
4100 · Cost of Electricity				
4105 · Electricity Purchase	24,653,747	23,881,488	772,259	103%
4110 · Resource Adequacy Settlement	8,057,734	6,405,973	1,651,761	126%
4115 · Low Carbon Settlement	0	2,111,365	(2,111,365)	0%
4120 · Renewable Energy Cr. Settlement	134,106	1,200,752	(1,066,646)	11%
4125 · Market Charges	5,429,903	4,071,558	1,358,345	133%
Total 4100 · Cost of Electricity	38,275,490	37,671,136	604,354	102%
4200 · Accounting / Bank Services	24,723	34,011	(9,288)	73%
4353 · Insurance	7,367	8,378	(1,011)	88%
4423 · Office Supplies	1,200	0	1,200	100%
4425 · Legal Services	74,908	73,806	1,102	101%
4431 · Professional Services	130,786	70,788	59,998	185%
4432 · Consultants	1,925,859	2,020,022	(94,163)	95%
4433 · Outreach Services	43,722	38,101	5,621	115%
4435 · Technology Costs (IT)	3,523	1,668	1,855	211%
4440 · Postage	13,023	15,897	(2,874)	82%
4441 · Printing	16,187	18,410	(2,223)	88%
4450 · Sponsorships	1,603	0	1,603	100%
4452 · Marketing	8,355	0	8,355	100%
4455 · Customer Programs	0	23,542	(23,542)	0%
4500 · Registrations/Memberships	84,621	90,965	(6,344)	93%
4610 · Interest Expense	46,655	58,650	(11,995)	80%
4750 · Bad Debt Expense	1,451,714	1,505,480	(53,766)	96%
Total Expense	42,109,736	41,630,854	478,882	101%
Excess fo Revenue over Expenses	**$ 7,818,263**	**$ 9,057,823**	**$ (1,239,560)**	**86%**

ITEM 8C

Desert Community Energy Board
June 27, 2023

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Renewable and Mid-Term Reliability 2023 Request for Proposals**

Contact: David Freedman, Program Manager (dfreedman@cvag.org)
Emily Langenbahn, Program Specialist (elangenbahn@cvag.org)

Recommendation: Information

Background: As reported to the Board at the April 2023 meeting, DCE's consultant The Energy Authority (TEA) released an RFP on March 6, 2023 to satisfy DCE's long-duration storage (eight hours or more) and additional Mid-Term Reliability procurement orders under California Public Utilities Commission (CPUC) Decisions 21-06-035 from June 2021 and 23-02-040, approved on February 23, 2023.

Responses to the RFP were due on April 14, 2023. An evaluation committee made up of TEA and DCE staff, their technical consultants, legal counsel, as well as a member of DCE's Community Advisory Committee (CAC) reviewed responses to the RFP in April and May. Each proposal was screened for completeness and scored on a weighted criteria basis. DCE staff and TEA identified a short list of proposed transactions and conducted interviews with three bidders for four projects, including project locations in Palm Springs and eastern Riverside County, and two additional locations in Nevada. There is one additional project on the short list to be interviewed, for rooftop solar plus battery storage at homes in Palm Springs.

The interview panel for DCE is currently evaluating responses to these interviews and will begin negotiations with the selected bidders. Although DCE issued the RFP, it reserved the right to engage other partners that it deems fitting in discussions about partnering as additional off-takers for a project of substantial size, and discussions with other Southern California Community Choice Aggregators are continuing. Depending on the speed of the negotiations with the bidders, staff expects to bring any contracts associated with the RFP to the DCE Board for approval by September 2023.

Fiscal Analysis: The costs associated with launching and administering the RFP are covered under the existing TEA contract and staff time. The procurement activities in the RFP will ensure that DCE is compliant with state requirements and meets the Board's objectives for procurement of local renewable energy and storage resources. DCE staff is working closely with TEA and DCE's legal counsel to determine which contracts from this RFP will best allow DCE to meet the state compliance requirements and Board objectives while balancing fiscal concerns. There is no cost to include a member from DCE's Community Advisory Committee to evaluate potential environmental and community concerns for each project.

ITEM 8D

Desert Community Energy Board
June 27, 2023

STAFF REPORT

Subject: **Southern California Edison General Rate Case**

Contact: Emily Langenbahn, Program Specialist (elangenbahn@cvag.org)

Recommendation: Information

Background: Pursuant to the California Public Utilities Commission's (CPUC) procedure, each Investor-Owned Utility (IOU) must file a General Rate Case (GRC), which set rates that customers pay to fund day-to-day operations, including maintenance for equipment and electricity grid upgrades. Each IOU files a GRC application every three years, which typically includes rate increases, that is subject to review by the CPUC. SCE filed its most recent GRC for 2025 on May 12, 2023, which SCE requested an approximately 10% increase to its projected 2024 bundled residential customer rates. SCE has requested approval of this 10% increase by December 2, 2024, and it would be effective in 2025. All cities in SCE's affected service territory will be notified of this increase. Public participation hearings are likely to occur in the latter half of this year.

SCE charges DCE customers for delivery and transmission of electricity, maintenance of the transmission and distribution grid, and customer service, while customers receive an electricity generation charge from DCE. SCE has stated that these rate increases are necessary to cover the rising costs of purchased power and ongoing grid maintenance and repair, which include growing climate risks and an acceleration in the rate of grid electrification such as electric vehicles, heat pumps, and other factors, among its customer groups. Infrastructure replacement also factors into SCE's cost increase, and accounts for 29% of the projected roughly $40 billion in capital expenditure from 2023 through 2028. Inspections and maintenance work are expected to be 13% of the total, and other distribution projects are estimated to account for about 11% of all spending.

Additionally, SCE's spending on wildfire mitigation has grown from about $700 million in 2019 to about $1.2 billion in both 2021 and 2022, driven by work on covered conductors. A covered conductor is a tool used to quickly mitigate the threat of wildfires that could be caused by debris blowing into power lines. Over the past three years, SCE has installed nearly 4,000 miles of covered conductors and is aiming to replace more than 7,200 miles of overhead lines, about three-fourths of the company's total network, by late 2025.

In justifying the proposed increase, SCE also stated that these rate increases are necessary to fairly compensate its shareholders and attract capital to meet its obligations to serve its customers safely and reliably.

The CPUC reviews detailed cost data for areas of utility operations and approves a budget for the first year – called a test year – of the GRC cycle. For years two and three (or post-test years) the GRC decision recommends how to adjust the test year budget for inflation and other factors that may affect costs, such as additional capital projects between test years. The CPUC has regulatory mechanisms in place to adjust the costs approved in GRCs for unforeseen circumstances, such as wildfire risk in an IOU's service territory. Included below is SCE's estimated impact on customer rates from its 2025 GRC application:

Table 4
Estimated Impact Of This Request On Customer Rates

Bundled Average Rates (¢/kWh)*				
Customer Group	**2024****	**Proposed Change**	**Proposed Rates**	**% Change*****
Residential	32.29	3.42	35.71	10.6%
Lighting - Small and Medium Power	28.38	2.89	31.26	10.2%
Large Power	19.92	1.37	21.29	6.9%
Agricultural and Pumping	23.44	2.00	25.44	8.5%
Street and Area Lighting	29.11	1.36	30.48	4.7%
Standby	17.24	1.07	18.31	6.2%
Total	**27.11**	**2.45**	**29.56**	**9.0%**

Residential Bill Impact ($/Month)*				
Description	**2024****	**Proposed Change**	**2025 Proposed**	**% Change*****
Non-CARE Residential Bill	$ 170.39	$ 17.49	$ 187.88	10.3%
CARE Residential Bill	$ 115.35	$ 11.83	$ 127.18	10.3%

*These rate and bill impacts exclude greenhouse gas (GHG) revenues.

**2024 rate and bill impacts are derived by starting with SCE's approved March 1, 2023 rates and (1) layering on the revenue changes associated with SCE's 2021 GRC Track 4 (A.19-08-013) authorized base revenue requirement request, adjusted for the adopted Cost of Capital in D.22-12-031 (as modified in D.23-01-022), and the change to the wildfire liability insurance portion of the authorized base revenue requirement requested in a Petition for Modification of D.21-08-036, and (2) adjusting for estimated 2024 sales.

***The percentage change in this table is based on the impact SCE's 2025 GRC request has on overall rates (which include non-GRC revenues) in 2025.

The most significant change in average rates will be in the Residential and Lighting – Small and Medium Power categories. It is also worth noting that there also will be an approximately 10% impact on the residential customers enrolled in the California Alternate Rates for Energy (CARE) program, which provides financial assistance to lower-income customers. DCE staff will continue to monitor the effective changes and rate impacts for DCE customers and provide relevant updates to the DCE Board.

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

Item 8E

Desert Community Energy Board
June 27, 2023

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **July 2023 Rate Adjustment Summary**

Contact: Don Dame, DCE Energy Consultant

Recommendation: Information

Background: On November 16, 2020, the Desert Community Energy (DCE) Board adopted a Rate Stabilization Schedule (RSS). The RSS authorizes staff to adjust DCE retail rates in response to changes in Southern California Edison (SCE) rates / Power Charge Indifference Adjustment (PCIA, or exit fee), to maintain DCE Board-approved rate guidelines.

The RSS became effective on December 1, 2020, and was amended by the Board on May 12, 2023, with a June 1, 2023 effective date. The Board's currently approved rate policies include designing Desert Saver rates within a 0-1% average total bill discount versus SCE's comparable bundled base product average total bill and designing DCE's 100% Carbon Free rates such that DCE's primary residential rate class, "Domestic," does not exceed a 14% average total bill premium versus SCE's comparable bundled base product average total bill.

Effective June 1, 2023, SCE implemented a generation rate increase averaging approximately 6% and a delivery rate increase of approximately 5%, resulting in a combined average rate increase of about 5.1%. SCE's average bundled residential customer bill is estimated to increase approximately $9.78 monthly, based on average monthly consumption of 569 kWh.[1] SCE's average bundled CARE/FERA residential customer bill is estimated to increase about $6.79 monthly inclusive of ongoing CARE/FERA average billing discounts of approximately 30%. The combined effects of increases in forecast fuel and purchased power costs contributed to SCE's rate change.

Working within DCE Board-approved financial policies and procedures, the provisions of DCE's RSS, and the concurrence of DCE's Risk Management Team (RMT, which met on June 1, 2023), DCE has scheduled a corresponding DCE rate adjustment effective July 1, 2023. The DCE rate adjustment is required to meet rising power supply costs and build financial reserves, while adhering to Board approved rate guidelines.

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

[1] Estimated monthly bill increases were derived from SCE's May 30, 2023, Advice Letter 5041-E, P. 13, Table 5, adjusting monthly average residential energy usage from 500 kWh to 569 kWh, the average consumption level utilized in SCE's/DCE's Joint Rate Comparison table for DCE's service area, effective March 1, 2023.

July 2023 DCE Rate Adjustment Details:

- Effective Date: July 1, 2023
- RMT review and agreement: June 1, 2023.
- Desert Saver average total bill discount compared to SCE's bundled base power product average total bill estimated to be within 0 – 1%.
- 100% Carbon Free residential customer average total bill premium not to exceed approximately 14% compared to SCE's bundled base power product average total bill.
- The rate forecast period utilized is July 1, 2023 – June 30, 2024.
- Calculations and estimates are based on known and forecast costs and revenues throughout the rate forecast period.
- Any particular customer's average bill impact may vary depending on enrolled rate schedule and monthly electricity usage.

Staff continues to work with the California Community Choice Association (CalCCA) and other California Community Choice Aggregators (CCAs) to collectively address costs, legislative matters and California Public Utilities Commission (CPUC) actions impacting CCAs. In addition, DCE staff will continue to highlight DCE's retail product choices as part of ongoing community engagement efforts. DCE's Desert Saver product continues to be the least cost choice for electricity service in Palm Springs, and DCE's Carbon Free product results in zero carbon emissions, maximizing electricity related climate mitigation.

Fiscal Analysis: DCE's July 2023 rate adjustment is designed to fully recover forecast power supply and operating costs, build financial reserves, address cash flow requirements, and exercise fiscal prudence.

SCE customer retail rates increased June 1, 2023, and DCE customer retail rates will commensurately adjust on July 1, 2023. The average monthly bill of SCE bundled residential customers will increase about $4.69 per $100 usage; DCE Desert Saver residential customer bills will increase about $4.66 per $100 usage; and DCE Carbon Free residential customer bills will increase about $5.35 per $100 usage.

ITEM 8F

Desert Community Energy Board
June 27, 2023

STAFF REPORT

Subject: **DCE's 2023 Summer Readiness Outreach Strategy**

Contact: David Freedman, Program Manager (dfreedman@cvag.org)

Recommendation: Information

Background: The Coachella Valley experienced an extremely hot summer in 2022, with multiple emergency flex alerts issued over Labor Day weekend, leading to renewed calls statewide about encouraging residential and business customers to do their part to reduce energy demands on the grid. Summer is once again upon us and the need to conserve energy during the hottest months of June through September is imperative for grid stability. The California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), and California Energy Commission (CEC) are annually asking Community Choice Aggregation providers such as DCE to report on their existing efforts to address the increased need to reduce higher energy use that occurs in the summer and continue its summer readiness strategy.

DCE staff continues working with CalCCA and other CCAs to address summer readiness planning and messaging to customers. Flex Alerts, which are issued by the CAISO to encourage the public to voluntarily conserve electricity in times of combined high demand and low energy supply, generally are issued with only few days – or even hours - of notice. The CAISO recently presented information at a California Energy Commission workshop on Summer 2023 electricity reliability identifying that the grid remains vulnerable to high loads and availability of imports during widespread heat events, especially in late summer, and that the hours of most vulnerability are declining and continue to shift to hours after sunset. The CAISO also advised that strategic reserves have been mobilized through state efforts to safeguard against these extremes. To ensure public awareness, readiness, and participation, DCE staff is working with its outreach coordinator, Burke Rix Communications, to prepare its messaging in advance of forecasted heat waves and to ensure all Flex Alert messages are passed on to the public as soon as they are received. Given the immediacy and urgency of the CAISO Flex Alerts, DCE staff will rely heavily on social media to promote these messages.

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

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

DCE has been working with OhmConnect since November 2021 on outreach to encourage residential customers to avoid peak hours to save energy and money. DCE continues to promote OhmConnect's 2023 Spring/Summer outreach campaign to our customers via email, social media, and other outreach. Through the partnership with OhmConnect, customers are incentivized to switch out old thermostats with new ones and use smart plugs. The program lets customers know when they need to turn things off and rewards them with points when they meet OhmConnect hours. Customers who enroll in OhmConnect's demand response program can receive prizes and rewards such as gift certificates and even cash. There is also a $50 incentive for joining.

Fiscal Analysis: DCE has an existing contract with Burke Rix for outreach efforts. The cost for the summer readiness outreach strategy was incorporated under the marketing and outreach costs in the Fiscal Year 2022/2023 Budget approved last year. DCE staff estimates that the costs associated with this outreach strategy will be between $3,000 to $5,000 for a summer social media campaign.

Attachment: Ways to Save Energy flyer

DESERT COMMUNITY ENERGY

12 Ways to Save Energy at Home

1 Perform a HVAC Tune-Up

Help your HVAC run more efficiently by changing your filters regularly every few months and getting the unit professionally serviced.

2 Get a Programmable, or even better, a Smart Thermostat

A programmable thermostat optimizes your HVAC unit and makes your whole house more energy-efficient, equating up to 10% in savings. Pre-cool your home in the morning and set your thermostat to 78°F (or higher) later in the day. Get a smart thermostat to save even more!

3 Don't Overheat your Home with Lighting

Replace 5 of your home's most frequently used lights with ENERGY STAR qualified LED bulbs to save up to $65 a year. Don't over-light your rooms and install a dimmer.

4 Turn Off Lights & Electronic Devices

This one may be obvious, but the best way to save on lighting is to make sure you turn off all the lights when you leave a room! The same goes for electronic devices and setup the hibernation feature on your TV and computer to make it easy.

5 Stop the Drain

Many appliances use energy even when turned off! Stop the energy drain by plugging devices into a power strip and turning it off when not in use. Smart Plugs are also a great way to save energy by programming them and monitoring use.

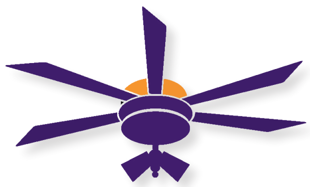
6 Keep it Cool by Closing the Fridge Door

Studies show that refrigerators are second only to air conditioner units in the amount of energy they use per year.

DesertCommunityEnergy.org
(855) 357-9240 (toll free)

DESERT COMMUNITY ENERGY

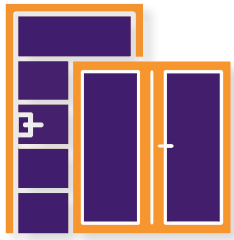
12 Ways to Save Energy at Home



7 Install Ceiling Fans in Rooms You Use Regularly

Using a ceiling fan is equivalent to reducing the air temperature by as much as 4°F and enables you to keep comfortable where you are without overcooling the house.

8 Seal Gaps & Cracks

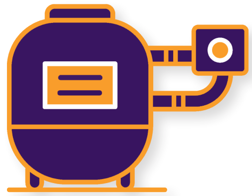


Look for air seepage around windows and exterior doors. Install weather-stripping where needed to improve comfort and intrusion of unwanted air from the outside that adds to energy costs!

9 Block the Sun

Choose window treatments that allow you to use natural light while reducing heat loss and gain. Plant trees to create shade and cool your home.

10 Make an Energy Savings Splash

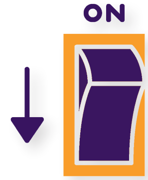


Run your pool pump for a maximum of 8 hours at night or split it between mornings and night to conserve energy and save money.

11 Perform a Home Energy Audit

The City of Palm Springs offers a $100 rebate for home energy assessments done by a qualified professional. Details are available on the Office of Sustainability Energy Efficiency page: https://www.palm-springsca.gov/services/sustainability-and-recycling/energy-efficiency

12 Power Down Between 4-9pm



Turn-off and unplug devices between 4-9pm when energy demand and rates are the highest. Run your dishwasher, washing machine, and dryer in the morning, early afternoon before 4:00 p.m. or after 9:00 p.m.