



DESERT COMMUNITY ENERGY MEETING AGENDA

**Monday, October 21, 2024
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/85108163258?pwd=EEaUiZGI9cc9Uc1rfYoFKu8k3UPoDI.1>

Dial In: +1 669 900 9128 US

Webinar ID: 851 0816 3258

Password: 666890

**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. Members of the public joining the meeting by Zoom can provide comment by using the "raise hand" feature or hitting *9 on the phone keypad.

**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**

This is the first of two opportunities to address the Board. 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 the minutes of the January 8, 2024 Board meeting**

P5

B. **Approve the minutes of the June 17, 2024 Special Board meeting**

P8

C. **Approve continued participation as an operational member of the California Community Choice Association for an annual membership rate of \$87,580**

P11

D. **Authorize the Executive Director to execute a Professional Services Agreement with independent consultant Don Dame to provide programmatic and operations support for an additional, not-to-exceed amount of \$45,000 annually through June 2027**

P14

E. **Re-appoint Community Advisory Committee members Donald Barrett, Berlinda Blackburn, Noel Loughrin, Paul Murphy and Jeremy Roos for an additional two-year term and add Erin Boyd of Palm Springs to the Community Advisory Committee through 2026**

P24

6.1 **ITEMS HELD OVER FROM CONSENT CALENDAR**

7. **DISCUSSION / ACTION**

A. **Presentation: Recap of Summer 2024 Trends – Jaclyn Harr, The Energy Authority**

B. **DCE’s Attainment of an Investment Grade Credit Rating – Claude Kilgore**

P25

Recommendation: Information

C. **Amendment to Contract with Cape Generating Station 1 LLC for Cape Station Geothermal Project – David Freedman** **P35**

Recommendation: Authorize the Executive Director to negotiate and execute Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC, allowing for updated pricing, additional energy and a revised commercial operation date of January 1, 2031

8. **INFORMATION**

- A) Attendance Record **P45**
- B) Virtual participation in meetings **P46**
- C) Unaudited Year-to-Year Financial Report as of June 30, 2024 **P48**
- D) DCE’s Quarterly Investment Report through June 30, 2024 **P51**
- E) Renewable and Mid-Term Reliability 2024 Request for Proposals and Other Long-Term Procurement Initiatives **P53**
- F) Summary of October 2024 Rate Adjustment **P69**
- G) Continued advocacy to address SCE’s delayed billing issues **P71**
- H) Delay of Power Source Disclosure and Power Content Label **P78**
- I) ACCESS Indian Canyon Renewable Energy Request For Proposals **P79**

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

This is the second of two opportunities to address the Board. 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 November meeting has been canceled. The next DCE Board meeting will be held December 9, 2024, 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 <i>Alternate: Councilmember Kathleen Kelly</i>
City of Palm Springs	Chair	Lisa Middleton Councilmember <i>Alternate: Mayor Jeffrey Bernstein</i>
DCE Staff		
Tom Kirk, Executive Director		
Claude Kilgore, Director of Finance		
David Freedman, Program Manager		
Emily Langenbahn, Management Analyst		
Savannah Gil, Program Specialist		
Janice Reitman, Accounting Manager		

ITEM 6A

**Desert Community Energy Board
Meeting Minutes
January 8, 2024**



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 Lisa Middleton at 3:00 p.m. at Palm Springs City Hall, Large Conference Room, 300 E. Tahquitz Canyon Way, Palm Springs, CA 92262.

2. ROLL CALL

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

Members Present

Councilmember Lisa Middleton, *Chair*
Finance Director Veronica Chavez, *Vice Chair*

Member Jurisdiction

City of Palm Springs
City of Palm Desert

3. AGENDA MODIFICATIONS (IF ANY)

None

4. PUBLIC COMMENTS ON AGENDA ITEMS

Donald Zeigler, resident of Palm Desert, addressed the Board regarding item 7A and his concern with the increased financial obligations the item could bring to the City of Palm Springs. Mr. Zeigler recommended the Board explore microgrid technology.

Resident Rosario Avila joined the meeting via Zoom, to inquire whether item 7A was reviewed at the Palm Springs City Council meeting.

5. BOARD MEMBER / DIRECTOR COMMENTS

DCE Program Manager David Freedman announced the DCE Board will not meet next month and will be rescheduling the April meeting date as Chair Middleton will be out of town on business.

6. CONSENT CALENDAR

IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY COUNCILMEMBER MIDDLETON TO APPROVE CONSENT CALENDAR ITEMS:

- A. Approve Minutes from the November 20, 2023, Board Meeting**

B. Adopt Resolution 2024-01 to Authorize Investments in the California Treasurer's Local Agency Investment Fund

THE MOTION CARRIED WITH 2 AYES.

**Councilmember Middleton
Finance Director Chavez**

**Aye
Aye**

7. DISCUSSION / ACTION

A. Contract Amendments with The Energy Authority

Mr. Freedman presented the staff report.

Brief member discussion ensued with Mr. Freeman answering questions from the Board.

IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY COUNCILMEMBER MIDDLETON TO AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AMENDMENTS TO THE RESOURCE MANAGEMENT AGREEMENT AND TASK ORDER 2 WITH THE ENERGY AUTHORITY, INC., EXTENDING THE TERM UNTIL JANUARY 22, 2027 AND REPLACING THE CREDIT SOLUTION WITH A GUARANTY FROM THE CITY OF PALM SPRINGS

**Councilmember Middleton
Finance Director Chavez**

**Aye
Aye**

B. Update on Enterprise Resource Planning (ERP) System Selection

Contracts Analyst Allen McMillen presented the staff report and introduced Michele Riazzi, Senior Consultant with BerryDunn, who presented the timeline of the current procurement process.

Member discussion ensued with Ms. Riazzi answering questions from the Board.

No action was taken as this was an information item.

C. Carbon Free Business Recognition Program

Management Analyst Emily Langenbahn presented the staff report.

No action was taken as this was an information item.

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 October 31, 2023

- C) January 2024 Rate Adjustment Summary
- D) Solar Opportunities along Indian Canyon Drive
- E) Pursuit of DCE's Investment Grade Credit Rating
- F) Renewable and Mid-Term Reliability 2023/2024 Request for Proposals
- G) Roll out of SCE's Solar Billing Program

9. PUBLIC COMMENT ON NON-AGENDA ITEMS

Brad Anderson, resident of the City of Rancho Mirage, expressed his concerns regarding the size of the DCE Board.

10. ANNOUNCEMENTS

The February meeting is being cancelled. The next DCE meeting will be held March 18, 2024, at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

Chair Middleton requested staff compile a quick overview and evaluation of microgrids and provide it to Board at a future meeting date.

11. CLOSED SESSION

The Board adjourned to closed session at 3:27 p.m.

Conference with Legal Counsel – Existing Litigation

Pursuant to Government Code Section 54956.9(d)(1)

Name: CPUC Resource Adequacy Proceedings (K.23-05-017; Citation No. E-4195-0156; R.23-10-011)

The closed session concluded at 3:38 p.m.

In reporting out of closed session, Ryan Barron, DCE's Legal Counsel, stated that on December 20, 2023, and January 3, 2024, DCE received citations from the California Public Utilities Commission (CPUC) in a total amount of \$275,451.60 for certain resource adequate deficiencies related to August and September 2023 month ahead resource adequacies filings. The Board has unanimously to direct DCE staff and its legal counsel to appeal those citations with the CPUC Code Enforcement division.

12. ADJOURNMENT

Mr. Freedman adjourned the meeting at 3:40 p.m.

Respectfully submitted,

Elysia Regalado
Management Analyst- Administration

ITEM 6B

Desert Community Energy Board
Special Meeting Minutes
June 17, 2024



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

1. CALL TO ORDER

The special meeting of the DCE Board was called to order by Chair Lisa Middleton at 1:00 p.m. at Palm Springs City Hall, Large Conference Room, 300 E. Tahquitz Canyon Way, Palm Springs, CA 92262.

2. ROLL CALL

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

Members Present

Councilmember Lisa Middleton, *Chair*
Finance Director Veronica Chavez, *Vice Chair*

Member Jurisdiction

City of Palm Springs
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 an update on the long-term energy and storage project and reported a new request for proposals (RFP) would be launching this summer.

Mr. Freedman announced that staff is tracking key legislation, including AB1834 and AB 3228 that are both pending in Legislature.

Mr. Freedman reported there will be no Board meetings this summer and the next DCE meeting will be in September 2024.

6. CONSENT CALENDAR

Prior to a motion being made to approve the consent calendar, Director Chavez asked staff to answer some clarifying questions regarding Item 6C.

IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY COUNCILMEMBER MIDDLETON TO APPROVE CONSENT CALENDAR ITEMS:

- A. Authorize the Executive Director to execute the necessary documents, including any agreements with College of the Desert, to apply for funding from the California Energy Commission’s Community Energy Reliability & Resilience Investment (CERRI) Program**
- B. Adopt DCE Policy No. 24-01 for DCE’s Wholesale Energy Procurement Risk Management Policy**
- C. Adopt Updated DCE Policy No. 22-01 Procurement Policy & Procedures**

THE MOTION CARRIED WITH 2 AYES.

Councilmember Middleton	Aye
Finance Director Chavez	Aye

7. DISCUSSION / ACTION

A. DCE Fiscal Year 2024/25 Budget

Director of Finance Claude Kilgore presented the staff report and introduced Accountant Jiajing Cheng to provide additional details of the proposal budget.

Brief member discussion ensued with Mr. Kilgore answering questions from the Board.

IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY COUNCILMEMBER MIDDLETON TO ADOPT RESOLUTION 2024-02 APPROVING DESERT COMMUNITY ENERGY’S FISCAL YEAR 2024/25 BUDGET

Councilmember Middleton	Aye
Finance Director Chavez	Aye

B. Southern California Edison Billing Issues and General Rate Case Testimony

Mr. Kilgore presented the staff report and introduced Chief Operating Officer Erica Felci, resident of Palm Springs and DCE customer, to provide additional details of the bill she received from SCE and the issues she has encountered in resolving it.

Member discussion ensued. Chair Middleton requested DCE staff put together a letter to sign and send to SCE regarding on going billing issues and request that SCE escalate the issue to higher in commands to be addressed.

No further action was taken as this was an information item.

C. Presentation: Summer power supply outlook

Jaclyn Harr with The Energy Authority, joined the meeting via Zoom, and updated the Board on the summer power supply outlook.

No action was taken as this was an information item.

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 March 31, 2024
- C) Summary of March 2024 and June 2024 Rate Adjustments
- D) Coachella Valley Association of Governments' meeting calendar
- E) DCE's 2024 Summer Readiness Outreach Strategy
- F) Update on Distributed Energy Resources & Microgrids
- G) 2023 Annual Supplier Diversity Report

9. PUBLIC COMMENT ON NON-AGENDA ITEMS

None

10. ANNOUNCEMENTS

The next DCE meeting is scheduled for September 16, 2024, at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262. Prior to the adjournment of the meeting, Chair Middleton notified the committee that she has a scheduling conflict for the meeting date in September. Staff will poll dates and send out details when confirmed.

11. ADJOURNMENT

There being no further business, Chair Middleton adjourned the meeting at 1:45 p.m.

Respectfully submitted,

Elysia Regalado
Management Analyst- Administration

ITEM 6C

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: California Community Choice Association Operational Membership

Contact: Savannah Gil, Program Specialist (sgil@cvaq.org)

Recommendation: Approve continued participation as an operational member of the California Community Choice Association for an annual membership rate of \$87,580

Background: In June 2020, the DCE Board approved operational membership in the California Community Choice Association (CalCCA), a non-profit association of Community Choice Aggregators (CCAs). CalCCA serves its members and strengthens their collective voice through education, technical guidance, and regulatory and legislative advocacy. CalCCA's mission is to create a legislative and regulatory environment that supports the development and long-term sustainability of locally run CCAs in California.

CalCCA represents the interests of CCAs such as DCE in the state Legislature and at state regulatory agencies, including the California Public Utilities Commission (CPUC), California Energy Commission (CEC), California Independent System Operator (CAISO), and the California Air Resources Board (CARB). CalCCA's membership is comprised of the 24 CCAs serving an estimated 14 million customers in more than 200 California cities and counties in California, with membership expected to grow as CCAs continue to launch. More information about CalCCA and the resources it offers is available at <https://cal-cca.org>.

There are numerous benefits to actively engaging with the 23 other CCAs in California. CalCCA offers a wide range of committees for its CCA members, providing opportunities for education and collaboration. DCE staff members regularly attend CalCCA committee meetings, which cover regulatory issues, legislative, compliance, billing, procurement, equitable engagement, and marketing. This provides significant leverage and support to the staff time contracted through the Coachella Valley Association of Governments (CVAG).

Having CalCCA's assistance in real-time tracking of regulatory and legislative issues affecting CCAs is a notable benefit. The compliance committee offers insight and guidance on the compliance reports and plans that DCE is required to submit. The equity committee offers a valuable opportunity to share ideas, best practices, and outreach challenges with other CCAs. CalCCA also facilitates working groups of CCAs interested in specific topics, including risk management, transportation electrification, distributed energy resources and the implementation of the Solar Billing Plans for solar customers.

There are various levels of membership at CalCCA. DCE started as an affiliate member of CalCCA in 2017 and became an operational member with the launch in the City of Palm Springs in 2020. For Fiscal Year 2024/2025, dues are calculated based on members' fiscal year revenue multiplied by 0.145% if it does not exceed a cap of \$405,000.

As an operational member, DCE has access to a large compilation of CalCCA resources, including sample agreements, data analysis, contracts, and legislative and regulatory tracking. Among the proceedings on which CalCCA is currently focused is the CPUC's Provider of Last Resort (POLR) proceeding. In Decision 24-04-009 issued in this proceeding, the CPUC set the criteria for the financial security requirement (FSR) that CCAs such as DCE must post with the Investor-Owned Utility (IOU) that serves them to cover increased costs the IOU may incur should there be an involuntary return of the CCA's customers to the IOU because the CCA is no longer able to serve those customers. Under the leadership of CalCCA in June 2024, DCE joined the other CCAs in a joint advice letter filed with the CPUC to request additional guidance on Decision 24-04-009, as well as a protest filed with CPUC in July 2024 on the IOUs' methodology to calculate the FSR.

The DCE Board has previously directed staff to review the CalCCA membership on an annual basis. In June 2020, the Board gave the Executive Director the flexibility to determine whether DCE would have a voting position on the CalCCA Board, which comes with a significant time commitment for meetings. This year, staff recommends that the DCE Board approve continued operational membership in CalCCA. Staff is not recommending that DCE have a voting position on the CalCCA Board, considering the required time commitment.

Fiscal Analysis: CalCCA's membership dues are based on a formula. Using this formula, the dues are \$87,580, which is 0.145% of DCE's FY 2024/2025 projected revenue of \$60.4 million when CalCCA made the dues calculation. CalCCA invoices DCE quarterly, and the cost was included in DCE's Fiscal Year 2024/25 Budget.

Attachment: CalCCA's FY2024-2025 membership renewal letter



California Community Choice Association

**Operational Member Dues
Fiscal Year 2024-2025
(July 1, 2024-June 30, 2025)**

Desert Community Energy

Dear Ms. Felci,

On March 14, 2024, the CalCCA Board unanimously approved the proposed FY 24-25 budget and corresponding changes to the Operational Membership dues methodology¹. Specifically, the Board agreed to change the dues methodology calculations to increase the rate from .138% to .145% of CCA revenue and increase the cap from \$405,000 to \$460,000.

Based on this, the annual contribution for your CCA will be \$87,580 for the upcoming fiscal year.

Quarterly payment invoices will be sent at the beginning of each fiscal year quarter (July, October, January, and April) from the CalCCA QuickBooks system to your contact(s) on file. Payments are due 30 days after receipt of the invoice.

Please do not hesitate to contact me if you have any questions or would like to discuss your membership. We sincerely appreciate your continued partnership and involvement in CalCCA as we celebrate our eighth year of operations.

Thank you,

/s/Martha Serianz

Martha Serianz
California Community Choice Association
510-290-4187
martha@cal-cca.org

¹ [06_Proposed FY24-25 Budget and Dues.pdf](#) Presentation of the FY 24-25 Budget and Dues Methodology provided to the CalCCA Board of Directors at the March 14, 2024 monthly meeting.

ITEM 6D

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Renewed contract with independent consultant Don Dame

Contact: Allen McMillen, Contracts Analyst (amcmillen@cvag.org)

Recommendation: Authorize the Executive Director to execute a Professional Services Agreement with independent consultant Don Dame to provide programmatic and operations support for an additional, not-to-exceed amount of \$45,000 annually through June 2027

Background: In April 2017, as part of the creation of Desert Community Energy, the Coachella Valley Association of Governments' (CVAG) Executive Committee approved a contract with independent consultant Don Dame for a not-to-exceed amount of \$40,000. Mr. Dame is an energy consultant with considerable expertise on energy issues and community choice aggregation programs, and his technical assistance and expertise has been invaluable not just during DCE's formation and launch but as part of its continued operations. Mr. Dame provides a variety of services for DCE that include engagement with the risk management team, as-needed assistance to staff and playing a critical role in helping with rate setting and preparing the annual budget.

The contract was transferred from CVAG to DCE on February 15, 2019. Over the years, DCE's Board has authorized three amendments to continue extending funding for the contract. The most recent approval came in 2021, when the Board extended Mr. Dame's services through Fiscal Year 2023/2024.

Mr. Dame's contract ended in June 2024. DCE staff is recommending a new Professional Services Agreement reflecting DCE's current standard contracting terms, backdated to July 1, 2024. Due to the programs anticipated in the coming year and need for Mr. Dame's expertise, staff is recommending increasing the contract to \$45,000 annually. The recommended action would also authorize the Executive Director and/or legal counsel to make clarifying modifications prior to the contract's execution.

Fiscal Analysis: The original contract, as approved by CVAG, was for \$40,000. An additional \$30,000 was added by the DCE Board on June 25, 2018 with Amendment No. 1. The DCE Board approved another \$50,000 on July 31, 2019 with Amendment No. 2, bringing the total contract amount to \$120,000. Amendment No. 3 brought the total authorized amount to \$201,000. As of June 2024, a total of \$131,117 had been billed to this contract since June 2018.

The new agreement would authorize three years of additional service at a cost not-to-exceed \$45,000 annually. Mr. Dame invoices DCE on a monthly basis for time, travel and direct expenses. the new agreement would provide a slight increase to his hourly rate, bringing it to \$195. This rate

is consistent with the rate set under a separate, and unrelated, contract that CVAG has with Mr. Dame.

Funding for these services is included in DCE's Fiscal Year 2024/2025 Budget.

Attachment: Professional Services Agreement with Don Dame

DESERT COMMUNITY ENERGY AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services (“Agreement”) is made on this **21st day of October 2024**, by and between Desert Community Energy, a California Joint Powers Authority (“DCE”) and Donald B. Dame, an independent contractor, (“CONSULTANT”), each a “party” and referred to collectively herein as the “parties.”

RECITALS

- A. DCE is a joint powers authority established on October 30, 2017, for the purpose of implementing community choice aggregation (“CCA”) programs under Public Utilities Code Section 366.
- B. DCE needs the services of a qualified independent contractor to assist with various CCA-related matters and programs, and other technical and financial services related to DCE’s operation and management.
- C. CONSULTANT possesses the necessary skills to perform the desired consulting services needed to provide DCE with technical review, electric utility expertise, services agreements and relationships, risk management assistance, rate design and review assistance, budget preparation and review assistance, and other technical and financial services related to DCE’s operation and management.
- D. DCE desires to engage CONSULTANT and CONSULTANT is willing to provide the above-described support on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and representations set forth below, DCE and the CONSULTANT mutually agree as follows:

- 1. **SERVICES/SCOPE OF WORK.** CONSULTANT shall assist DCE on various professional, technical and financial services, as shown in Exhibit A – Scope of Work. CONSULTANT shall perform the services in accordance with the professional standards of care applicable to his profession.
- 2. **TERM OF AGREEMENT.** This term of this Agreement shall be from **July 1, 2024 to June 30, 2027**, unless sooner terminated or extended pursuant to the provisions of this Agreement.
- 3. **WORK SCHEDULE.** CONSULTANT shall work on an on-call basis, as needed by DCE, unless a different schedule is agreed upon by both parties in writing.
- 4. **PAYMENT FOR SERVICES.** CONSULTANT shall be compensated at the CONSULTANT’S hourly rate, as shown in Exhibit B. The total fiscal year amount of the contract shall not exceed **\$45,000.00** through June 2027, without prior approval of DCE’s Board of Directors. CONSULTANT shall be paid within thirty (30) days of presentation of an invoice to DCE for services performed to DCE’s satisfaction. CONSULTANT shall submit invoices describing the services performed by line item, a description of any reasonable reimbursable costs, and any other information requested by DCE.

5. **CONTRACT ADMINISTRATION.**

- 5.1. **DCE's Representative.** Unless otherwise designated in writing, Tom Kirk or his designee shall serve as DCE's representative for the administration of this Agreement. All activities performed by CONSULTANT shall be coordinated with this person.
- 5.2. **Manager-in-Charge.** Donald B. Dame shall be Manager-in-Charge of the work products on all matters relating to this Agreement and any commitment made by him shall be binding.

6. **TERMINATION.**

- 6.1. **Termination for Convenience.** Either party may terminate this Agreement without cause and in its sole discretion at any time by giving the other party thirty (30) days written notice of such termination. In the event of such termination, CONSULTANT shall cease services as of the date of such notice, unless DCE specifically requests specific services to be continued through the date of termination, in which case CONSULTANT shall complete those services to DCE's reasonable satisfaction. CONSULTANT shall be compensated for services performed to DCE's reasonable satisfaction up to the date of such notice or termination.
- 6.2. **Termination for Cause.** All terms, provisions, and specifications of this Agreement are material and binding, and failure to perform any material portion of the work described herein shall be considered a breach of this Agreement. Should the Agreement be breached in any manner, DCE may, at its option, terminate the Agreement not less than five (5) days after written notification is received by CONSULTANT to remedy the violation within the stated time or within any other time period agreed to by the parties.

7. **INDEMNIFICATION.** Except for the sole negligence or willful misconduct of DCE, CONSULTANT undertakes and agrees to defend, indemnify and hold harmless DCE and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by DCE, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement by CONSULTANT or his subcontractors. Rights and remedies available to DCE under this provision are cumulative of those provided for elsewhere in this Agreement and those allowed under the laws of the United States, the State of California, and DCE.

Notwithstanding the foregoing, DCE agrees to indemnify, hold harmless and defend at its expense CONSULTANT from any and all claims, actions, losses, damages, charges, expenses, or attorney's fees to which CONSULTANT may be subject to arising out of, or resulting from non-negligent performance of services performed within the scope of his engagement hereunder.

8. **ASSIGNMENT AND SUBCONTRACTING.** The parties recognize that a substantial inducement to DCE for entering into this Agreement is the professional reputation, experience, and competence of CONSULTANT. Assignments of any or all rights, duties, or obligations of CONSULTANT under this Agreement will be permitted only with the express consent of the DCE. CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of DCE.
9. **INSURANCE.** CONSULTANT shall secure and maintain appropriate automobile liability insurance coverage and other reasonably satisfactory insurance coverages in connection with the performance of the Agreement by the CONSULTANT.
10. **COMPLIANCE WITH LAWS, CODES, ORDINANCES, AND REGULATIONS.** CONSULTANT shall use the standard of care in its profession to comply with all applicable federal, state, and local laws, codes, ordinances, and regulations. CONSULTANT agrees to pay all required taxes on amounts paid to CONSULTANT under this Agreement. DCE will issue CONSULTANT a 1099 in connection with his services.
11. **CONFLICT OF INTEREST.** CONSULTANT confirms that he has no financial, contractual, or other interest or obligation that conflicts with or is harmful or inimical to performance of his obligations under this Agreement. CONSULTANT shall not during the term of this Agreement knowingly obtain such an interest or incur such an obligation.
12. **OWNERSHIP OF DOCUMENTS.** It is understood and agreed that DCE shall own all documents and other work product of CONSULTANT which pertain to the work performed under this Agreement, except CONSULTANT's notes and draft workpapers, DCE shall have the sole right to use such materials in its discretion and without further compensation to CONSULTANT. CONSULTANT shall at its sole expense provide all such documents to DCE upon request.
13. **CONFIDENTIALITY.** The materials reviewed by Consultant in the course of performing services under this Agreement shall be deemed sensitive and are not to be distributed or discussed with other parties outside of the performance of the services under this Agreement. Unless disclosure is required by law: (i) the Services sought by DCE from Consultant under this Agreement will be the work product of DCE and shall not be disclosed to any third party without the prior consent of DCE.
14. **INDEPENDENT CONTRACTOR.** CONSULTANT is and shall at all times remain as to DCE a wholly independent contractor and not as an employee. None of the benefits provided to DCE staff/employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available to CONSULTANT. Neither DCE nor any of its agents shall have control over the conduct of CONSULTANT or any of CONSULTANT's employees or agents, except as herein set forth. CONSULTANT shall not at any time or in any manner represent that he is in any manner an agent or employee of DCE. CONSULTANT shall have no power to incur any debt, obligation, or liability on behalf of DCE or otherwise act on behalf of DCE as an agent.

15. **NOTICE.** All Notices permitted or required under this Agreement shall be in writing and shall be deemed made when delivered to the applicable party's representative by personal delivery, electronic mail, or first-class U.S. mail, whichever is delivered first. Mailed copies of such notices shall be given to the respective parties at the following addresses or at such other addresses as the parties may provide in writing for this purpose.

Such notices shall be deemed made when personally delivered, delivered by electronic mail or forty-eight (48) hours after deposit in the U.S. mail, first-class postage prepaid, and addressed to the party at its applicable address.

DCE:

Tom Kirk
74-199 El Paseo Drive, Suite 100
Palm Desert, CA 92260
e-mail: tkirk@cvag.org

CONSULTANT:

Donald B. Dame
2022 Pierpont Blvd.
Ventura, CA 93001
e-mail: donald.b.dame@gmail.com

16. **GOVERNING LAW.** This Agreement shall be governed by the laws of the State of California.
17. **ENTIRE AGREEMENT; MODIFICATION.** This Agreement supersedes any and all other agreements, either oral or written, between the parties, and contains all the covenants and agreements between the parties. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party that are not embodied herein. Any agreement, statement, or promise not contained in the Agreement, and any modification to the Agreement, will be effective only if signed by both parties.
18. **WAIVER.** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this agreement. Payment of any invoice by DCE shall not constitute a waiver of DCE's right to obtain correction or replacement of any defective or noncompliant work product.
19. **EXECUTION.** This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

20. **AUTHORITY TO ENTER AGREEMENT.** CONSULTANT has all requisite power and authority to execute, deliver, and perform this Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the 21st Day of October 2024.

CONSULTANT

Donald B. Dame, Consultant

DESERT COMMUNITY ENERGY

Tom Kirk, Executive Director

Exhibit A

Scope of Services

DCE requires professional consulting services from a qualified party to provide technical review, electric utility expertise, services agreements and relationships, risk management assistance, rate design and review assistance, budget preparation and review assistance, and other technical and financial services related to DCE's operation and management. Consultant is to perform these and other related tasks upon the request of authorized DCE staff. Consultant's tasks on behalf of DCE include but are not limited to the following:

- Evaluate technical, financial and program options available to DCE and present results to DCE staff, management and, as directed, to the DCE Board and/or Community Advisory Committee.
- Assist DCE staff, as directed, in meeting DCE program goals and objectives.
- Attend, as directed, DCE monthly Risk Management Team meetings and provide input on related business risk profiles.
- Work together, as directed, with DCE staff, legal counsel, and other DCE vendors and/or consultants to identify and evaluate various CCA related business risk exposures, and outline and discuss actions which may help mitigate such identified exposures.
- Prepare, review and present, as directed, materials for use at DCE Board meetings or other materials requested by DCE.
- Assist DCE staff and members, as directed, of draft Community Choice Aggregation (CCA)-related documents that may include services contracts, policies and procedures related to DCE's CCA program.
- As requested, draft and review materials and make recommendations regarding potential governance issues and best practices for CCA organizational structure.
- Advise DCE staff and members regarding the status and activities of other existing and incipient Community Choice Aggregators throughout California.
- Make recommendations and give opinions from time to time on actions that Consultant deems may be beneficial to overall CCA operation and management and enhance DCE's energy risk practices.
- Provide, as directed, input on DCE rates, financial standing and power contracting practices related to setting DCE generation rates, DCE's annual budget process, and entering short- or long- term power supply arrangements.
- Provide other CCA-related consulting services as directed and/or requested by DCE.

Reporting and Invoicing

CONSULTANT shall invoice no less frequently than monthly and submit invoices within 15 days of each month end except for the month end of June when invoices shall be submitted within 7 days. Invoices shall include the time period covered and be itemized for time and materials. Each invoice for payment must be accompanied by a written description. The description shall provide detail about the types of activities and specific accomplishments during the period for which the

payment is being made. CVAG shall only make payments in the form of Electronic Fund Transfer (EFT).

DRAFT

Exhibit B

Hourly Rates

Donald B. Dame's fee to perform the work described in the Scope of Work above is represented by the hourly rate schedule shown below. Donald B. Dame will adhere to the needs of Desert Community Energy (DCE) to complete the requested tasks.

Role	Hourly Rate
Energy Consultant	\$175.00 (July – September 2024) \$195.00 (effective October 2024)

ITEM 6E

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Community Advisory Committee Appointments

Contact: Savannah Gil, Program Specialist (sgil@cvaq.org)

Recommendation: Re-appoint Community Advisory Committee members Donald Barrett, Berlinda Blackburn, Noel Loughrin, Paul Murphy and Jeremy Roos for an additional two-year term and add Erin Boyd of Palm Springs to the Community Advisory Committee through 2026

Background: In March 2019, the DCE Board established a Community Advisory Committee (CAC) to provide a structured opportunity for community members to participate in DCE, as well as help ensure that efforts to educate and inform member communities about DCE's efforts and programs are broad and inclusive. The CAC has met at various times throughout the year to discuss a variety of topics and issues. The CAC also has a Palm Springs Working Group that is advisory in nature and helps promote DCE in the City.

The DCE Board has been reviewing the membership roughly every two years. The first members of the CAC were appointed by the DCE Board at the June 2019 meeting. At the August 2021 meeting, the DCE Board reappointed the eight existing members of the CAC from Palm Springs and Palm Desert and appointed another Palm Springs resident to fill a vacancy. The DCE Board established the CAC's Palm Springs Working Group and, in February 2020, identified that future CAC members could be appointed at the recommendation of the DCE representative from the City of Palm Springs or by the recommendation of the Palm Springs City Council members.

In recent months, the CAC activities have been dormant and staff has been looking for opportunities to re-engage the membership. Staff polled the nine existing members and found five members were interested in continuing to serve. They are Donald Barrett and Noel Loughrin of Palm Springs and Berlinda Blackburn, Jeremy Roos, and Paul Murphy of Palm Desert. Ms. Loughrin, Ms. Blackburn, Mr. Roos, and Mr. Murphy were among the original appointees in June 2019, and Mr. Barrett was appointed in January 2022. DCE staff recommends that they be re-appointed for a term that would extend through 2026.

Staff also conducted additional outreach to gain an additional Palm Springs member to maintain a balance between the Cities. Staff is recommending the Board appoint Erin Boyd, an energy economist and current member of the Palm Springs Sustainability Commission, to a sixth position on the CAC through 2026. DCE staff will continue to recruit additional volunteers and welcomes recommendations from the Board and from the City Council members. The DCE website also has an ongoing invitation to apply to the CAC.

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

ITEM 7B

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: DCE's Attainment of an Investment Grade Credit Rating

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

Recommendation: Information

Background: DCE has demonstrated strong financial growth and a commitment to sustainability since its operational launch in April 2020. As noted at the January 2024 Board meeting, a pursuit has been underway to obtain an investment grade credit rating. Obtaining an investment grade credit rating is a critical step in enhancing DCE's financial standing and securing favorable terms for future capital initiatives and power purchase agreements. In the past, DCE often faced difficulty working with developers and other counter parties because of the lack of an investment grade credit rating.

Earlier this year, DCE staff contracted with PFM Financials Services (PFM) to help prepare for a ratings presentation and, through discussions with PFM, S&P Global Ratings (S&P) was selected as the rating agency as they have provided the majority of recent ratings to other CCAs. DCE conferred with S&P several times over the summer and was recently provided a public credit opinion. DCE staff is pleased to announce that S&P has assigned a BBB issuer credit rating to DCE with a stable outlook. This rating reflects DCE's improved financial performance and operational stability and marks it as investment grade.

In credit markets, there is a scale used by credit rating agencies to evaluate the creditworthiness of a borrower, whether it's a corporation, government, or other entity. The Big Three credit rating agencies are S&P Global Ratings (S&P), Moody's, and Fitch Group. These agencies use different scales, but they generally range from 'AAA' (highest credit quality) to 'D' (default). A 'BBB' rating from S&P Global Ratings indicates that DCE has an adequate capacity to meet its financial commitments, but it is more susceptible to adverse economic conditions compared to higher-rated entities. This rating reflects DCE's improved financial metrics, enhanced liquidity, and stable customer base.

Some of the positive notes highlighted by S&P indicate that DCE's financial metrics have seen significant improvement with fixed charge coverage (FCC) rising to 6.4x, as compared to negative 4.1x in fiscal year 2022 and negative 34.4x in fiscal 2021. DCE's liquidity has also improved considerably. S&P noted that as of June 30, 2023, DCE's unrestricted reserves reached \$16.8 million, equating to 126 days of cash, which is a notable increase from \$3.4 million or 35 days of cash at the end of fiscal year 2021. June 30, 2024 unrestricted cash reserves amount to over \$30 million. These figures illustrate DCE strengthened financial position and the ability to maintain stability. DCE's connections with its customer base in Palm Springs has improved, with the opt-out rate declining. This maturity, coupled with the diverse and growing regional economy driven by tourism and hospitality, supports revenue stability. Moreover, DCE benefits from a protective Joint Powers Authority (JPA) agreement, which ensures financial safety nets and allows for necessary operational adjustments.

Despite these positive developments, S&P has highlighted several challenges. DCE's rate-setting flexibility is currently constrained by the need to stay competitive with Southern California Edison (SCE). Additionally, DCE's power procurement strategy presents re-contracting risks, with only 23% of the 2024 energy load secured through long-term agreements. DCE also needs to secure additional renewable power to comply with California's Renewable Portfolio Standard (RPS) and achieve its carbon-free goals.

S&P noted that DCE's governance structure involves a reliance on third-party contractors, such as the staffing agreement with the Coachella Valley Association of Governments (CVAG), which S&P believes elevates governance risks. DCE is also potentially exposed to indirect wildfire risks and Public Safety Power Shutoffs (PSPS), which could impact reliability and costs. S&P emphasized the importance of conservative financial forecasting and resilience against economic pressures, including the risks associated with recession and inflation.

Moving forward, DCE staff is committed to focusing on areas within its control, such as revisiting reserve balance calculations, evaluating a cost-of-service operational model, and negotiating additional long term power purchase contracts. DCE staff will continue to evaluate S&P's report and seek to adopt policy updates where feasible. DCE staff will continue to strengthen DCE's financial and operational foundations, ensuring long-term stability and improved financial standing in the coming years.

Fiscal Analysis: Total costs to obtain the public rating come in at about \$60,000, not including staff time. While the benefits of having the public rating are difficult to quantify, it has already provided for added flexibility and negotiating power in working with DCE counterparties and other market participants.

Attachment: S&P Report – Desert Community Energy

RatingsDirect®

Summary:

Desert Community Energy, California; Retail Electric

Primary Credit Analyst:

Nicole Shen, New York (1) 332-323-4605; nicole.shen@spglobal.com

Secondary Contact:

Doug Snider, Englewood + 1 (303) 721 4709; doug.snider@spglobal.com

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Credit Profile

ICR

Long Term Rating

BBB/Stable

New

Credit Highlights

- S&P Global Ratings assigned its 'BBB' issuer credit rating (ICR) to Desert Community Energy (DCE), Calif.
- The outlook is stable.

Security

The ICR represents our view of DCE's capacity and willingness to meet its financial commitments as they come due and does not apply to any specific financial obligation. DCE has no debt outstanding, nor does it plan to issue any debt in the near term.

Credit overview

The ICR reflects our opinion of DCE's operational limitations, including issues related to rate-setting flexibility, customer base, and power supply, which are somewhat mitigated by recently improved financial performance.

DCE, a community choice aggregator (CCA), began operations in April 2020 and now serves approximately 35,400 retail electric customers in Palm Springs. The CCA competes directly with the service area's incumbent investor-owned utility, Southern California Edison (SCE), to provide customers with the energy portion of electric service. (SCE's transmission and distribution assets deliver the electricity.) Although DCE has set its rates to cover costs and build reserves and intends to continue doing so, we believe its ability to adjust rates will be constrained by the need to remain competitive with SCE. Additional risks include inherent operational and financial risks related to power supply procurement, and uncertainties about the ultimate number of communities DCE will serve and the size of the customer base. These risks could adversely affect financial metrics in future years.

However, DCE's healthy financial metrics in fiscal 2023, its fourth year of operations, somewhat temper these risks. As the customer base matures and DCE enrolls more customers within its member city, Palm Springs, fixed charge coverage (FCC) improved significantly to 6.4x in fiscal 2023 from negative 4.1x in fiscal 2022 and negative 34.4x in fiscal 2021. DCE's liquidity also improved, with unrestricted reserves rising to \$16.8 million, or 126 days' cash, in fiscal 2023 from \$3.4 million, or 35 days' cash, in fiscal 2021. We believe this positive trajectory will likely continue, based on our analysis of management's financial forecasts. In addition, although DCE initially experienced a high opt-out rate, suggesting customer losses to SCE, the rate of customer loss has slowed, with the annual opt-out rate declining to 2% in both 2022 and 2023 from 9% in 2020.

The rating further reflects our view of the following factors:

- DCE's power procurement presents recontracting risk. Only 23% of DCE's 2024 energy load is secured through fixed-price long-term agreements, while the remaining load is covered by short-term contracts ranging from one to 12 months. DCE aims to increase its long-term contract coverage to 43% by 2028, although it has not executed any additional long-term contracts since September 2023. Given this generally short-term position, rising energy prices could affect financial metrics and rate competitiveness over time, as DCE must procure additional power when its existing contracts expire. However, DCE's hedging program marks hedges to market daily and uses fixed-price contracts to cover most of its energy needs, reducing the exposure to spot and day-ahead energy prices and, to a lesser extent, intramonth price changes.
- DCE needs to secure additional renewable power to comply with California's strict Renewable Portfolio Standard (RPS) and achieve its carbon-free procurement goals. This requirement exposes DCE to potential variability in future contract prices. Currently, most of DCE's power supply comes from short-term hydroelectric contracts, which are not considered eligible under the state's RPS. DCE plans to add about 42 megawatts of local wind, solar, and geothermal power to reduce reliance on ineligible hydro contracts to meet RPS mandates. As DCE increases its use of renewables, it will face several challenges, including managing intermittency to ensure reliability, dealing with the lengthy and potentially delayed processes for renewable generation projects, or retail customers returning to the incumbent utility, SCE.
- Although neither Cathedral City nor Palm Desert has received DCE power within their communities, this has not directly influenced DCE's financiers or operations. Cathedral City exited effective July 1, 2021, due to a mismatch between its timeline for achieving decarbonization and DCE's. Subsequently, the Palm Desert city council narrowly voted against a motion to leave DCE in 2021 and has postponed its plans to use DCE's services indefinitely, creating uncertainty about future membership and revenue.
- Although not taking DCE power, Palm Desert has representation on DCE's two-member board.
- Separately, two Palm Desert city council seats are up for election in late 2024. DCE plans to continue discussions with the city in early 2025 on the benefits of DCE membership and when Palm Desert might begin taking energy from DCE.
- There is uncertainty surrounding the level of the power charge indifference adjustment (PCIA). DCE must charge its customers the PCIA that reflects the costs that SCE incurred to procure power for these customers when they were still served by SCE. The PCIA amount varies year to year, partially depending on market prices that SCE faces, and could pressure the CCA's financial metrics and competitiveness. Over the longer term, the PCIA will become less meaningful as power supply contracts signed by SCE for its former customers expire.

Partially offsetting the above weaknesses, in our view, are DCE's:

- A protective joint powers authority (JPA) agreement requires that members (currently the City of Palm Springs and City of Palm Desert) provide six months' notice prior to their exit, subject to an affirmative vote from their respective governing boards. In addition, departing municipal members must make DCE whole for any costs incurred in serving them prior to their departure. We believe this arrangement provides a safety net that mitigates financial losses and provides a time buffer to adjust operations accordingly. However, this provision does not insulate DCE from the risk of individual retail customers opting out of service.
- Located within the Riverside-San Bernardino-Ontario, California metropolitan statistical area (MSA), the customer base benefits from a diverse and growing regional economy, primarily driven by the tourism and hospitality sectors.

Although these industries are typically subject to significant seasonal demand fluctuations, the city hosts festivals, conventions, and international events throughout the year, which mitigates this risk, continuing to attract permanent residents and enhancing revenue stability. In addition, residential customers account for approximately 55% of revenue, which we consider relatively high. This, combined with minimal customer concentration, provides a degree of revenue certainty.

- The power supply is diverse, as evidenced by the 54 power supply contracts that encompass various resource types, geographic locations, and storage capabilities, with a predominant focus on renewable energy. The Energy Authority (TEA), contracted by DCE to manage power supply in consultation with DCE's board, examines the creditworthiness and operational attributes of potential power providers before finalizing contracts, mitigating (but not eliminating) the risk of counterparty nonperformance.
- The CCA maintains several industry-standard policies to ensure smooth operations, including an integrated resource plan, a comprehensive budget with five-year financial projections, and a multi-phase reserve policy. This reserve policy initially targets 120-150 days of operating capital, increasing to a minimum of 180 days and a maximum of 270 days as operations transition from startup to stabilization.

Environmental, social, and governance

We believe DCE's governance risk is somewhat elevated because the board has delegated day-to-day operational responsibilities to third-party contractors for the development of recommendations regarding rate setting, power-supply procurement, and customer services. In addition, we believe that historical budgetary practices have failed to approximate actual results, as net revenue fell short of budgeted levels. However, the latest five-year forecast appears conservative, with management including reasonable assumptions such as flat load growth, no rate increases, and an annual opt-out rate of 3.4% based on historical trends. Despite this, we remain uncertain about whether DCE can meet or exceed these budgetary targets due to a lack of historical performance data.

DCE faces limited direct wildfire risk due to its dense urban nature with resorts and golf courses located on the desert valley floor and mostly underground distribution lines within the service area. Nevertheless, it faces indirect exposure to wildfire risk because it relies on SCE's transmission and distribution assets. The need to fund any wildfire liabilities or mitigation could lead SCE to socialize these costs among all users of its transmission and distribution systems. In turn, DCE's customers' higher delivery charges could weaken overall rate affordability, and limit DCE's ability to increase rates without precipitating demand deterioration. We understand that if SCE is held liable, it would first use its Wildfire Expense Memorandum account, which is funded on an ongoing basis through delivery fees. In addition, public safety power shutoffs (PSPS) by the owners of the transmission and distribution systems serving DCE's customers could nevertheless weaken the reliability of customers' electric service (although there have been no PSPS events since DCE's launch). In addition, the intermittency of renewable resources might frustrate the CCA from achieving California's ambitious greenhouse gas emission goals in the absence of advances in long-duration storage technology.

We view social risk as having a moderately negative influence on the rating. The majority of residential customers subscribe to Carbon Free product, with its rates currently 14% higher than SCE base rates (which is at the state average in 2022). Median incomes for Palm Springs are 5% below the national average. Management reports no significant customer payment delinquencies or bad debt write offs. However, rate affordability could be pressured if DCE implements substantial rate increases for an extended period. We continue to monitor the strength and stability of electric utilities' revenue streams for evidence of delinquent payments or other revenue erosion. Although the rate of

inflation as measured by the CPI has softened, Bureau of Labor Statistics data shows that electricity price inflation continues to outpace the broader CPI. The amalgam of increases in delinquent credit card, consumer, and auto loans, along with financial pressures associated with the resumption of student loan payments and weaker than historical household savings rates, will likely compound the financial pressures electricity consumers face. Potentially exacerbating issues of energy affordability are weakening economic indicators, such as S&P Global Economics' forecast of a 25%-30% recession risk within the next 12 months, which is elevated relative to the historical baseline. A cooling labor market, geopolitical risks, and a potentially disruptive election, might add to recessionary pressures. (See "A Cooling U.S. Labor Market Sets Up A September Start for Rate Cuts," published Aug. 6, 2024, on RatingsDirect).

Outlook

The stable outlook reflects our expectation that DCE's maturing operations and load, along with its diverse and growing economic base and protective JPA agreement, will support ongoing rate increases as needed to meet projected FCC levels and build liquidity. The outlook further reflects our expectation that DCE will continue to shift its power procurement to be more renewable and long-term in nature, therefore reducing exposure to increasingly stringent emissions regulations and potentially volatile wholesale markets.

Downside scenario

We could lower the rating if FCC falls significantly short of projections due to restricted rate-setting flexibility that impedes adequate cost recovery or a substantial increase in the opt-out rate that significantly reduces revenue. In addition, we could lower the rating if liquidity decreases significantly from current levels.

Upside scenario

We could raise the rating if management establishes a healthy track record of FCC and liquidity while continuing to secure additional power contracts that reduce open positions and provide for predictable costs. In addition, a low and stable customer opt-out rate would also support an upgrade.

Credit Opinion

Desert Community Energy overview

DCE, a CCA originally formed in 2017, began retail services for approximately 35,400 customer accounts in the City of Palm Springs in April 2020. It continues to serve as the default electric generation provider for the city. Palm Desert, while not taking DCE power at this time, has representation on DCE's two-member board.

SCE bills DCE's customers monthly, including both SCE's transmission and distribution charges and DCE's electric generation charges. Retail customers who switched to DCE can return to SCE with 60 days' notice, without DCE imposing any exit fees. Accounts in Palm Springs are automatically enrolled in DCE's Carbon Free plan unless the account holder opts down to the Desert Saver plan or opts out to remain with SCE's bundled service.

DCE has outsourced its day-to-day operations to third-party contractors, with Coachella Valley Association of Governments (CVAG) in charge of administrative and accounting services, TEA managing power supply procurement, and Calpine Energy handling customer services. DCE has no immediate plans to hire in-house staff. Key personnel

from CVAG will remain fully dedicated to DCE, maintaining frequent communication with the DCE board members.

Enterprise profile

Located in the Riverside-San Bernardino-Ontario, California MSA, the customer base benefits from a diverse and growing regional economy, primarily driven by tourism and hospitality. Although these industries usually experience significant seasonal demand fluctuations, the city hosts festivals, conventions, and international events throughout the year, which mitigates this risk, continuing to attract permanent residents and enhancing revenue stability.

Currently, DCE's Desert Saver product is priced slightly below SCE's standard offering, while its Carbon Free product is priced 14% higher than SCE's rates. According to U.S. Energy Information Administration data, SCE's weighted-average rate was in line with the state average in 2022. In turn, DCE's Carbon Free rates, used by about 75% of its customers, compare less favorably with state averages. We believe the ability to adjust rates will be constrained by the need to remain competitive with SCE, although DCE has set its rates to recover costs and build reserves.

Customers can opt out of DCE service and return to SCE without a penalty if they do so within a specified time. We consider the relative ease with which customers can return to their previous electric utility a potential risk to DCE's revenue stream. DCE had high annual opt-out rates, indicating a consistent loss of customers to SCE and somewhat constrained rate-setting flexibility. However, the rate of customer loss has slowed, as evidenced by a decline in the annual opt-out rate to 2% in 2022 and 2023 from 9% in 2020, the year of DCE's launch.

DCE relies on base-rate adjustments, which are tied to SCE's rate schedules, to pass through costs and currently has no formal policies to implement an additional mechanism for addressing unexpected costs. However, DCE staff can implement a discretionary energy cost adjustment (ECA) no more frequently than monthly to true up unbudgeted costs, although there is a limited use of ECA to date.

DCE's board consists of representatives from Palm Springs and Palm Desert, each with equal voting rights. In case of a tie, the DCE executive director (who is also the CVAG executive director) casts the deciding vote. Should Palm Desert decide to use DCE's services, the board may consider switching to weighted voting, which we believe would better reflect each city's load requirements. Management anticipates that Palm Desert's earliest service launch would be 2027, which will allow time to secure necessary power supplies. Conversely, if Palm Desert exits, we believe it is unlikely to affect DCE's role as the default energy supplier for Palm Springs. We expect that DCE's load will remain predictable in the near term, based on management's expectation of a stabilized opt-out rate, modest load growth in Palm Springs, and no plans for expanding its service territory.

Financial profile

DCE does not have any debt; however, S&P Global Ratings calculates FCC to reflect our view of DCE's ability to meet fixed obligations on an ongoing basis. We treat 50% of DCE's purchased power expenses as debt-like and have imputed them as fixed charges in our calculation. Consequently, FCC was negative 34.4x in fiscal 2021, negative 4.1x in fiscal 2022, and 6.4x in fiscal 2023. Based on S&P Global Ratings' application of stress tests to management's forecasts, which accounts for potentially lower loads and higher fixed costs, we expect DCE will maintain FCC above 2.0x in the coming years.

At fiscal year-end 2023, DCE had \$16.8 million in unrestricted reserves, equating to 126 days of operating expenses.

This includes an \$8 million committed line of credit with the River City Bank, which is set to renew on expiration. Management projects that nominal reserves will grow to \$36 million by the end of fiscal 2024 and reach \$64 million in subsequent years. We believe maintaining a higher cash level is crucial to address the risks that DCE faces. In addition, whether DCE can achieve and sustain a stronger liquidity position in the future will depend on revenue stability and the effectiveness of rate adjustments to cover unexpected costs.

DCE has no on-balance-sheet debt, and no plans to issue direct debt in the near or medium term.

	--Fiscal year ended June 30--		
	2023	2022	2021
Operational metrics			
Electric customer accounts	33,300	33,010	33,639
% of electric retail sales from residential customers	56	N.M.	N.M.
Top 10 electric customers' sales as % of total electric retail sales	8	N.A.	N.A.
Service area median household effective buying income as % of U.S.	95	93	85
Weighted average retail electric rate as % of state	100	100	97
Financial metrics			
Gross revenues (\$000s)	58,240	44,836	36,101
Total operating expenses less depreciation and amortization (\$000s)	48,847	45,114	38,030
Debt service (\$000s)	0	0	0
Debt service coverage (x)	0.0	0.0	0.0
Fixed-charge coverage (x)	6.4	-4.1	-34.4
Total available liquidity (\$000s)*	16,806	7,771	3,685
Days' liquidity	126	63	35
Total on-balance-sheet debt (\$000s)	0	0	1,500
Debt-to-capitalization (%)	0	0	22

*Total available liquidity includes available committed credit line balances, where applicable. Debt service coverage--Revenues minus expenses divided by debt service. Fixed-charge coverage--Sum of revenues minus expenses minus total net transfers out plus capacity payments (or their proxy), divided by the sum of debt service plus capacity payments (or their proxy). N.A.--Not available.

Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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ITEM 7C

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Amendment to Contract with Cape Generating Station 1 LLC for Cape Station Geothermal Project

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

Recommendation: Authorize the Executive Director to negotiate and execute Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC, allowing for updated pricing, additional energy and a revised commercial operation date of January 1, 2031

Background: On September 28, 2022, the DCE Board approved a 15-year renewable power purchase agreement (PPA) with Cape Generating Station 1 LLC, a subsidiary of Fervo Energy (Fervo), for the Cape Station geothermal project (Cape Station) located in Beaver County, Utah. The PPA provides that DCE's pro rata share of the project is 3 megawatts (MW) of the 20MW average net capacity, with an expected commercial operation date (COD) of June 1, 2026. DCE's partners in the project are California Choice Energy Authority (CalChoice), a joint powers authority whose members are eight CCAs including Rancho Mirage Energy Authority, and Clean Energy Alliance (CEA), a CCA whose members are seven cities in northern San Diego County.

In June 2024, Fervo advised DCE, CalChoice and CEA that it is seeing financing and procurement challenges that are causing delays in the project delivery and difficulty obtaining financing for its new enhanced geothermal system technology. Fervo has proposed extending the COD from June 1, 2026, to January 1, 2031. This delay will provide Fervo with time to finance and procure equipment needed to build and deliver energy to the CCAs.

Fervo also requested an increase in the price that the CCAs would pay for energy deliveries, due to supply chain and financing concerns. Fervo cited higher-than-expected costs of electrical equipment due to inflation and a higher cost of capital since the PPA was signed. Fervo has agreed to sell Southern California Edison (SCE) 320 MW of energy from the Cape Station project with CODs in 2026 and 2028, which Fervo advised will help it secure the financing for the project phase reserved for DCE, CalChoice and CEA.

The Cape Station project satisfies DCE's obligation for 3 MW of "clean firm" resources under the Mid-Term Reliability procurement orders as required by the California Public Utilities Commission (CPUC). In February 2024, the CPUC extended the deadline for these projects to be operational to June 1, 2031. Accordingly, the delayed COD of January 1, 2031, satisfies the CPUC's order.

As part of the PPA amendment, Fervo has agreed to increase the CCAs' average net capacity from 20MW to 26MW, with DCE's project share increasing from 3 MW to 4 MW. The additional net capacity will help DCE satisfy its obligations under the CPUC's Renewables Portfolio Standard and Resource Adequacy Regulations.

The amended PPA was negotiated by staff from DCE, CalChoice and CEA with support from the joint legal counsel for the CCAs. Much like the original PPA, the amendments contain proprietary information that has been redacted by the CCAs. The amended PPA is attached with confidential pricing and other terms redacted.

With this item, DCE staff is seeking authorization for the Executive Director to finalize and execute Amendment No. 1 to the PPA to extend the COD and other contractual milestones and revise the expected energy to be sold to and the price to be paid by DCE.

Fiscal Analysis: The amendment to the PPA would increase the expected energy to be sold to DCE and the price to be paid by DCE. The Energy Authority (TEA), DCE's procurement advisers, estimates that the additional costs to DCE, because of the additional energy and the higher price, will be approximately \$12.3 million over the 15-year term of the project.

To mitigate the COD delay of nearly five years, DCE assisted by TEA is seeking replacement energy products at the most efficient cost under the Request for Proposals (RFP) discussed under a separate agenda item. Notwithstanding the higher prices to be paid by DCE under the amended PPA, TEA notes that the Cape Station project remains economically beneficial to DCE and is in line with current market prices proposed by other developers in the RFP.

Attachment:

Amendment No. 1 to Renewable Power Purchase Agreement (redacted)

AMENDMENT NO. 1
to the
RENEWABLE POWER PURCHASE AGREEMENT
between
DESERT COMMUNITY ENERGY
and
CAPE GENERATING STATION 1 LLC

This Amendment No. 1 (“Amendment”) to the Agreement (as that term is defined below), dated as of the last executed signature (the “Amendment Effective Date”), is entered between **DESERT COMMUNITY ENERGY**, a California joint powers authority (“DCE”), and **CAPE GENERATING STATION 1 LLC** a Delaware limited liability company (“Seller”). DCE and Seller are sometimes referred to herein individually as a “Party” and jointly as the “Parties”. Capitalized terms used and not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Agreement.

RECITALS

The Parties enter into this Amendment with reference to the following facts:

- A. DCE and Seller entered into that certain Renewable Power Purchase Agreement, entered into as of September 28, 2022 (as amended from time to time, the “Agreement”), under which, among other things, Seller agreed to sell to DCE, and DCE agreed to purchase from Seller, Product under the terms and conditions set forth in the Agreement.
- B. The Parties desire to amend the Agreement on the terms and subject to the provisions set forth herein.

AGREEMENT

In consideration of the promises, mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows.

1. AMENDMENTS TO THE AGREEMENT.

(a) Cover Sheet

Section	Amendment
Milestones	The entire Milestones table is replaced with the following table:

Section	Amendment
---------	-----------

Milestone	Date for Completion
Evidence of Site Control	Complete
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Expected Commercial Operation Date	January 1, 2031

Expected Energy

The entire Expected Energy table is replaced with the following table:

Contract Year	Expected Energy (MWh)
1	[REDACTED]
2	[REDACTED]
3	[REDACTED]
4	[REDACTED]
5	[REDACTED]
6	[REDACTED]

Section	Amendment																											
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Buyer's Contract Capacity	The figure, "3 MW" is deleted and replaced with "4 MW."																											
Guaranteed Capacity	The figure, "20 MW", is deleted and replaced with "26 MW".																											
Contract Price	<p>The entire Contract Price table is replaced with the following table:</p> <table border="1"> <thead> <tr> <th>Contract Year</th> <th>Contract Price</th> </tr> </thead> <tbody> <tr> <td>1-15</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Contract Year	Contract Price	1-15																								
Contract Year	Contract Price																											
1-15																												
Development Security	per MW of Buyer's Contract Capacity																											

(b) Base Document.

Section	Provision	Amendment
1.1		
2.6		

Section	Provision	Amendment
		[REDACTED]
3.8(b)	Resource Adequacy Failure	The following sentence is added at the end of Section 3.8(b): “The inability of Seller to deliver RA Capacity because of Buyer’s failure to secure adequate Available Import Capacity shall not constitute or contribute to the calculation of an RA Shortfall Amount; Seller shall not be liable to Buyer for an RA Deficiency Amount to the extent caused by the inadequacy of the Available Import Capacity to establish a Net Qualifying Capacity for the capacity otherwise available at the Delivery Point.”
17.1(a)	Insurance	The following sentence is added at the end of Section 17.1(a): “Umbrella or excess liability coverage may be used to supplement primary coverages to meet the required limit.”

(c) Exhibits.

Exhibit	Provision	Amendment		
N	Notices	The entire Notices table is replaced with the following table: <table border="1" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Cape Generating Station 1 LLC</td> <td style="text-align: center;">Desert Community Energy</td> </tr> </table>	Cape Generating Station 1 LLC	Desert Community Energy
Cape Generating Station 1 LLC	Desert Community Energy			

Exhibit	Provision	Amendment
	<p>All Notices: 910 Louisiana St, Suite 4400 Houston, TX 77002 Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com; notices@fervoenergy.com</p>	<p>All Notices: 74-199 El Paseo Drive, Suite 100 Palm Desert, CA 92260 Attn: Tom Kirk, Executive Director Attn: David Freedman, Program Manager Phone: 760-346-1127 Email: tkirk@cvag.org Email: dfreedman@cvag.org</p> <p>With a copy to: 405 114th Ave SE #100 Bellevue, WA 98004 Attn: TEA CAISO Desk Phone: 425-460-1118 Facsimile: 425-372-0201 Email: Group-Corp- TradingCaiso@teainc.org</p>
	<p>Reference Numbers: Duns: Federal Tax ID Number: 87-3579880</p>	<p>Reference Numbers: Duns: 081015464 Federal Tax ID Number: 82-3785770</p>
	<p>Invoices: Attn: Javonna Simon, Accounts Payable Phone: 832-758-5500 Email: accountspayable@fervoenergy.com</p>	<p>Invoices: Attn: Janice Reitman, Accounting Manager Phone: 760-346-1127 Email: jreitman@cvag.org</p>
	<p>Scheduling: Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com</p>	<p>Scheduling: Attn: TEA CAISO Desk Phone: 425-460-1118 Facsimile: 425-372-0201 Email: CAISOAdmin@teainc.org</p>
	<p>Confirmations: Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com</p>	<p>Confirmations: Attn: Janice Reitman, Accounting Manager Phone: 760-346-1127 Email: jreitman@cvag.org</p>
	<p>Payments:</p>	<p>Payments: Attn: Janice Reitman, Accounting Manager</p>

Exhibit	Provision	Amendment
	<p>Attn: Ashley Robinette, Accounting Manager Email: billing@fervoenergy.com</p> <p>Wire Transfer: Financial Institution: Bank of America Branch: Bank of America Tower, Houston 800 Capitol Street, 16th Floor Houston, TX 77002 Routing Number: 111000025 Account Number: *****0961</p> <p>With additional Notices of an Event of Default to: Attn: Legal Notices 910 Louisiana St, Suite 4400 Houston, TX 77002 Email: legal@fervoenergy.com; notices@fervoenergy.com</p> <p>Emergency Contact: Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com</p>	<p>Phone: 760-346-1127 Email: jreitman@cvag.org</p> <p>Wire Transfer: BNK: River City Bank ABA: 121133416 ACCT: [REDACTED] 8099</p> <p>With additional Notices of an Event of Default to: Attn: Erica Felci, Chief Operating Officer Phone: 760-346-1127 Email: efelci@cvag.org</p> <p>With a copy to: Attn: Ryan M.F. Baron, Best Best & Krieger LLP Phone: 949-263-6568 Email: ryan.baron@bbklaw.com</p> <p>With a copy to: Attn: TEA CAISO Desk Phone: 425-460-1118 Facsimile: 425-372-0201 Email: CAISOAdmin@teainc.org</p> <p>Emergency Contact: Attn: TEA CAISO Desk Phone: 425-460-1118 Facsimile: 425-372-0201 Email: Group-Corp- TradingCaiso@teainc.org</p>

2. MISCELLANEOUS.

- (a) Reservation of Rights. Each of the Parties expressly reserves all of its respective rights and remedies under the Agreement.

- (b) Legal Effect. Except as expressly modified as set forth herein, the Agreement remains unchanged and, as so modified, the Agreement shall remain in full force and effect. Seller hereby represents and warrants that the representations contained in Section 13.1 of the Agreement are true on and as of the Amendment Effective Date as if made by Seller on and as of the Amendment Effective Date with respect to this Amendment. DCE hereby represents and warrants that the representations contained in Section 13.2 of the Agreement are true on and as of the Amendment Effective Date as if made by Seller on and as of the Amendment Effective Date with respect to this Amendment.
- (c) Governing Law. This amendment and the rights and duties of the parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this amendment.
- (d) Successors and Assigns. This Amendment shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- (e) Authorized Signatures; Notices. Each Party represents and warrants that the person who signs below on behalf of that Party has authority to execute this Amendment on behalf of such Party and to bind such Party to this Amendment. Any written notice required to be given under the terms of this Amendment shall be given in accordance with the terms of the Agreement.
- (f) Effective Date. This Amendment shall be deemed effective as of the Amendment Effective Date.
- (g) Further Agreements. This Amendment may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and DCE; provided, this Amendment may not be amended by electronic mail communications.
- (h) Counterparts. This Amendment may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original.
- (i) Electronic Delivery. This Amendment may be duly executed and delivered by a Party by electronic format (including portable document format (.pdf)) delivery of the signature page of a counterpart to the other Party.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have read this Agreement, understand it, and agree to be bound by its terms as of the Effective Date.

CAPE GENERATING STATION 1 LLC,

a Delaware limited liability company.

DESERT COMMUNITY ENERGY,

a California joint powers authority.

By: _____

Name: Tim Latimer

Title: President

Date: _____

By: _____

Name: Tom Kirk


Title: Executive Director

Date: _____

ITEM 8A

**DESERT COMMUNITY ENERGY BOARD
FY2023-2024 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 *

ITEM 8B

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Virtual participation in meetings

Contact: Elysia Regalado, Management Analyst (eregalado@cvaq.org) and Erica Felci, Chief Operating Officer (efelci@cvaq.org)

Recommendation: Information

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

Starting in March 2020, the Coachella Valley Association of Governments (CVAG), which is contracted to provide staffing for the DCE, joined many member jurisdictions in having committee meetings via video/ teleconferencing in place of in-person meetings due to the COVID-19 pandemic. This proved to be an efficient way to conduct business for CVAG, DCE and the Coachella Valley Conservation Commission (CVCC), which collectively cover an expansive geographic area across eastern Riverside County. Meetings were well attended, leading to thoughtful and robust conversations on policies, projects and programs. The use of both videoconference and telephone access has also fostered public engagement, as people can join the meetings from a convenient location instead of driving to CVAG's Palm Desert conference room. In September 2021, the CVAG Executive Committee authorized the Chair and/or the Executive Director to advocate for Brown Act changes that would allow regional agencies such as CVAG, CVCC and DCE to continue utilizing virtual meetings that became so commonplace during the pandemic.

Around April 2023, with the easing of pandemic-era restrictions, DCE and CVAG's committees returned to being held in CVAG's Palm Desert conference room. State laws have changed, but DCE and CVAG continues to use videoconferencing to encourage additional participation by the public and, when needed, by elected officials.

Nearly all meetings include videoconferencing information through Zoom. Members of the public are provided a link and webinar information for easy accessibility. If an individual has difficulty connecting, they can contact CVAG at 760-346-1127 and staff will connect them to the meeting. Public comment is encouraged to be emailed prior to the meeting at cvaq@cvaq.org by 5:00 p.m. on the day prior to the committee meeting. Comments intended to be read aloud should be no more than 300 characters. During the public comment periods, CVAG staff watch for raised hands to get feedback from virtual members. As noted on the agenda, members of the public joining the meeting by Zoom can also provide comment by using the "raise hand" feature or hitting *9 on the phone keypad.

Fiscal Analysis: There are no additional costs to CVAG or DCE for hosting virtual meetings. Logistics are covered under existing staff time, and members are paid the same stipends as they would in person.

Desert Community Energy
Unaudited Statement of Net Position Prev Year Comparison
As of June 30, 2024

	<u>Jun 30, 24</u>	<u>Jun 30, 23</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1100 · Unrestricted Funds				
1103 · CAMP Account	14,285,262	-	14,285,262	100%
1104 · LAIF Account	6,468,000	-	6,468,000	100%
1105 · Operating Account -8099	199,749	198,209	1,540	1%
1109 · DDM Marketplace Sweep - 0991	2,192,066	4,475,194	(2,283,128)	(51%)
1115 · Lockbox -4446	2,331,818	3,727,036	(1,395,218)	(37%)
Total 1100 · Unrestricted Funds	25,476,895	8,400,440	17,076,455	203%
1199 · Restricted Funds				
1110 · Money Market -5470	405,748	405,416	332	0%
1120 · FSR Letter of Credit Collateral	147,000	147,000	-	0%
Total 1199 · Restricted Funds	552,748	552,416	332	0%
1145 · Fair Value Adjustment	(23,828)	-	(23,828)	(100%)
Total Checking/Savings	26,005,815	8,952,856	17,052,959	190%
Accounts Receivable				
1221 · Accounts Receivable	12,696,642	13,142,870	(446,228)	(3%)
1223 · Accrued Accounts Receivable	4,566,596	6,379,417	(1,812,821)	(28%)
1250 · Interest Receivable	2,410	-	2,410	100%
Total Accounts Receivable	17,265,648	19,522,288	(2,256,640)	(12%)
Other Current Assets				
1225 · Allowance for Doubtful Accounts	(1,188,680)	(3,116,787)	1,928,107	62%
1240 · Prepaid Expenses	4,146,989	110,592	4,036,397	3,650%
Total Other Current Assets	2,958,309	(3,006,195)	5,964,504	198%
Total Current Assets	46,229,772	25,468,949	20,760,824	82%
Other Assets				
1170 · Deposits/Bonds	710,584	310,584	400,000	129%
Total Other Assets	710,584	310,584	400,000	129%
TOTAL ASSETS	46,940,356	25,779,533	21,160,824	82%
LIABILITIES & Net Position				
Liabilities				
Current Liabilities				
Accounts Payable				
2110 · Accounts Payable	7,302,486	5,011,220	2,291,266	46%
2112 · Accrued Accounts Payable	3,023,098	197,263	2,825,835	1,433%
2120 · Due to Other Governments	750,167	491,743	258,424	53%
Total Accounts Payable	11,075,751	5,700,226	5,375,525	94%
Other Current Liabilities				
2115 · NEM Escrow Account	54,115	238,245	(184,130)	(77%)
2230 · Taxes payable	218,711	121,683	97,028	80%
Total Other Current Liabilities	272,826	359,928	(87,102)	(24%)
Total Current Liabilities	11,348,577	6,060,154	5,288,423	87%
Long Term Liabilities				
2260 · Vendor Security Deposits	405,000	405,000	-	0%
Total Long Term Liabilities	405,000	405,000	-	0%
Total Liabilities	11,753,577	6,465,154	5,288,423	82%
Net Position				
31000 · Restricted Net Position	147,000	147,000	-	0%
32000 · Unrestricted Net Position	19,167,378	4,724,389	14,442,989	306%
Net Revenue	15,872,401	14,442,989	1,429,412	10%
Total Net Position	35,186,779	19,314,378	15,872,401	82%
TOTAL LIABILITIES & NET POSITION	46,940,356	25,779,533	21,160,824	82%

1 Investment accounts with the California Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF) were opened in line with DCE Policy 23-03 Investment Policy.

2 Pre-purchased energy for Month Ahead Resource Adequacy (MARA) and Year Ahead Resource Adequacy (YARA) requirements.

3 Vendor has not been able to invoice for Renewable Energy Certificates (RECs) due to WREGIS system outage.

Desert Community Energy
Unaudited Changes to Net Position Prev Year Comparison
July 2023 through June 2024

	<u>Jul '23 - Jun 24</u>	<u>Jul '22 - Jun 23</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Revenue/Expense				
Revenue				
5010 · Electricity Sales				
5011 · Carbon Free	56,474,213	48,976,537	7,497,676	15%
5013 · Desert Saver	13,940,280	10,548,525	3,391,755	32%
Total 5010 · Electricity Sales	<u>70,414,493</u>	<u>59,525,063</u>	<u>10,889,431</u>	<u>18%</u>
5100 · Other Revenue				
5120 · Energy Market Settlements	900,505	1,346,040	(445,535)	(33%)
5125 · Resouce Adequacy	581	328	253	77%
5140 · Delay Damages PPAs	-	3,750,000 ¹	(3,750,000)	(100%)
5150 · Other Revenue	30,768	460,346	(429,578)	(93%)
Total 5100 · Other Revenue	<u>931,854</u>	<u>5,556,714</u>	<u>(4,624,860)</u>	<u>(83%)</u>
Total Revenue	<u>71,346,347</u>	<u>65,081,776</u>	<u>6,264,571</u>	<u>10%</u>
Expense				
4100 · Cost of Electricity				
4105 · Electricity Purchase	34,089,369	30,148,589	3,940,780	13%
4110 · Resource Adequacy Settlement	11,524,691	9,811,110	1,713,581	17%
4115 · Low Carbon Settlement	454,892	375,000	79,892	21%
4120 · Renewable Energy Cr. Settlement	-	134,106	(134,106)	(100%)
4125 · Market Charges	4,731,525	5,494,226	(762,701)	(14%)
4175 · CPUC YARA Penalty	650,105	-	650,105	100%
Total 4100 · Cost of Electricity	<u>51,450,582</u>	<u>45,963,031</u>	<u>5,487,551</u>	<u>12%</u>
4200 · Accounting / Bank Services	1,858	24,776	(22,918)	(93%)
4353 · Insurance	8,589	8,840	(251)	(3%)
4423 · Office Supplies	1,375	1,200	175	15%
4425 · Legal Services	159,803	100,937	58,866	58%
4431 · Professional Services	196,095	175,687	20,408	12%
4432 · Consultants	2,231,845	2,389,906	(158,061)	(7%)
4433 · Outreach Services	28,770	49,652	(20,882)	(42%)
4435 · Technology Costs (IT)	5,625	4,315	1,310	30%
4440 · Postage	15,332	14,737	595	4%
4441 · Printing	12,448	17,318	(4,870)	(28%)
4450 · Sponsorships	-	1,603	(1,603)	(100%)
4452 · Marketing	4,239	8,355	(4,116)	(49%)
4455 · Customer Programs	104,103	-	104,103	100%
4500 · Registrations/Memberships	95,069	85,671	9,398	11%
4750 · Bad Debt Expense	1,646,074	1,776,285	(130,211)	(7%)
Total Expense	<u>55,961,807</u>	<u>50,622,311</u>	<u>5,339,496</u>	<u>11%</u>
Net Ordinary Revenue	<u>15,384,540</u>	<u>14,459,465</u>	<u>925,076</u>	<u>6%</u>
Other Revenue/Expense				
Other Revenue				
5900 · Investment Revenue	512,903	30,179	482,724	1,600%
5925 · Gain/(Loss) in Investments	(23,828)	-	(23,828)	(100%)
Total Other Revenue	<u>489,075</u>	<u>30,179</u>	<u>458,896</u>	<u>1,521%</u>
Other Expense				
4610 · Interest Expense	1,214	46,655	(45,441)	(97%)
Total Other Expense	<u>1,214</u>	<u>46,655</u>	<u>(45,441)</u>	<u>(97%)</u>
Net Other Revenue	<u>487,861</u>	<u>(16,476)</u>	<u>504,337</u>	<u>3,061%</u>
Net Revenue	<u>15,872,401</u>	<u>14,442,989</u>	<u>1,429,413</u>	<u>10%</u>

¹ Forfeited Deposit on a PPA.

Desert Community Energy
Unaudited Changes to Net Position Budget vs. Actual
July 2023 through June 2024

	<u>Jul '23 - Jun 24</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Revenue/Expense				
Revenue				
5010 · Electricity Sales				
5011 · Carbon Free	56,474,213	59,061,639	(2,587,426)	96%
5013 · Desert Saver	13,940,280	12,720,647	1,219,633	110%
Total 5010 · Electricity Sales	<u>70,414,493</u>	<u>71,782,286</u>	<u>(1,367,793)</u>	<u>98%</u>
5100 · Other Revenue				
5120 · Energy Market Settlements	900,505	1,623,212	(722,707)	55%
5125 · Resource Adequacy	581	396	185	147%
5140 · Delay Damages PPAs	-			
5150 · Other Revenue	30,768	-	30,768	100%
Total 5100 · Other Revenue	<u>931,854</u>	<u>1,623,608</u>	<u>(691,754)</u>	<u>57%</u>
Total Revenue	<u>71,346,347</u>	<u>73,405,894</u>	<u>(2,059,547)</u>	<u>97%</u>
Expense				
4100 · Cost of Electricity				
4105 · Electricity Purchase	34,089,369	31,368,335	2,721,034	109%
4110 · Resource Adequacy Settlement	11,524,691	10,208,048	1,316,643	113%
4115 · Low Carbon Settlement	454,892	390,170	64,722	117%
4120 · Renewable Energy Cr. Settlement	-	139,531	(139,531)	0%
4125 · Market Charges	4,731,525	5,716,512	(984,987)	83%
4175 · CPUC YARA Penalty	650,105	-	650,105	100%
Total 4100 · Cost of Electricity	<u>51,450,582</u>	<u>47,822,596</u>	<u>3,627,986</u>	<u>108%</u>
4200 · Accounting / Bank Services	1,858	5,550	(3,692)	33%
4353 · Insurance	8,589	9,300	(711)	92%
4423 · Office Supplies	1,375	-	1,375	100%
4425 · Legal Services	159,803	103,500	56,303	154%
4431 · Professional Services	196,095	21,500	174,595	912%
4432 · Consultants	2,231,845	2,879,778	(647,933)	78%
4433 · Outreach Services	28,770	48,000	(19,230)	60%
4435 · Technology Costs (IT)	5,625	4,200	1,425	134%
4440 · Postage	15,332	12,000	3,332	128%
4441 · Printing	12,448	18,000	(5,552)	69%
4452 · Marketing	4,239	21,000	(16,761)	20%
4455 · Customer Programs	104,103	150,000	(45,897)	69%
4500 · Registrations/Memberships	95,069	111,150	(16,081)	86%
4750 · Bad Debt Expense	1,646,074	2,202,176	(556,102)	75%
Total Expense	<u>55,961,807</u>	<u>53,408,750</u>	<u>2,553,057</u>	<u>105%</u>
Net Ordinary Revenue	<u>15,384,540</u>	<u>19,997,144</u>	<u>(4,612,604)</u>	<u>77%</u>
Other Revenue/Expense				
Other Revenue				
5900 · Investment Revenue	512,903	258,661	254,242	198%
5925 · Gain/(Loss) in Investments	(23,828)			
Total Other Revenue	<u>489,075</u>	<u>258,661</u>	<u>230,414</u>	<u>189%</u>
Other Expense				
4610 · Interest Expense	1,214	5,000	(3,786)	24%
Total Other Expense	<u>1,214</u>	<u>5,000</u>	<u>(3,786)</u>	<u>24%</u>
Net Other Revenue	<u>487,861</u>	<u>253,661</u>	<u>234,200</u>	<u>192%</u>
Net Revenue	<u>15,872,401</u>	<u>20,250,805</u>	<u>(4,378,404)</u>	<u>78%</u>

**DESERT COMMUNITY ENERGY
INVESTMENT REPORT
FOR JUNE 30, 2024**

Description	Carrying Amount	% of Total	Fair Market Value		% of Total	Annual %age Yield
CASH AND INVESTMENTS UNDER THE DIRECTION OF DCE						
River City Bank - Operating	\$ 249,813	0.96%	\$ 249,813		0.96%	N/A
River City Bank - DDM Marketplace Sweep	\$ 2,192,066	8.41%	\$ 2,192,066		8.41%	4.38%
River City Bank - Lockbox	\$ 2,331,818	8.94%	\$ 2,331,818		8.95%	N/A
River City Bank - Money Market	\$ 405,748	1.56%	\$ 405,748		1.56%	2.28%
River City Bank - Stand-by FSR Letter of Credit	\$ 147,000	0.56%	\$ 147,000		0.56%	N/A
Local Agency Investment Fund (LAIF)	\$ 6,468,000	24.80%	\$ 6,444,172	[a] [b]	24.73%	4.48%
CASH AND INVESTMENTS HELD IN TRUST BY DCE						
CAMP	\$ 14,285,262	54.78%	\$ 14,285,262		54.83%	5.44%
Overall Total	\$ 26,079,707	100.00%	\$ 26,055,879		100.00%	


Note:

[a] An investment account with the State of California Local Agency Investment Fund (LAIF) was opened in line with DCE Policy 23-03 Investment Policy.

[b] Source of Market Values - LAIF, State of California Pooled Money Investment Account Market Valuation - June 2024. Paper Gain/(Loss) was (0.368)%. Fair market value includes accrued interest.

DCE's investment portfolio indicates its ability to meet its foreseeable liquidity requirements.

Duly submitted by:


Claude T. Kilgore, CPA
Director of Finance

FY24 Q4 DCE Investment Report

Final Audit Report

2024-08-21

Created:	2024-08-15
By:	JJ Cheng (jcheng@cvag.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAQn6LXvRx9B60gv84PO3kFtCAOqRXssW8

"FY24 Q4 DCE Investment Report" History

-  Document created by JJ Cheng (jcheng@cvag.org)
2024-08-15 - 8:09:04 PM GMT - IP address: 76.53.51.98
-  Document emailed to Claude Kilgore (ckilgore@cvag.org) for signature
2024-08-15 - 8:09:22 PM GMT
-  Document e-signed by Claude Kilgore (ckilgore@cvag.org)
Signature Date: 2024-08-21 - 4:28:32 PM GMT - Time Source: server- IP address: 47.152.103.149
-  Agreement completed.
2024-08-21 - 4:28:32 PM GMT

ITEM 8E

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Renewable and Mid-Term Reliability 2024 Request for Proposals and Other Long-Term Procurement Initiatives

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

Recommendation: Information

Background: As reported to the Board at the January 2024 meeting, DCE staff launched a Request for Proposals (RFP) in November 2023 to satisfy DCE's additional Mid-Term Reliability procurement orders as required by the California Public Utilities Commission (CPUC). DCE did not receive satisfactory responses to that RFP, in part because DCE did not have an investment grade credit rating at that time, as required by project developers in an increasingly competitive market.

In anticipation of receipt of the investment grade credit rating, which is detailed as a separate agenda item, DCE staff released a new RFP this summer. This procurement round will also help DCE comply with State policy that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035, 95 percent of all retail sales of electricity to California end-use customers by the end of 2040, and 100 percent of all retail sales of electricity to California end-use customers by the end of 2045.

Staff worked with its consultant, The Energy Authority (TEA), to prepare and release an RFP on July 15, 2024, which is attached to this staff report. DCE sought proposals for renewable energy and storage projects, which include distributed energy resources such as rooftop solar. There was a tiered local preference for projects that placed the highest preference being for the Palm Springs area, Coachella and Palo Verde Valleys, then Imperial Valley, then Southern California, and then elsewhere in California or outside of California but with direct interconnection into the California grid. DCE also sought to procure bridge resources for the 2025-2028 compliance period to replace the attributes of the Diablo Canyon Power Plant, in accordance with a CPUC Decision issued on September 12, 2024.

The RFP included information for potential respondents that allowed for a detailed quantitative analysis of all proposed projects to support the RFP evaluation and selection as well as term sheets laying out DCE's preferred contracting terms for potential respondents to consider while developing their offer and pricing. 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.

Responses to the RFP were initially due on August 29, 2024. On August 27, DCE issued an Addendum, also attached to this staff report, that extended the submission deadline until September 6. The extension provided bidders with additional time to consider the investment grade credit rating that was issued on August 28. DCE received 47 proposals from 15 bidders,

including solar, wind and battery storage projects in and near the Palm Springs City limits as well as elsewhere in the Coachella Valley.

An evaluation committee made up of TEA's long-term procurement expert, DCE staff and a member of DCE's Community Advisory Committee have reviewed responses to the RFP. Each proposal was screened for completeness and scored on a weighted criteria basis. The evaluation committee identified a short list of 17 proposals from five bidders upon which to conduct a more detailed review. The evaluation committee carried out interviews with the short-listed bidders during the week of October 7.

The evaluation process is still ongoing with the expectation of beginning to bring projects before the Board later this year. During this time, DCE staff may commence negotiation of commercial terms with the highest-ranked bidders. Any contracts associated with the RFP will be brought to the DCE Board for approval before execution.

Other Long-Term Procurement Initiatives

In addition to the RFP process, DCE is also carrying out a Request for Information (RFI) in response to the California Independent System Operator (CAISO)'s interconnection queue reform efforts to improve the availability of carbon-free generation and storage projects to load serving entities within California. For CAISO Queue Cluster 15 (QC15) projects, DCE has been allocated a Transmission Plan Deliverability (TPD) of 33 MW to award at its discretion, for a maximum of 50 MW if DCE elects to award all of its points to a single project.

Responses are due by October 31, 2024. By the end of this RFI process, DCE intends to award its full allocation of points to one or more QC15 projects at the conclusion of this process and execute "right of first offer" agreements with QC15 projects that have been awarded TPD. CODs for QC15 projects are in the mid-2030s, so it could be several years before any agreements would be ready to present to the Board for consideration.

Finally, staff is continuing discussions with California Community Power (CC Power), a Joint Powers Authority composed of nine CCAs. CC Power allows its member CCAs to combine their buying power to procure new, cost-effective clean energy and reliability resources to continue advancing local and state climate goals. DCE's potential membership in CC Power will be brought to the DCE Board for approval. Any procurement through CC Power would complement DCE's procurement through the RFP and RFI, considering their preference for local projects.

Fiscal Analysis: The costs associated with launching and administering the RFP and RFI are covered under the existing TEA contract and staff time. The procurement activities in the RFP and RFI 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 will work closely with TEA and DCE's legal counsel to determine which contracts from the RFP and future projects from the RFI will best allow DCE to meet the State compliance requirements and Board objectives while balancing fiscal concerns.

Attachments: Renewable and Mid-Term Reliability Resources 2024 Request for Proposals and Addenda



RENEWABLE AND MID-TERM RELIABILITY RESOURCES (2024 EDITION) REQUEST FOR PROPOSALS

RFP 2024-02

Issued: July 15, 2024

**Responses due: August 29, 2024,
11:59 PM Eastern
Prevailing Time (EPT)**

All responses are to be submitted through the [RFP Website](#)

Disclaimer

The information contained in this Request for Proposals (RFP) has been prepared solely to assist prospective respondents in making the decision of whether to submit a proposal. Desert Community Energy (DCE) does not purport this information to be all-inclusive or to contain all the information that a prospective respondent may need to consider in submitting a proposal. Neither DCE nor its employees, officers, nor consultants will make, or will be deemed to have made, any current or future representation, promise or warranty, express or implied, as to the accuracy, reliability, or completeness of the information contained herein, or in any document or information made available to a respondent, whether or not the aforementioned parties know or should have known of any errors or omissions, or were responsible for its inclusion in, or omission from, this document. The Energy Authority (TEA) will be conducting this RFP on behalf of DCE.

Background

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's members are the cities of Palm Desert and Palm Springs. DCE offers customers the choice to buy cleaner electricity at competitive rates, reducing greenhouse gas through the development of robust renewable energy infrastructure. This adds to the local job market while allowing programs like DCE to develop strategies to help customers boost energy efficiency and make clean energy more accessible. DCE works with Southern California Edison to provide transmission and distribution of electricity, maintenance, and customer service.

DCE has been the default electricity provider in the City of Palm Springs since it launched service in April 2020, currently serving approximately 83% of electricity customers in Palm Springs. The City of Palm Desert is considering whether it will begin serving customers, with the earliest possible launch date in 2028. DCE contracts with Coachella Valley Association of Governments (CVAG) for administrative services and staff. DCE is governed by a Board of Directors with equal representation by an elected official from each participating city. All meetings are open to the public. DCE may be required to disclose information received pursuant to this RFP in accordance with requirements of the Ralph M. Brown Act or the California Public Records Act (CPRA), Cal. Gov't Code § 7920 et seq.

DCE has formally applied for a credit rating from S&P Global Ratings (previously Standard & Poor's, S&P). DCE expects to be assigned an investment grade credit rating by S&P prior to the RFP response due date of August 29, 2024. DCE will update this RFP in an Addendum if the investment grade credit rating is obtained prior to such date.

1.0 Purchase Information

1.1 OVERVIEW

DCE is issuing this RFP to meet procurement obligations pursuant to the following:

1. The California Public Utilities Commission’s (CPUC) Decision (D.) 21-06-035¹ requires procurement to address mid-term reliability for 2023-2026. Eligible resources will need to meet, at a minimum, System Resource Adequacy requirements which includes receiving Net-Qualifying Capacity (NQC) and the ability to be listed on a Load Serving Entity’s (LSE) Resource Adequacy (RA) supply plan. DCE’s need at this time for D.21-06-035 resources is for storage and carbon-free energy generation assets that receive NQC and resources that meet the Diablo Canyon Replacement category.
2. CPUC D.23-02-040,² requiring the procurement of additional mid-term reliability (MTR) resources for 2026-2027. This Decision also postpones the required online date of the long lead time resources required in D.21-06-035 until June 1, 2028. This deadline was further extended to June 1, 2031, under certain conditions in D.24-02-047. Items 1 and 2 above may be referred to as the MTR Decisions.
DCE is not considering long lead time resources at this time.
3. Additional utility-scale renewable and storage assets generally desired for DCE’s portfolio (not necessarily overlapping with the MTR Decisions’ need), with a preference for local resources.
4. Community-sourced renewable generation or programs that may be load-modifying or supply-side assets, such as:
 - Aggregated distributed generation programs.
 - Rooftop solar and/or battery energy storage systems and/or microgrids.DCE is not considering demand response programs at this time.
5. MTR eligible bridge resources pursuant to CPUC Decision (D.) 23-02-040 and the Staff Proposal to Allow Temporary Bridge Resources to Meet Diablo Canyon Replacement Obligations.³

Participants may access and download all RFP documents and posted Q&A at <https://rfpmarketplace.teainc.org> (the RFP Website). These materials are also accessible via a link to the RFP website on the Request for Proposals section of DCE’s website at <https://desertcommunityenergy.org/about/rfp/> (DCE’s RFP Website).

Responses are due by August 29, 2024, 11:59 PM Eastern Prevailing Time unless extended by an Addendum. All responses are to be submitted via the RFP Website.

1.2 ELIGIBILITY REQUIREMENTS

DCE is interested in procuring projects or portions of projects that have an NQC as small as 0.5MW and up to a maximum of 100MW. It is DCE’s preference to contract for resources to achieve compliance with the MTR Decisions but is also interested in contracting for local resources and programs, including community resources as noted above. DCE is open to considering project proposals that may not meet the deadlines listed below but meet all other eligibility requirements.

1.2a ELIGIBILITY REQUIREMENTS – MTR RESOURCES

Pursuant to the MTR Decisions, DCE is seeking projects that meet the basic requirements of the MTR Decisions.

¹ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>

² <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF>

³ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M532/K042/532042838.PDF>

For a resource to be eligible for the requirement of procurement of additional MTR resources for 2026-2027 under D.23-02-040, the project must:

- Be online by the compliance tranche deadlines of June 1, 2026, and June 1, 2027, with a preference for projects with an earlier Commercial Operation Date.
 - Online status includes achieving full operation, receiving NQC, and being eligible to be listed both on a California Independent System Operator (CAISO) supply plan and a CPUC RA filing.
- Provide incremental RA and be excluded from the Baseline List of Resources associated with D.21-06-035, and/or any baseline list published for the latest decision.
- Be available to contract with DCE for a term of at least 10 years.

1.2b ELIGIBILITY REQUIREMENTS – TEMPORARY BRIDGE RESOURCES

DCE is also interested in procuring temporary bridge resources to allow DCE to meet its MTR procurement targets while allowing additional development time for its new resources to come online. Eligible bridge resources for generic MTR must meet the following requirements:

- Be online by the compliance tranche deadlines of June 1, 2024, June 1, 2025, or June 1, 2026, with a preference for projects with an earlier Commercial Operation Date.
- Provide incremental RA and be excluded from the Baseline List of Resources associated with D.21-06-035 and/or any baseline list published for the latest decision
- Be available to contract with DCE as early as January 1, 2025
- Be available to contract with DCE for a term of no more than 3 years.

Bridge resources for the Diablo Canyon Replacement-specific category must meet the following requirements:

- Be available to provide zero-emitting capacity every day between 5 PM and 10 PM
- Be able to deliver at least 5MWh of energy for every incremental megawatt of capacity claimed
- Be available to contract with DCE as early as June 1, 2025
- Be available to contract with DCE for a term of no more than 3 years

1.2c ELIGIBILITY REQUIREMENTS – UTILITY SCALE AND COMMUNITY RESOURCES

DCE is also interested in resources that may not provide value pursuant to the MTR Decisions, but that are local to DCE's native load and are either utility scale renewables or community programs. DCE would prefer projects with earlier commercial operation dates and have terms between 10 and 20 years in length. Submitted projects must also be capable of providing the following products at minimum:

- As-available electric energy delivered via CAISO Day-Ahead scheduling procedures.
- Portfolio Content Category 1 (PCC1) Renewable Energy Credits.
- System RA Capacity.

1.2d DETAILED REQUIREMENTS

Detailed Requirements	Long-term Product
MW/MWh	Up to 100 MW NQC; minimum of 0.5 MW
Product	Qualifying MTR eligible , MTR bridge resources, or other RPS and RA eligible resources
Term	For MTR resources: a minimum of 10 years with no escalator preferred under a Power Purchase Agreement (PPA) / Energy Storage Agreement (ESA). For bridge resources: no more than 3 years.
Structure	PPA or ESA
Resource type	<ul style="list-style-type: none"> - Solar - Wind - Solar combined with storage - Wind combined with storage - Standalone storage - Geothermal - Small hydro
Delivery / In-service date	2025 and beyond
Product type (energy, cap, RECs)	Energy, capacity, ancillary services, and bundled RECs
Delivery point preferences	<ul style="list-style-type: none"> - SP-15 hub - Project busbar
Interconnection characterization	<p>Preference for resources to have Full Capacity Deliverability Status to the delivery point.</p> <p>Projects must be deliverable and delivered into the CAISO system.</p>

2.0 RFP Procedure

2.1 SCHEDULE

DCE has established the following schedule for the RFP but reserves the right to amend the proposed schedule at any time. There will be no Pre-Proposal meeting for this RFP.

Issuance of RFP	July 15, 2024
Questions Due	July 30, 2024, 11:59 PM EPT
Q&A Posted	August 2, 2024, by 11:59 PM EPT
RFP Due Date	August 29, 2024, 11:59 PM EPT
RFP Evaluation Period	September 2024
Short List Proposals Identified	Late September 2024
Request Additional Detail on Short-Listed Proposals	Late September 2024
Begin Negotiations with Short-Listed Respondents	October – November 2024
Expected contract award	November 18, 2024

2.2 QUESTIONS AND ANSWERS

All inquiries, or questions pertaining to the requirements set forth in the RFP may be emailed to TEARFP@teainc.org by 11:59 PM EPT on July 30, 2024. Emails should include the phrase “DCE Renewable and Mid-Term Reliability RFP Questions” in the subject line. Questions and responses will be made public for all participants and posted on the RFP Website Q&A and DCE’s RFP Website via addendum. DCE reserves the right to respond to no questions or only a subset of the questions received.

2.3 BINDING PROPOSALS

Respondents must provide the full legal name of the expected counterparty that would be bound by any agreement with DCE resulting from this solicitation. The cover letter provided by the respondent should be on the respondent’s letterhead, signed by an authorized representative of the bidding company.

3.0 Collateral Requirements

3.1 DEVELOPMENT SECURITY AND PERFORMANCE ASSURANCE

DCE will require collateral to be posted on all executed agreements. The Development Security will be held by DCE until the Commercial Operation Date of the project. The Performance Security must be posted on or before the Commercial Operation Date through the end of the Term. DCE will not post Development Security or Performance Security at any time to any respondent.

Credit/Collateral Requirements:

Product Type	Development Security (\$/kw)	Performance Security (\$/kw)
RA-Only	\$60	\$40
Small Hydro	\$60	\$60
Renewable Generation Paired with Energy Storage	\$60/kw renewable generation + \$90/kw energy storage	\$60/kw renewable generation + \$90/kw energy storage
Geothermal	\$75	\$75
Standalone Energy Storage	\$90	\$90
Distributed Generation and Programs	TBD	TBD

4.0 Bid Submission Instructions

4.1 GENERAL INSTRUCTIONS

Responses to this RFP are due by the deadline listed in the schedule in Section 2.1 and must be submitted through the RFP Website. Submission packages will be deemed complete if they include the following materials:

- Cover Letter (PDF)
- Offer Form (Excel)
- Redlined Term Sheet(s) (Word)
- Organizational Chart and Resumes of Proposing Development Team (PDF)
- Financial Statements (PDF)

COVER LETTER

Respondents are to provide a brief narrative of the project, including a technology description, the location, sizing, pricing, and any relevant high-level details. The cover letter must be signed by an authorized representative of the bidding company. Respondents should provide enough detail, especially for unique or innovative projects, to allow for a meaningful qualitative evaluation of the proposed project. Brief cover letters are preferred.

OFFER FORM

The Excel Offer Form is the primary source of data for evaluating submissions. Completing the Form template is mandatory, and all required fields must be completed for each submission to be considered compliant. Provide a separate Offer Form for each unique configuration that is being offered.

REDLINED TERM SHEET

Term sheets for RA with Energy and RA only are posted on the RFP Website. Respondents are to provide comments and proposed edits in Track Changes indicating limited adjustments to commercial terms presented in the applicable Term Sheet that they wish to negotiate should their project get shortlisted. The Term Sheet should include the primary offer details.

ORGANIZATIONAL CHART AND RESUMES OF PROPOSING DEVELOPMENT TEAM

Please provide information of key staff and experience which may include brief resumes of respondent's relevant personnel and management, and an organizational chart of the proposed development team. The organization and key staff information should be no longer than 20 pages.

FINANCIAL STATEMENTS

Please provide at least two recent years of audited financials. If the respondent is being financed by a parent company of the respondent, please submit financial statements for that entity in addition to those of the respondent.

4.2 Public Nature of Responses

TEA will act as the administrative point of contact during the proposal submission phase of this solicitation. TEA and/or DCE may communicate with respondents during the evaluation and selection phase. All responses to this RFP, as well as records of pre-submittal and post-submittal communications with TEA or DCE, will become the exclusive property of DCE. Responses and communications with TEA and DCE are subject to disclosure in accordance with the CPRA. Respondents should not submit any information or documents that they consider proprietary and that they would not want publicly disclosed.

Exceptions to disclosure may be available to those parts or portions of proposals that are justifiably and reasonably defined as business or trade secrets, and plainly marked by respondents as "Trade Secret", "Confidential", or "Proprietary". TEA and DCE will endeavor to protect any such marked information to the extent permitted under the CPRA. However, TEA and DCE shall not, in any way, be liable or responsible for the disclosure of any such record or any parts thereof, if disclosure is required or permitted under the CPRA or otherwise by law.

In the event TEA or DCE receive a CPRA request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "Confidential", "Trade Secrets", or "Proprietary", respondents agree to defend and indemnify TEA and/or DCE from

all costs and expenses, including reasonable attorneys' fees, incurred in connection with any action, proceedings, or liability arising in connection with the CPRA request.

A blanket statement of confidentiality or the marking of each page of the proposal as confidential shall not be deemed sufficient notice of a CPRA exemption, and a respondent who indiscriminately and without justification identifies most or all its proposal as exempt from disclosure or submits a redacted copy may be deemed non-responsive.

5.0 Evaluation and Selection Process

An evaluation committee made up of TEA, DCE staff and Community Advisory Committee members, their technical consultants, and/or their legal counsel, will review responses to this RFP. Each proposal will be screened for completeness and scored on a weighted criteria basis. TEA and DCE and TEA intend to identify a short list of proposed transactions upon which to conduct a more detailed review and may contact respondents with additional questions and clarifications or to offer to conduct one-on-one meetings with some or all the respondents. The opportunity to participate in such meetings, if any, will be communicated separately to individual respondents.

After reviewing the proposals received in this solicitation and any such meetings, DCE may potentially commence negotiation of commercial terms. DCE would then present recommended contract terms to its senior leadership for final approval.

DCE realizes that some offered projects may be larger than DCE can reasonably use for its own procurement purposes. For this reason, DCE reserves the right to engage other partners that it deems fitting in discussions about partnering as additional off-takers for a project of substantial size.

5.1 Completeness

The evaluation committee will screen all RFP responses for completeness and responsiveness to the eligibility requirements stated above. This screening will be on a Pass/Fail basis. Each proposal that is deemed complete and responsive will then be scored using a weighted scoring criteria process.

5.2 Evaluation Criteria

Criteria for selection of proposals will include, but not be limited to, the items listed below. The evaluation committee will evaluate each proposal on a weighted criteria basis to determine the highest scoring proposals. One or more of the highest scoring proposals may be forwarded to DCE's governing board for approval. There is a maximum of 100 points.

Weight/Scoring Criteria

- 1) 40 — Respondent experience, qualifications, creditworthiness
- 2) 30 — Overall price and customer value
- 3) 10 — Environmental impact and environmental benefits of proposed capacity resource
- 4) 10 — Location and economic benefit of proposed capacity products
- 5) 10 — Conformance to DCE's Term Sheets

Total Points Possible: 100

5.3 Respondent Communications

TEA is acting as the DCE Procurement Representative for this RFP. All questions, requests for interpretations or clarifications, either administrative or technical, must be requested in writing and emailed to TEARFP@teainc.org.

All written questions, if answered, will be answered in writing, conveyed to all interested respondents, and posted to the TEA and DCE websites noted in Section 1.1. Oral statements regarding this RFP by any persons should be considered unverified information unless confirmed in writing. To ensure a response, questions must be received in writing via email by July 30, 2024, 11:59 PM EPT.

5.4 Additional Stipulations

DCE reserves the right to accept or reject all or any proposal and to waive any informality, incompleteness, or error in any proposal.

All proposals received become the property of DCE. Once a contract has been awarded, the name(s) of the successful applicant(s) may be made available to the public upon request. All costs incurred by applicants in the preparation and presentation of their proposal will be at their own expense, and applicant materials will not be returned.

DCE reserves the right to amend the RFP or issue to all respondents addenda to answer questions for clarification.

Unless specifically requested by DCE, no amendment, addendum or modification will be accepted after a proposal has been submitted to DCE. If a change to a proposal is desired, the submitted proposal must be withdrawn and the replacement proposal submitted prior to the deadline stated herein for receiving proposals.

A proposal may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the proposal.

DCE will not compensate any respondent for the cost of preparing any proposal, and all materials submitted with a proposal shall become the property of DCE. DCE will retain all proposals submitted and may use any idea in a proposal regardless of whether that proposal is selected. DCE reserves the right to cancel this RFP at any time prior to the contract award without obligation in any manner for proposal preparation, interview, fee negotiation or other marketing costs associated with this RFP.

Prices provided by respondents in response to this RFP are valid for 180 calendar days from the proposal due date. DCE intends to award the contract within this time but may request an extension from the respondents to hold pricing, until negotiations are complete, and the contract is awarded.

Issuance of this RFP and receipt of proposals does not commit DCE to award a contract. DCE expressly reserves the right to postpone the proposal for its own convenience, to accept or reject any or all proposals received in response to this RFP, to negotiate with more than one respondent concurrently, or to cancel all or part of this RFP.

DCE reserves the right to negotiate any price or provision, task order or service; accept any part or all of any proposals; waive any irregularities; and to reject any and all, or parts of any and all proposals; whenever, in the sole opinion of DCE, such action shall serve its best interests and those of the tax-paying public. The Agreement, if any is awarded, will go to the respondents whose proposal best meets DCE's requirements.

5.5 Supplier Diversity

Consistent with the California Public Utilities Code and CPUC policy objectives as set out in CPUC General Order 156, DCE encourages all eligible respondents to get certified with the CPUC as a diverse business enterprise. For overview information on the CPUC Supplier Diversity Program, please visit the program homepage (<https://www.cpuc.ca.gov/supplierdiversity/>). For information on the certification process and requirements, please visit the Certifications page (<https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program/certification>).

5.6 Local Preference

DCE's preference for projects in decreasing order of interest is as follows:

- Palm Springs area, Coachella Valley or Palo Verde Valley
- Imperial Valley
- Elsewhere in Southern California
- Elsewhere in California or outside of California but with direct interconnection into the CAISO to provide RA and PCC1 REC benefits.

DCE strongly encourages proposals from qualified Local Businesses, as defined in DCE Policy No. 22-01 Procurement Policy & Procedures (Procurement Policy).⁴ It is the policy of DCE to promote employment and business opportunities for local residents and Local Businesses on all contracts and give preference to local residents, workers, businesses, contractors, and consultants to the extent consistent with the law and the interests of DCE and its customers. Successful applicants will demonstrate experience and success in comparable projects. References will support examples of success in comparable projects.

5.7 Protest of Award

Protest procedures and dispute resolution process will be in accordance with the DCE Procurement Policy. The protest must be submitted in writing to DCE's Executive Director via certified mail using the following address:

Executive Director
Desert Community Energy
74-199 El Paseo, Suite 100
Palm Desert, CA 92260

⁴ Available on DCE's website at <https://desertcommunityenergy.org/about/key-documents/>.



Cleaner electricity • Local control • Competitive rates

**REQUEST FOR PROPOSALS
FOR
RENEWABLE AND MID-TERM RELIABILITY RESOURCES**

ADDENDUM

Addendum Date: August 28, 2024

Purpose: This addendum supplements, amends, and takes precedence over the original Request for Proposals (RFP) and shall be considered when preparing proposals and shall become part of the contract documents.

Note: All requirements of the RFP documents remain unchanged except as cited herein.

Investment Grade Credit Rating and Extension of the Deadline for Receiving Proposals:

S&P Global Ratings has assigned its 'BBB' issuer credit rating to Desert Community Energy (DCE) with a stable outlook. To allow bidders additional time to account for this investment grade credit rating, DCE is extending by approximately one week the deadline for receiving proposals in response to the RFP.

Proposals shall be received no later than **September 6, 2024, by 11:59 P.M. EPT (Eastern Prevailing Time)**.

Please refer to the updated schedule of RFP events below.

Issuance of RFP	July 15, 2024
Questions Due	July 30, 2024, 11:59 PM EPT
Q&A Posted	August 2, 2024, by 11:59 PM EPT
RFP Due Date	September 6, 2024, 11:59 PM EPT
RFP Evaluation Period	September 2024
Short List Proposals Identified	Late September 2024
Request Additional Detail on Short- Listed Proposals	Late September 2024
Negotiations with Short-Listed Respondents	October – November 2024
Expected contract award	November 18, 2024

Acknowledgement: Proposers must acknowledge receipt of this Addendum in their submitted proposals.



Cleaner electricity • Local control • Competitive rates

**REQUEST FOR PROPOSALS 2024-02
FOR
RENEWABLE AND MID-TERM RELIABILITY RESOURCES**

ADDENDUM NO. 2

Addendum Date: August 30, 2024

Purpose: This addendum supplements, amends, and takes precedence over the original Request for Proposals (RFP) and shall be considered when preparing proposals and shall become part of the contract documents.

Note: All requirements of the RFP documents remain unchanged except as cited herein.

Questions and Responses:

The following are responses to the questions received by Desert Community Energy (DCE) as of August 29, 2024.

1. **Question:** Is DCE willing to do 20-25 years PV with storage?

Response: Yes, DCE will consider a long-term PV with storage project.

2. **Question:** Is a June 1, 2027, COD a firm cutoff?

Response: DCE prefers CODs by June 2027, but it is not a firm requirement.

3. **Question:** Will DCE accept a surety bond from an A+ rated surety company as security for development and performance security requirement?

Response: DCE will evaluate on a case-by-case basis.

4. **Question:** Do submitting developers need to be previously approved via an RFQ or pre-selection process?

Response: Developers do not need to be pre-qualified to participate in this RFP.

5. **Question:** How does DCE determine collateral requirements?

Response: Collateral requirements are detailed in posted term sheets.

6. **Question:** How does DCE determine credit requirements?

Response: DCE will internally evaluate the credit of each participant based on the publicly available and provided financial statements.

7. **Question:** The DCE Offer Form in Cell E22 requires us to select either Fixed or Tolling for the Pricing Structure. Is DCE able to accommodate a Fixed Price for the Solar PPA Contract Price in \$/MWh plus a Tolling Price for the BESS Capacity Price in \$/kW-mo?

Response: Yes, this is DCE’s preferred pricing structure. Please select the “Tolling” pricing structure and be sure to include both the volumetric and capacity pricing components in row 25.

8. **Question:** Is DCE accepting proposals for QC 15 projects?

Response: Yes.

9. **Question:** Is planning on participating in the CAISO’s IPE process and allocating LSE interest points?

Response: Yes.

Bridge Resources:

On August 9, 2024, the California Public Utilities Commission issue a proposed *Decision Allowing Bridge Resources for Alternative Compliance with Diablo Canyon Replacement Resource Category in Decision 21-06-0353*¹ (Proposed Decision), in response to party comments on the Staff Proposal referred to in the RFP. Proposers who wish to submit proposals for bridge resources for the Diablo Canyon Replacement-specific category should consider the Proposed Decision in their proposals.

Schedule:

Please refer to the updated schedule of RFP events below.

Issuance of RFP	July 15, 2024
Questions Due	August 29, 2024, 11:59 PM EPT
Q&A Posted	August 30, 2024, by 11:59 PM EPT
RFP Due Date	September 6, 2024, 11:59 PM EPT
RFP Evaluation Period	September 2024
Short List Proposals Identified	Late September 2024
Request Additional Detail on Short-Listed Proposals	Late September 2024
Negotiations with Short-Listed Respondents	October – November 2024
Expected contract award	November 18, 2024

Acknowledgement: Proposers must acknowledge receipt of the August 28 Addendum as well as this Addendum No. 2 in their submitted proposals.

¹ <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=537639351>.

ITEM 8F

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Summary of October 2024 Rate Adjustment

Contact: Don Dame, DCE Energy Consultant

Recommendation: Information

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

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.

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 summaries for DCE's October 2024 rate adjustment.

October 2024 Rate Adjustment Summary:

Effective October 1, 2024, SCE implemented a total system average rate decrease of approximately 2.7% that included an average residential customer rate decrease of approximately 2.2%. SCE's average bundled residential customer bill decreased approximately \$4.08 monthly, based on average monthly consumption of 520 kWh.¹ For customers enrolled in California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) plans, SCE's average bundled residential customer bill decreased about \$2.77 monthly inclusive of ongoing CARE/FERA average billing discounts of approximately 30% and 18%, respectively. As approved by the California Public Utilities Commission (CPUC), SCE's revised rates reflect changes to multiple components of its consolidated revenue requirement.

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), DCE is implemented a corresponding DCE rate adjustment commencing on October 1, 2024, or as soon thereafter as practicable, upon application of DCE's revised rate factors.

¹ October 2024 average monthly bill decreases were derived from SCE's/DCE's Joint Rate Comparison tables for DCE's service area effective June 4, 2024, and Table 4 of Southern California Edison Advice Letter 5379-E dated September 27, 2024.

October 2024 DCE Rate Adjustment Details:

- Effective Date: October 1, 2024 (or as soon thereafter as practicable, upon implementation of DCE's revised rate factors).
- RMT review and agreement: September 26, 2024.
- 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 October 1, 2024 – September 30, 2025.
- Calculations and estimates are based on known and forecast costs and revenues throughout the rate forecast period.
- Any individual customer's average bill impact may vary depending on enrolled rate schedule and monthly electricity usage.

Fiscal Analysis: DCE's rate adjustments are 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 decreased on October 1, 2024, and DCE customer retail rates were commensurately adjusted. The average monthly bill of SCE bundled residential customers decreased about \$4.08; DCE Desert Saver residential customer average monthly bill decreased about \$4.07 and DCE Carbon Free residential customer average monthly bill decreased about \$4.62.

Staff continues to work with the California Community Choice Association (CalCCA) and other Community Choice Aggregators (CCAs) to collectively address cost effectiveness, legislative matters and CPUC actions impacting CCAs. In addition, DCE will continue to highlight DCE's retail product choices as part of its community engagement efforts. DCE's Desert Saver product continues to be the least cost retail electric service in Palm Springs, and DCE's Carbon Free product results in zero carbon emissions, augmenting electricity-related climate mitigation and helping the City of Palm Springs achieve its greenhouse gas reduction goals.

ITEM 8G

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Continued advocacy to address SCE's delayed billing issues

Contact: Emily Langenbahn, Management Analyst (elangenbahn@cvag.org)

Recommendation: Information

Background: DCE staff, based on direction from the Board, has been addressing a number of issues related to Southern California Edison (SCE)'s metering usage, billing practices, and customer service.

In December 2022, DCE was made aware of several billing errors from SCE affecting its customers. As a result of delayed meter reading, customers are often "back-billed," or retroactively billed based on an error in SCE's metering or miscalculated usage. SCE's back-billing caused by missing usage occurs when SCE fails to provide a customer's consumption data to CCAs within five business days of a customer's meter read date. These back-bills are not only confusing for customers, but also often arrive with no warning to either DCE or the customer and have significant financial implications, as demonstrated by the attached excerpt from a December 2022 electricity bill for the City of Palm Springs, which is DCE's largest customer. On December 15, 16, and 19, 2022, the daily deposits from SCE to DCE were used to remove approximately \$250,000 of previously deposited DCE funds for an account for the City of Palm Springs. The same DCE funds designated to the same account were then returned to DCE on December 29, 2022, for \$255,000, which is a \$5,000 increase. The City of Palm Springs then received a 1,490-page electricity bill prepared on December 27, 2022, with adjustments dated back to when SCE implemented its new billing system.

At the same time, DCE was also made aware of the delayed Net Energy Metering (NEM) true-up data for the low-income community of Rosa Gardens. In DCE's testimony to the CPUC, a September 2023 staff report to the DCE Board was included, detailing the resolution of a massive billing error that was going to impact Rosa Gardens. As previously reported to the Board, the complex was connected to a solar PV system under the California Multifamily Solar Housing Program; however, SCE's billing error resulted in two years of delayed annual true-ups for the residents. This one example of delayed true-ups at the Rosa Gardens complex resulted in over \$36,000 of written-off charges for DCE, which SCE only partially reimbursed.

DCE shares concerns over usage and billing issues with SCE often. Additionally, customer complaints of DCE to the CPUC have been worsened by SCE call center messaging as well as the general lack of urgency in SCE's approach to resolving these errors. In fact, SCE call center messaging scripts provided by SCE to DCE encourage customers to wait until receiving a bill before contacting SCE, as SCE's Energy Advisors will not be able to provide an estimated date for the customer's bill.

Despite DCE's repeated efforts to make SCE aware of its systemic missing usage, delayed billing, and back-billing issues that are impacting large volumes of its customer accounts, DCE customers continue to be affected. At its June 2024 meeting, DCE relayed several customer-specific issues to

the Board, prompting DCE Board Chair Lisa Middleton to request a formal letter sent to SCE's Vice President of Customer Engagement, Larry Chung, as well as SCE's Vice President of Customer Service Operations, Lorene Miller. The letter, sent in July 2024, further detailed customer experience issues DCE continually experiences with SCE and concerns over SCE's lack of urgency to resolve them.

SCE replied to the correspondence in August 2024, stating their team is actively addressing concerns regarding billing and metering errors that impact shared customers. While SCE disagreed with some of DCE's characterizations of the issues, SCE emphasized ongoing improvements, including a reduction in accounts with delayed usage reporting.

DCE staff will continue to monitor the issue and provide regular updates to the Board.

Fiscal Analysis: The financial impacts of these billing issues are being continually monitored by DCE staff.

Attachments: DCE letter sent to SCE, dated July 16, 2024
SCE response letter to DCE, dated August 30, 2024



Doing Our Part to Save the Planet

July 16, 2024

Larry Chung
VP, Customer Engagement Division
Southern California Edison
2244 Walnut Grove Avenue
Rosemead, CA 91770

Lorene Miller
VP, Customer Service Operations
Southern California Edison
2244 Walnut Grove Avenue
Rosemead, CA 91770

RE: SCE Delayed Billing Issues

Dear Mr. Chung and Ms. Miller:

Desert Community Energy (DCE) is a Community Choice Aggregator (CCA) currently serving the City of Palm Springs in Southern California Edison's (SCE) service territory. Since December 2022, DCE has been actively addressing issues related to SCE's metering usage, billing practices, and customer service. It has been brought to my attention that many of these issues remain unresolved.

In December 2022, DCE was made aware of several billing errors from SCE affecting its customers. As a result of delayed meter reading, customers are often "back-billed," or retroactively billed based on an error in SCE's metering or miscalculated usage. SCE's back-billing caused by missing usage occurs when SCE fails to provide a customer's consumption data to CCAs within five business days of a customer's meter read date. These back-bills are not only confusing for customers, but also often arrive with no warning to either DCE or the customer and have significant financial implications, as demonstrated from a December 2022 electricity bill for the City of Palm Springs, DCE's largest customer, and on behalf of whom I write. On December 15, 16, and 19, 2022, the daily deposits from SCE to DCE were used to remove approximately \$250,000 of previously deposited DCE funds for an account for the City of Palm Springs. The same DCE funds designated to the same account were then returned to DCE on December 29, 2022, for \$255,000, which is a \$5,000 increase. The City of Palm Springs then received a 1,490-page electricity bill prepared on December 27, 2022, with adjustments dated back to when SCE implemented its new billing system.

At the same time, DCE was also made aware of the delayed Net Energy Metering (NEM) true-up data for the low-income community of Rosa Gardens. The complex was connected to a solar PV system under the California Multifamily Solar Housing Program; however, SCE's billing error resulted in two years of delayed annual true-ups for the residents. DCE worked quickly and applied significant pressure to SCE's team to resolve this issue before three years of true-up dues were issued to this low-income community. Despite the urgency DCE gave to this issue, SCE did not resolve it for eight months, leading to a temporary financial hit to DCE. This one

example of delayed true-ups at the Rosa Gardens complex resulted in over \$36,000 of written-off charges for DCE, which SCE only partially reimbursed.

Despite DCE's repeated efforts to make SCE aware of its systemic missing usage, delayed billing, and back-billing issues that are impacting large volumes of its customer accounts, DCE customers continue to be affected. As an example, in March 2024, a customer of DCE received a bill for \$901.99, an increase of approximately \$750 from the customer's previous bills. The customer immediately reached out to DCE, and upon further investigation as well as evidence supplied by SCE, SCE determined that the customer's meter was nonfunctional for six months, allowing them to "back-bill" for the meter adjustment. Though SCE is only permitted by CPUC Rule 17 to charge customers for up to three months of delayed billing, this customer was subject to a "rebill" relating specifically to SCE's meter read issues. As explained on a call with SCE to DCE staff, a rebill is essentially the adjusted "would-be" rates had the customer's meter been properly functioning. When the customer initially inquired with SCE about her bill, she was told her account actually had a credit of -\$1, then later, a recorded line on the SCE customer service call center relayed that her account was actually credited -\$1,131.24, though her online customer account still reflected a credit of -\$1. After working with SCE staff over several days, DCE determined that the customer was indeed required to pay the \$901.99 reflected on the original bill. DCE intends to write off the previous three months of this customer's generation charges, which total \$86.06; however, SCE has stated it will still be enforcing the "rebill" amount. DCE's concern is not only with the frequent incorrect billing resulting in disproportionately high customer bills, but also an increasingly complex customer service practice.

Additionally, DCE raised its concern over SCE's practice of clawing back funds already sent to DCE when it is processing an account correction. Specifically, when correcting an account on which DCE has previously received payment, SCE's new billing system retrieves all funds previously sent to DCE for that transaction and will withhold the DCE customer funds until the reconciliation is finalized by SCE. DCE is not notified of the pending cash flow impact and customers are left confused by the reversal and replacement of the funds to their account. This is considered common practice for SCE across other CCAs in its service territory as well.

Lastly, DCE remains concerned that SCE's account correction practices delay the return of funds back to customers. This occurs because, in many cases, SCE does not provide sufficient information when remitting customer funds to DCE to be returned to DCE's customers. Because SCE does not clearly indicate the customer accounts to which the funds should be applied, DCE is not able to efficiently apply customer account credits in a timely manner, placing customers at risk for collection errors and increasing overall customer dissatisfaction.

DCE shares these concerns over usage and billing issues with SCE often, including making an audit request under DCE's Service Agreement with SCE, which has yet to be resolved. Additionally, customer complaints of DCE to the CPUC have been worsened by SCE's call center messaging as well as the general lack of urgency in SCE's approach to resolving these errors. In fact, SCE call center messaging scripts provided by SCE to DCE encourage customers to wait until receiving a bill before contacting SCE, as SCE's Energy Advisors will not be able to provide an estimated date for the customer's bill.

As DCE Chair and a Palm Springs City Councilmember, I am growing increasingly concerned with SCE's lack of urgency on this matter. Our customers are being negatively affected by SCE's errors, and there seems to be little concern over resolving these issues in a timely

manner. On behalf of DCE and the City of Palm Springs, I implore you to elevate these issues to a higher priority.

If you have any questions about these issues, please contact DCE Program Manager David Freedman directly at dfreedman@cvag.org, or our Director of Finance Claude Kilgore at ckilgore@cvag.org.

Sincerely,

A handwritten signature in blue ink, reading "Lisa Middleton", enclosed in a thin blue rectangular border.

Lisa Middleton, Chair



August 30, 2024

Lisa Middleton, Chair
Desert Community Energy
74-199 El Paso, Suite 100
Palm Desert, CA 92260

Via Email: lisa.middleton@palmsspringsca.gov

RE: SCE Delayed Billing Issues

Dear Ms. Middleton,

We have carefully reviewed your letter dated July 16, 2024, and we appreciate you bringing your concerns to our attention. SCE values its business relationship with DCE and the City of Palm Springs and takes these concerns very seriously. We are aware that DCE and SCE have been in regular communication about these and other issues, some of which have been resolved, and others that are still being worked out. While SCE does not agree with DCE's characterization of some of these issues, SCE has made, and continues to make, significant efforts to respond to DCE's concerns.

In your letter, you describe several instances of SCE billing or metering errors that affected DCE and our shared DCE/SCE customers. It is important to note at the outset that while SCE strives to be error-free in its operations, it is not realistic that SCE—the electricity provider for millions of customers—could eliminate all instances of billing and metering error. Such errors can arise due to numerous different reasons, including technical, automation, equipment, and manual issues. SCE adheres to its tariffs governing billing and metering errors to address such errors. Nonetheless, SCE has made a concerted effort to respond to concerns raised by DCE, and, over the past year, the number of DCE accounts with missing usage has gone down considerably; as of July 28, 2024, we currently only have 102 DCE accounts that have been delayed for over 40 days, a number well below historical norms. Accordingly, SCE must disagree with DCE's assertion that these issues are impacting large volumes of its customer accounts.

SCE has also been working to address other issues raised in your letter:

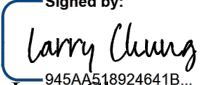
- 1. Length of Billing Statements.** SCE understands that back billing can result in complex and lengthy billing statements such as those described in your letter. This issue affects all SCE customers, not only unbundled service customers. SCE continues to look for ways to improve its billing and reduce lengthy billing statements following billing corrections.
- 2. Process for Correcting Fund Transfers to DCE.** As stated in your letter, SCE's automated process for rebilling results in debiting amounts to DCE's supplier account within SCE's system for the customer-paid charges on the superseded bill(s) and crediting the account after finalization of the corrected bill(s). SCE understands DCE's concerns about this process and continues to look for ways to improve its billing.



Finally, SCE has been in frequent communication with DCE about other matters you raise, including DCE's request for more granular information about account data for remitted funds and DCE's letters purporting to demand an audit under the DCE-SCE Service Agreement. While SCE and DCE have not agreed on these issues, SCE has consistently been responsive in providing explanations of its positions to DCE.

In sum, SCE has made significant efforts on several fronts to address concerns raised by DCE and to maintain open channels of communication even where SCE has not necessarily agreed that DCE's demands were reasonable or feasible. We look forward to continuing our productive business relationship.

Sincerely,

Signed by:

945AA518924641B...
Larry Chung
Vice President, Customer Engagement Division
Southern California Edison Company

9/9/2024

Signed by:

EE0AA48BDB3F4F...
Lorene Miller
Vice President, Customer Service Operations
Southern California Edison Company

9/3/2024

Cc: David Freedman (via email dfreedman@cvag.org)
Claude Kilgore (via email ckilgore@cvag.org)
Erica Felci (via email efelci@cvag.org)

ITEM 8H

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: Delay of Power Source Disclosure and Power Content Label

Contact: Savannah Gil, Program Specialist (sgil@cvaq.org)

Recommendation: Information

Background: All retail sellers of electricity, including Community Choice Energy providers such as DCE, are required by Senate Bill 1305, codified in Section 398.1 of the California Public Utilities Code (CPUC), to disclose “accurate, reliable, and simple-to-understand information on the sources of energy” that are delivered to their customers each year. As part of that process, the DCE Board annually adopts a resolution to approve the Power Source Disclosure (PSD) Annual Reports and associated Power Content Label (PCL), which are usually submitted to the California Energy Commission (CEC) by September 30 of each year.

Due to no fault of DCE, this year is different. Throughout California, load-serving entities have been experiencing delays in receiving their 2023 Renewable Energy Certificates (RECs), which has led the CPUC and CEC to postpone various filings and reports.

The Western Renewable Energy Generation Information System (WREGIS) tracks and issues RECs used to verify compliance with regulatory and voluntary market programs. In 2022, WREGIS changed software vendors, which led to functionality issues impacting many load-serving entities, including DCE and Southern California Edison (SCE).

These WREGIS software issues have caused RECs to contain errors, rendering them unable to be transferred correctly. Because of this, SCE has been unable to transfer all 2023 RECs owed to DCE successfully. WREGIS is currently working on updating its software and has corrected some of the RECs impacted. To date, SCE has submitted RECs to DCE up until September 2023. RECs from October through December 2023 are still outstanding.

The Power Source Disclosure reports and Power Content Label are among these delayed compliance filings, which require 2023 REC data to complete. CEC staff have granted all CCAs an extended deadline and will consider 2023 PCLs posted on websites, provided to the CEC, and provided to customers in written promotional materials by January 31, 2025, as timely. However, retail suppliers are encouraged to complete the PCL requirements in 2024 if possible. Once DCE receives all remaining RECs from SCE for 2023, staff will prepare and submit the Power Source Disclosure reports and Power Content Label and bring the required resolution to the Board.

Fiscal Analysis: Costs associated with preparing these filings are covered under existing contracts and staff time.

ITEM 8

Desert Community Energy Board
October 21, 2024



STAFF REPORT

Subject: ACCESS Indian Canyon Renewable Energy Request For Proposals

Contact: Emily Langenbahn, Management Analyst (elangenbahn@cvag.org)

Recommendation: Information

Background: The DCE Board has been provided with updates on the Coachella Valley Association of Governments' (CVAG) efforts to address the frequent and prolonged closures of Indian Canyon Drive in north Palm Springs. DCE is among the supporters of the Addressing Climate Change, Emergencies and Sand Storms (ACCESS) project. The ACCESS Indian Canyon project includes improvements that protect at-risk transportation infrastructure, increase the community's climate resiliency, enhance mobility, preserve the environment, and improve public health and safety for residents and visitors.

On December 7, 2023, the California Transportation Commission (CTC) awarded CVAG \$50 million for the project. This program focuses on increasing the climate resiliency and protection of at-threat transportation infrastructure by funding resilience improvements that "withstand one or more elements of a weather event or natural disaster, or to increase the resilience of transportation infrastructure from the impacts of changing conditions, such as flooding and extreme weather events." On June 6, 2024, CVAG was additionally awarded \$7.5 million from the Southern California Association of Governments (SCAG) Congestion Mitigation Air Quality (CMAQ) Improvement Program, Surface Transportation Block Grant (STBG) and Carbon Reduction Program (CRP) for the project.

Included in both grant applications for the ACCESS Indian Canyon project was a proposal to incorporate a renewable energy component into the project design. Initial renderings included the possibility of a solar shade structure along Indian Canyon Drive or a solar-shaded carport structure at the neighboring Amtrak station.

Staff at CVAG and DCE are now taking steps to move forward the renewable energy components to the project. DCE is leading the effort to retain a qualified professional consultant to provide services for the development of a Renewable Energy Assessment through a Request for Proposals (RFP) released on August 12, 2024. The primary objectives of this engagement include assessing the renewable energy project potential along the site, including exploring solar, wind and battery storage; as well as determining the most suitable location for the project site.

Battery storage was not an initial component of either grant application, however, it is still being considered as a possible addition to the project or even a standalone option, depending on feasibility, environmental factors due to the project location, and cost effectiveness. DCE and CVAG are also exploring the possibility of including wind energy facilities, depending on site and size feasibility at the ACCESS sites.

The key tasks that were identified in the RFP are determining transmission availability; analyzing the potential for solar, wind, and storage capabilities; conducting an electrical and structural analysis, as well as an economic feasibility and financial analysis; and providing support and coordination with Southern California Edison for the duration of scoping this project.

Proposals for the Renewable Energy Assessment were due by 2 p.m. on Friday, September 20, 2024. Three proposals were received: a joint proposal from Cierco and Palm Springs-based Hot Purple Energy; a proposal from MuGrid Analytics using X Utility as a subcontractor; and a proposal from OurEnergy. Staff from both DCE and the City of Palm Springs are participating on the evaluation committee and are continuing to analyze the highly technical proposals and interview the firms. Staff anticipates recommending an approach to the Board, and bringing an agreement forward, as soon as the December 2024 DCE Board meeting.

Fiscal Analysis: As noted above, CVAG has received \$57.5 million for its ACCESS Indian Canyon project. The total estimated cost of the project is \$108 million. CVAG's application calls for the renewable energy component to be funded with local funding, not the grant funding.

Attachment: DCE Request for Proposals for Renewable Energy Assessment Services



DESERT COMMUNITY ENERGY

REQUEST FOR PROPOSALS

FOR

RENEWABLE ENERGY ASSESSMENT SERVICES

RFP 2024-03

Interested firms should submit proposals via email to:

DESERT COMMUNITY ENERGY
C/O COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Attn: Allen McMillen
procurement@cvag.org

**Proposals must be received by DCE to the email address above by
2:00 p.m. PDT on Friday, September 20, 2024
Late proposals will not be accepted**

Questions regarding this Request for Proposals should be directed by email to
Allen McMillen at procurement@cvag.org

Issue Date: August 12, 2024

DESERT COMMUNITY ENERGY
NOTICE INVITING PROPOSALS
For
RENEWABLE ENERGY ASSESSMENT SERVICES

NOTICE IS HEREBY GIVEN that proposals will be received by Desert Community Energy (DCE). DCE invites proposals for the above stated services and will receive such proposals *only by email* no later than **2:00 p.m. PDT on Friday, September 20, 2024**. Proposals received after this date will be rejected. Proposals should be submitted to the attention of Allen McMillen at procurement@cvag.org.

DCE and CVAG are seeking a qualified professional consultant (Consultant) to provide services for the Development of a Renewable Energy Assessment for the Indian Canyon ACCESS Project.

The primary objectives of this engagement are as follow:

1. Within the limits of the Indian Canyon ACCESS project, provide a renewable energy assessment which include, but are not limited to the following: Solar + paired battery storage of at least 4 hours
 - Wind
 - Stand-alone solar
 - Stand-alone battery storage of at least 4 hours
2. Determine the most suitable location for the project site either:
 - Along Indian Canyon Drive
 - At the neighboring Amtrak station

Consistent with the California Public Utilities Code and CPUC policy objectives as set out in CPUC General Order 156, DCE encourages all eligible Proposers to get certified with the CPUC as a diverse business enterprise. For overview information on the CPUC Supplier Diversity Program, please visit the program homepage (<https://www.cpuc.ca.gov/supplierdiversity/>). For information on the certification process and requirements, please visit the Certifications page (<https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program/certification>).

DCE requires that all firms obtain the full content of this Request for Proposals (RFP) and any addenda via CVAG's website located at cvag.org/proposals.

Proposals will be evaluated and ranked in accordance with the RFP. The final ranked firms must be willing to sign an agreement with the terms and conditions required by DCE in the Request for Proposals and attachments.

All questions must be put in writing and must be emailed to the attention of Allen McMillen at procurement@cvag.org and received by **August 30, 2024, up to the hour of 2:00 p.m. PDT**. Please note that all addenda will be published on the DCE website. Proposers are encouraged to check the DCE website regularly since each Consultant will be responsible for downloading the RFP and any addenda. Consultants that have provided contact information will receive notification of any addenda.

DCE reserves the right to conduct interviews to better evaluate the proposers. If interviews are conducted, DCE will notify the short-listed proposers of the date, time and location.

This contract's award is subject to the available budget adequate to carry out the provisions of the proposed agreement including the identified scope of work. DCE reserves the right to reject any or all proposals determined not to be in the best interest of DCE.

**Request for Proposals
Renewable Energy Assessment Services**

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I. Introduction and Background

Overview of DCE and CVAG

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's members are the cities of Palm Desert and Palm Springs. DCE offers customers the choice to buy cleaner electricity at competitive rates, reducing greenhouse gas (GHG) through the development of robust renewable energy infrastructure. This adds to the local job market while allowing programs like DCE to develop strategies to help customers boost energy efficiency and make clean energy more accessible. DCE works with Southern California Edison (SCE) to provide transmission and distribution of electricity, maintenance, and customer service.

DCE has been the default electricity provider in the City of Palm Springs since it launched service in April 2020, currently serving approximately 83% of electricity customers in Palm Springs. The City of Palm Desert is considering whether it will begin serving customers, with the earliest possible launch date in 2028. DCE contracts with Coachella Valley Association of Governments (CVAG) for administrative services and staff. DCE is governed by a Board of Directors (Board) with equal representation by an elected official from each participating city. All meetings are open to the public. DCE may be required to disclose information received pursuant to this RFP in accordance with requirements of the Ralph M. Brown Act or the California Public Records Act (CPRA), Cal. Gov't Code § 7920 et seq.

CVAG is a joint powers authority (JPA) formed in 1973 with the purpose of coordinating and improving the planning and delivery of governmental responsibilities common to all member entities within the local region. CVAG consists of representatives of 10 cities, one county, and four Native American tribes.

Services to be Provided:

CVAG and DCE are seeking a preliminary benefits assessment of adding renewable energy components to the ACCESS Indian Canyon project. As such, DCE will lead the effort to retain a qualified professional consultant (Consultant) to provide services for the development of a Renewable Energy Assessment.

The primary objectives of this engagement are as follow:

1. Within the limits of the Indian Canyon ACCESS project, provide a renewable energy assessment which include, but are not limited to the following:
 - Solar + paired battery storage of at least 4 hours
 - Wind
 - Stand-alone solar
 - Stand-alone battery storage of at least 4 hours
2. Determine the most suitable location for the project site either:
 - Along Indian Canyon Drive
 - At the neighboring Amtrak station

A. Background

On December 7, 2023, the California Transportation Commission (CTC) awarded a \$50 million grant for Addressing Climate Change, Emergencies, and Sandstorms (ACCESS) Project on Indian Canyon. The ACCESS project, spearheaded by CVAG, aims to solve the frequent road closures that have plagued the Cities of Palm Springs, Desert Hot Springs, and Cathedral City for decades.

CVAG is constructing active transportation improvements that connect to CV Link, a 40-mile active transportation pathway currently under construction through the Coachella Valley, and to Amtrak's Palm Springs Station. CVAG and DCE are also proposing a solar shade structure to generate clean, renewable energy that will help the region meet the state's climate goals. CVAG will participate with DCE to ensure energy generated from the solar panels goes back into the community. Sand mitigation fencing will also be installed in strategic locations along the project route, further minimizing road closures and increasing access to rail service.



Figure 1

In March 2024, CVAG submitted another grant application with the Southern California Association of Governments (SCAG) seeking additional funding to supplement the project. In June 2024, SCAG awarded the project an additional \$7.5 million.

DCE and CVAG are now seeking a preliminary benefits assessment of adding renewable energy components to the ACCESS project.

Currently, renewable energy at the ACCESS site (ACCESS Renewable Project, ARP) has two potential site locations: 1) a solar shade structure along the elevated pathway on Indian Canyon Drive (see Figure 1), and/or 2) a solar carport structure located in the parking lot of the nearby Amtrak train station (see Figure 2). Battery storage was not an initial component of either grant



Figure 2

application, however, it is still being considered as a possible addition to the project, depending on feasibility, environmental factors due to the project location, and cost effectiveness. See Attachment B for the train station dimensions and Attachment C for the location map exhibit.

DCE and CVAG are also exploring the possibility of including wind energy facilities, depending on site and size feasibility at the ACCESS sites. SCE has indicated that 3 megawatts (MW) of

available capacity is currently available at the nearest interconnection point, but this needs to be verified. After completion of design, engineering, and environmental documents, CVAG's proposed ACCESS Project is anticipated to be construction-ready by August 2025.

DCE's future needs for renewable energy are in the 50 MW range (nameplate capacity). DCE is seeking a scoping level assessment of the below renewable energy options:

- Solar + paired battery storage of at least 4 hours
- Wind
- Stand-alone solar
- Stand-alone battery storage of at least 4 hours

1. Request For Proposals

A. Scope of Services

The Services sought under this RFP are set forth in more detail in [Section V: Scope of Work \(Scope\)](#) herein. The tasks set out in the Scope are collectively referred to as the Project. Notwithstanding the inclusion of such Services in [Section V: Scope of Work](#) herein, the final scope of Services (Services) negotiated between DCE, and the successful Proposer shall be set forth in the Agreement. A copy of the Agreement is attached hereto as Attachment A and incorporated herein by this reference.

B. Procurement Representative

The Procurement Representative for DCE regarding this RFP will be Allen McMillen, Management Analyst II, (760) 346-1127, procurement@cvag.org, or a designated representative, who will coordinate the assistance to be provided by DCE to the Proposer.

C. Requests for Clarification

All questions, requests for interpretations or clarifications, either administrative or technical, must be requested in writing and emailed to the DCE Procurement Representative for this RFP.

All written questions, if answered, will be answered in writing, conveyed to all interested Proposers, and posted to the DCE website. Oral statements regarding this RFP by any persons should be considered unverified information unless confirmed in writing. To ensure a response, questions must be received in writing via email by 2:00 PM local time on the date identified in [Section IV.A. Selection Schedule](#) herein.

D. Pre-Proposal Meeting

There will be a Pre-Proposal meeting for this procurement on August 23, 2024.

E. Term of Contract

It is DCE's intent to award a contract that would commence no later than November 1, 2024, with an anticipated completion of the Renewable Energy Assessment no later than April 30, 2025. Extensions of the contract term shall be subject to the availability and appropriation of funds and under the same terms and conditions as specified herein.

2. Submission Requirements

A. General

DCE requires that all firms obtain the full content of this Request for Proposals (RFP) and any addenda via DCE's website located at <https://desertcommunityenergy.org/about/rfp/>.

Proposals will be evaluated and ranked in accordance with the RFP. The final ranked firms must be willing to sign an agreement with the terms and conditions required by DCE in the Request for Proposals and attachments. Proposers should reference Attachment A, DCE Professional Services Agreement.

Consistent with the California Public Utilities Code and CPUC policy objectives as set out in CPUC General Order 156, DCE encourages all eligible Proposers to get certified with the CPUC as a diverse business enterprise. For overview information on the CPUC Supplier Diversity Program, please visit the program homepage (<https://www.cpuc.ca.gov/supplierdiversity/>). For information on the certification process and requirements, please visit the Certifications page (<https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program/certification>).

All questions must be put in writing and must be emailed to the attention of Allen McMillen at procurement@cvag.org and received by July 26, 2024, up to the hour of 2:00 p.m. PDT. Please note that all addenda will be published on the DCE website. Proposers are encouraged to check the DCE website regularly since each Consultant will be responsible for downloading the RFP and any addenda. Consultants that have provided contact information will receive notification of any addenda.

DCE reserves the right to conduct interviews to better evaluate the proposers. If interviews are conducted, DCE will notify the short-listed proposers of the date, time, and location.

This contract's award is subject to the available budget adequate to carry out the provisions of the proposed Professional Services Agreement (Agreement) executed by and between DCE and the successful Proposer, including the identified scope of work. DCE reserves the right to reject any or all proposals determined not to be in the best interest of DCE.

Proposals shall be submitted *by email in Adobe Printable Document Format (PDF)*, identified in the subject line as *"Renewable Energy Assessment Services Proposal"* to Allen McMillen, procurement@cvag.org. Proposals shall consist of both a technical proposal and a separate fee proposal and are to be submitted (emailed) in one email submission as two separate attachments. The file names shall designate the contents (Technical Proposal or Fee Proposal) accordingly. Only one email submittal per Consultant consisting of the technical proposal and the fee proposals will be considered.

It is strongly recommended that the Proposer submit proposals in the format identified in this RFP to allow DCE to fully evaluate and compare the proposal. All requirements and questions in the RFP should be addressed and all requested data shall be supplied. DCE reserves the right to request additional information which, in DCE's opinion, is necessary to assure that the Proposer's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the Agreement.

Proposals should be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Responses should emphasize the Proposer's demonstrated capability to perform the Services. Technical literature supporting the Proposer's approach to providing the Services and work plan may be submitted to DCE with the Proposal. Emphasis should be concentrated on completeness, approach to the work and clarity of proposal.

Proposers are encouraged to familiarize themselves with all federal, state and local laws, ordinances, rules, regulations, and codes affecting the performance of the work; make such investigations, as it may deem necessary for performance of the Services at its proposal price within the terms of the Agreement; and correlate its observations, investigations, and determinations with the requirements of the Agreement.

The proposal shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Proposer.

B. Content and Format of Technical Proposal

Proposals shall be concise, well organized and demonstrate qualifications and applicable experience. Proposals shall be organized and include page numbers for all pages in the proposal. The proposal shall be emailed (.pdf file) as an attachment(s) and submitted via email to the DCE Procurement Representative.

Proposals shall be limited to a total of 25 pages. The Cover Page, Cover Letter, Appendices and page separators will not count toward the page limit. Appendices and page separators will not count toward the page limit. Proposals shall be presented in the following order and shall include:

1. Cover Letter. This letter, two page maximum, shall be addressed to Tom Kirk, DCE Executive Director and shall, at a minimum, contain the following:
 - Identification of Consultant that will have contractual responsibility with DCE. Identification shall include legal name of company, corporate address, telephone, and fax number. Include name, title, address, and telephone number of the contact person identified during period of proposal evaluation.
 - Identification of any proposed Subconsultants including legal name of company, contact person(s) name and mailing address, phone number and email address. Relationship between Consultant and Subconsultants, if applicable.
 - Acknowledgment of receipt of all RFP addenda, if any. Note: All addenda posted on <https://desertcommunityenergy.org/about/rfp/> for this solicitation shall be signed by the proposer and included in the appendices.
 - A statement that the proposal shall remain valid for at least 180 days from the date of submittal.
 - Signature of a person authorized to bind Consultant to the terms of the proposal.
 - Signed statement attesting that all information submitted with the proposal is true and correct.
2. Qualifications, Related Experience and References. This section of the proposal should establish the ability of the Consultant to satisfactorily perform the required work by

reasons of experience in performing work of the same or similar nature; strength and stability of the Consultant; staffing capability; workload; record of meeting schedules on similar projects; and at least three supportive client references. Consultant to:

- Provide a brief profile of the firm, including the types of services offered; the year founded; form of the organization (corporation, partnership, sole proprietorship); number, size, and location of offices; number of employees.
- Provide a general description of the firm's financial condition, identify any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede Consultant's ability to complete the Project.
- Describe the firm's experience in performing work of a similar nature to that solicited in this RFP and highlight the participation in such work by the key personnel proposed for assignment to this Project. Please include specialized experience and professional competence in areas related to this RFP.
- A minimum of three (3) references should be given. Furnish the name, title, address, and telephone number of the person(s) at the client organization who is most knowledgeable about the work performed. Consultant also may supply references from other work not cited in this section as related experience.
- Any prior engagement or work which may result in any potential or actual professional conflict of interest in the performance of any services under this RFP.

3. Proposed Staffing and Project Organization. This section of the proposal should establish the method used by the Consultant to manage the Project and identify key personnel and subconsultants assigned. Consultant to:

- Provide education, experience, and applicable professional credentials of Project staff. Include applicable professional credentials of "key" Project staff.
- Furnish brief resumes (not more than two (2) pages each) for the proposed Project Manager and other key personnel in the appendix, include a copy of their certifications.
- Identify key personnel proposed to perform the work in the specified tasks and include major areas of subcontract work, if any. Include the person's name, current location, proposed position for this Project, current assignment, level of commitment to that assignment, availability for this assignment and how long each person has been with the firm.
- Include a project organization chart that clearly delineates communication and reporting relationships with DCE among the Project staff and subconsultants.
- Include a statement that key personnel will be available to the extent proposed for the duration of the Project, acknowledging that no person designated as "key" to the Project shall be removed or replaced without the prior written consent of DCE.

4. Work Plan. Consultant shall provide a narrative that addresses the Scope and shows Consultant's understanding of DCE's needs and requirements. Consultant to:

- Describe the approach and work plan for completing the tasks specified in the Scope. The work plan shall be of such detail to demonstrate the Consultant's ability to accomplish the Project objectives and overall schedule.

- Outline sequentially, the activities that would be undertaken in completing the tasks and specify who would perform them and identify all deliverables where applicable.
- Identify methods that Consultant will use to ensure quality control and budget and schedule control for the Project.
- Identify any special issues or problems likely encountered during this Project and how the Consultant would propose to address them.
- Consultant is encouraged to propose enhancements or procedural or technical innovations to the Scope that do not materially deviate from the objectives or required content of the Project. They shall be identified as optional and priced out separately in the Fee Proposal.

5. Appendices:

- Recent and Relevant Projects: Provide an example of a similar scoped project deliverable conducted within the last three (3) years, or in process if at least in the final draft stage. If published online, the Proposer may provide a link in lieu of inserting a lengthy document into the appendices.
- Litigation: Provide litigation history for any claims filed by your firm or against your firm related to the provision of Services in the last five (5) years.
- Project Team Resumes – Submit resumes of all key personnel/support staff that will produce work products for the Services. Describe their qualifications, education, and professional licensing.
- Changes to Professional Services Agreement – DCE's standard professional services agreement is included as Attachment A in this Request for Proposals. The Proposer shall review with proposed subconsultants and identify from Proposer or proposed subconsultants any objections to and/or request changes to the Agreement in this section of the proposal.

C. Content and Format of Fee Proposal

Provide separate from the Technical Proposal a Fee Proposal for required Services described in [Section V. Scope of Work](#) herein. The proposal shall be emailed (.pdf file) as an attachment(s) and submitted via email to the DCE Procurement Representative.

The Fee Proposal shall be presented in a table format organized by task per [Section V.C. Key Tasks](#) herein and shall include hours and hourly rates for all personnel including subconsultants, subtotals for each task, and a grand total for total proposed fee. The Fee Proposal shall also include proposed direct costs and subconsultant mark-up, if any.

D. No Deviations from the RFP

In submitting a proposal in response to this RFP, Proposer is certifying that it takes no exceptions to this RFP including, but not limited to, the Agreement. If any exceptions are taken, such exceptions must be clearly noted in the proposal and may be reason for rejection of the proposal. As such, Proposer is directed to carefully review the proposed Agreement, including the insurance and indemnification provisions therein.

E. Additional Stipulations

DCE reserves the right to accept or reject all or any proposal and to waive any informality, incompleteness, or error in any proposal.

All proposals received become the property of DCE. Once a contract has been awarded, the name(s) of the successful applicant(s) may be made available to the public upon request. All costs incurred by applicants in the preparation and presentation of their proposal will be at their own expense, and applicant materials will not be returned.

DCE reserves the right to amend the RFP or issue to all Proposers addenda to answer questions for clarification.

Unless specifically requested by DCE, no amendment, addendum or modification will be accepted after a proposal has been submitted to DCE. If a change to a proposal is desired, the submitted proposal must be withdrawn and the replacement proposal submitted prior to the deadline stated herein for receiving proposals.

A proposal may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the proposal.

DCE will not compensate any Proposer for the cost of preparing any proposal, and all materials submitted with a proposal shall become the property of DCE. DCE will retain all proposals submitted and may use any idea in a proposal regardless of whether that proposal is selected.

DCE reserves the right to cancel this RFP at any time prior to the contract award without obligation in any manner for proposal preparation, interview, fee negotiation or other marketing costs associated with this RFP.

Prices provided by Proposers in response to this RFP are valid for 180 calendar days from the proposal due date. DCE intends to award the contract within this time but may request an extension from the Proposers to hold pricing, until negotiations are complete, and the contract is awarded.

Issuance of this RFP and receipt of proposals does not commit DCE to award a contract. DCE expressly reserves the right to postpone the proposal for its own convenience, to accept or reject any or all proposals received in response to this RFP, to negotiate with more than one Proposer concurrently, or to cancel all or part of this RFP.

DCE reserves the right to negotiate any price or provision, task order or service; accept any part or all of any proposals; waive any irregularities; and to reject any and all, or parts of any and all proposals; whenever, in the sole opinion of DCE, such action shall serve its best interests and those of the tax-paying public. The Agreement, if any is awarded, will go to the Proposer whose proposal best meets DCE's requirements.

3. Submission Process

A. Selection Schedule

Proposal submissions are due on **Friday, September 20, 2024, no later than 2:00 p.m. PDT**. A Selection Committee may choose up to three applicants to be interviewed. The tentative schedule is as follows:

ACTION	DATE
1. Release of Request for Proposals <ul style="list-style-type: none">Post to https://desertcommunityenergy.org/about/rfp/	August 12, 2024
2. Deadline to Email Questions <ul style="list-style-type: none">Email to procurement@cvag.org	August 30, 2024 (2:00 p.m. PDT)
3. Responses to Questions via Addendum <ul style="list-style-type: none">Post to https://desertcommunityenergy.org/about/rfp/	September 5, 2024
4. Deadline for Receipt of Proposals <ul style="list-style-type: none">Email to procurement@cvag.org	September 20, 2024 (2:00 p.m. PDT)
5. Potential Interviews (tentative)	September 30 - October 2, 2024
6. Expected Contract Award	No later than November 1, 2024

The schedule above is tentative and DCE retains the sole discretion to adjust the dates.

B. Selection Process

DCE will appoint a Selection Committee comprised of at least three members. The Selection Committee will review and score the Proposals submitted by the consultants based on the selection criteria and weights identified in the [Section IV.C. Evaluation](#) of this RFP and establish a preliminary list of qualified consultants and identify which, if any, consultants will be interviewed for final consideration. DCE may contact previous clients identified in the RFP at any time prior to the interviews to verify the experience and performance of the consultants.

DCE will notify consultants on the preliminary list which are to be interviewed and required to provide an oral presentation. DCE will provide the time and location for the interview. DCE reserves the right to waive interviews.

During the evaluation process, DCE reserves the right, where it may serve DCE's best interest, to request additional information or clarifications from Proposers, or to allow corrections of errors or omissions.

It is DCE's intent to select a Consultant best evidencing demonstrated competence and professional qualifications to perform the Services. DCE reserves the right to reject all proposals, select by proposal review only or interview as needed. Certain Consultants may be selected to make a brief presentation and oral interview after which a final selection will be made. The

successful Consultant will be selected based on information provided in the RFP, in-person interviews/presentations, and the results of DCE's research and investigation.

Upon selection of a Consultant, DCE will endeavor to negotiate a mutually agreeable Professional Services Agreement based on the Agreement included as Attachment A with the selected Consultant. If DCE is unable to reach agreement, DCE will proceed, at its sole discretion, to negotiate with the next Consultant selected by DCE. DCE reserves the right to contract for services in the manner that most benefits DCE including awarding more than one contract if desired.

C. Evaluation

The Selection Committee will score proposals based on the following scale:

1. Qualifications, Related Experience and References (30%)

This section of the proposal should establish the ability of the proposed team to satisfactorily perform the required work by reasons of experience in performing work of the same or similar nature; demonstrated experience working with agencies directly involved in this Project; staffing capability; workload; record of meeting schedules on similar projects; and at least three (3) supportive client references.

DCE strongly encourages proposals from qualified Local Businesses, as defined in DCE Policy No. 22-01 Procurement Policy & Procedures (Procurement Policy).¹ It is the policy of DCE to promote employment and business opportunities for local residents and Local Businesses on all contracts and give preference to local residents, workers, businesses, contractors, and consultants to the extent consistent with the law and the interests of DCE and its customers. Successful applicants will demonstrate experience and success in comparable projects. References will support examples of success in comparable projects.

2. Proposed Staffing and Project Organization (25%)

This section of the proposal should establish the method used to manage the Project and identify key personnel assigned.

3. Work Plan (25%)

This section of the proposal shall provide a narrative that addresses the Scope and shows understanding of the Project needs and requirements.

4. Proposed fee (20%)

Successful proposers will propose fees that are cost-effective, sufficiently detailed, and feasible.

During the evaluation process, DCE reserves the right, where it may serve DCE's best interest, to request additional information or clarifications from Proposers, or to allow corrections of errors or omissions.

¹ Available on DCE's website at <https://desertcommunityenergy.org/about/key-documents/>.

D. Protests

Protest procedures and dispute resolution process will be in accordance with the DCE Procurement Policy. The protest must be submitted in writing to DCE's Executive Director via certified mail using the following address:

Executive Director
Desert Community Energy
74-199 El Paseo Drive, Suite 100
Palm Desert, CA 92260

4. Scope of Work

A. General Conditions and Requirements

Proposals submitted should identify your firm's approach, recommendations, and budget for the following Scope.

The Scope shall include but not be limited to the following work to be performed and provided by the Consultant. Proposals may deviate or expand on this Scope based on individual experience and judgment to deliver a complete work product.

DCE reserves the right to perform any portion of this Scope with DCE staff or any other vendor. For the purposes of this RFP, the Consultant is requested to assume that no DCE resources will be available to perform any portion of the Scope described herein.

The Consultant has total responsibility for the accuracy and completeness of the deliverables for the Project and shall check all such material accordingly. Reviews by DCE and stakeholders do not include detailed review or checking of the deliverables. The responsibility for accuracy and completeness of such items remains solely that of the Consultant.

The deliverables furnished under this Scope shall be of a quality acceptable to DCE. The criteria for acceptance shall be a product of neat appearance, well-organized, technically and grammatically correct. The Consultant has total responsibility for the accuracy and completeness of the deliverables furnished under the Project and shall meet that responsibility through quality assurance practices standard to the profession.

The Consultant shall submit all files to DCE upon completion of the project.

The Consultant shall not suspend performance of the contract during the negotiations of any change in Services except as they may be directed by DCE. The Consultant shall perform all changes in accordance with the terms and conditions of the Agreement.

B. Project Progress

The Consultant shall establish internal accounting methods and procedures acceptable to DCE for documenting and monitoring contract costs.

The Consultant shall report in a timely manner, through correspondence or progress reports, whenever it appears that approved schedules will not be met, and whether the reasons are within

the Consultant's control. In the event the Services are modified, and the modified schedule is approved by DCE, the Consultant shall submit a revised schedule.

C. Key Tasks

The Scope shall include but not be limited to the following work (tasks) to be performed and provided by the Consultant. Proposals may deviate or expand on this Scope based on individual experience and judgment to deliver a complete work product.

A. Transmission Availability

1. Confirm with SCE available firm transmission capability at the proposed ACCESS sites (SCE has indicated 3 MW is available but it may be greater).
2. Identify closest / most feasible likely SCE grid tie points for any ACCESS Renewable Project (ARP).
3. Estimate incremental size, cost and timeline of any needed transmission additions.
4. Are there upgrades or additions that might be developed at a modest cost? Up to what MW level?
5. What is the estimated cost for "full and new" transmission additions? (this will ultimately be a function of ARP size).
6. Outline steps/timelines necessary to utilize existing transmission and or to expand transmission access.
7. Assume DCE can utilize up to 50 MW renewable nameplate capacity (note this is not a target ARP project size, any ARP should be the best fit at the ACCESS site).

B. Solar/Wind/Storage Analysis

1. Assess locating solar PV and/or battery storage improvements near the rail station on Palm Springs' property as well as along the elevated pathway on Indian Canyon Drive. Please refer to the two project location maps included with this scope. In carrying out such assessment, the Consultant shall consider the various setback requirements for wind turbines in Palm Springs Zoning Code Section 93.23.07, including within 500 feet of Indian Canyon Drive. However, if locating the turbines within the setback areas is determined to be technically and economically feasible, the Consultant shall assess seeking a reduction in the setback as part of the conditional use permit for wind turbines required from the Palm Springs Planning Commission.
2. Advise on total generation and storage potential, including wind, given available space, as well as minimum and maximum recommended installation capacity. Suggest a "best fit" ARP and describe why it is the best fit.
3. Advise on configuring the ARP so that it would satisfy the requirements of the CPUC's Mid-Term Reliability decisions D.21-06-035 and D.23-02-040 and be eligible under the Community Renewable Energy Program adopted by the CPUC in D.24-05-065.

C. Electrical and Structural Analysis

1. Review ACCESS site electrical and structural components to determine the feasibility of connecting a solar shade structure or wind energy system (with and without storage) to the electrical systems of nearby buildings, including but not limited to buildings

owned and operated by the City of Palm Springs, with the objective of enhancing community resiliency.

D. Economic Feasibility and Financial Analysis

1. Provide estimated installed costs per MW for each renewable energy option, and list which is recommended as most optimal and why. (likely may want to focus on what appear to be the top three configurations).
2. Estimate the average annual energy production associated with each evaluated ARP configuration.
3. Identify and separate estimated cost components, including planning, design, permitting, engineering, procurement, construction, etc.
4. Evaluate the economic feasibility of a solar or wind energy project (with and without storage) including project cost projections.
5. Advise what federal and state grants may be available to reduce total project costs.
6. Evaluate ongoing maintenance requirements for the proposed project. Issues to consider include excessive wind and sand damage in the area and the continued maintenance required for the project to exist at the proposed site.
7. The financing methods should include consideration of direct ownership by DCE of the generation and potential storage assets and/or a Power Purchase Agreement from a third-party developer, as well as other options deemed financially viable including the ability to obtain direct pay and other financial benefits under the Inflation Reduction Act.

E. Tentative Timeline, Action Areas, Required Support

1. If one or more projects appear feasible, what might be a reasonable timeline to go from conceptual approval through project completion.
2. Identify key action areas and skill set necessary for further project development and oversight as consideration moves from conceptual to planning and development.
3. Outline likely sources of attaining needed technical services (individuals and or firms). If the Consultant may be able to provide or access all/some of requisite project expertise, provide names, education, and experience of such staff and or subcontractors.

F. Coordination

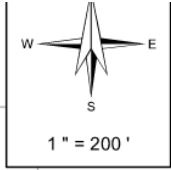
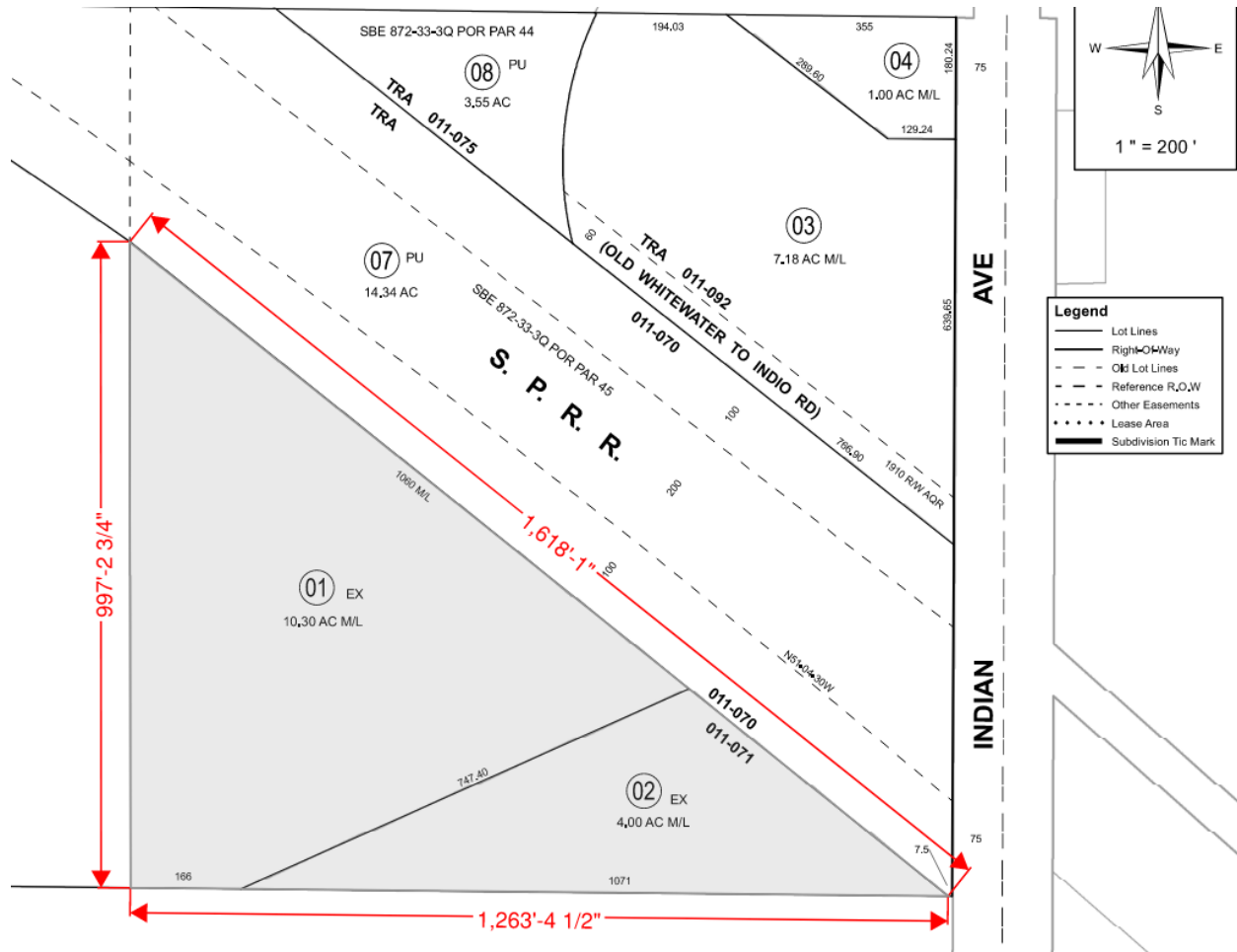
1. Coordinate as necessary with SCE for the duration of this scoping project and provide periodic updates and guidance to CVAG / DCE staff.
2. Complete the study by April 30, 2025.

END OF SCOPE OF WORK

Attachment A: DCE Professional Services Agreement

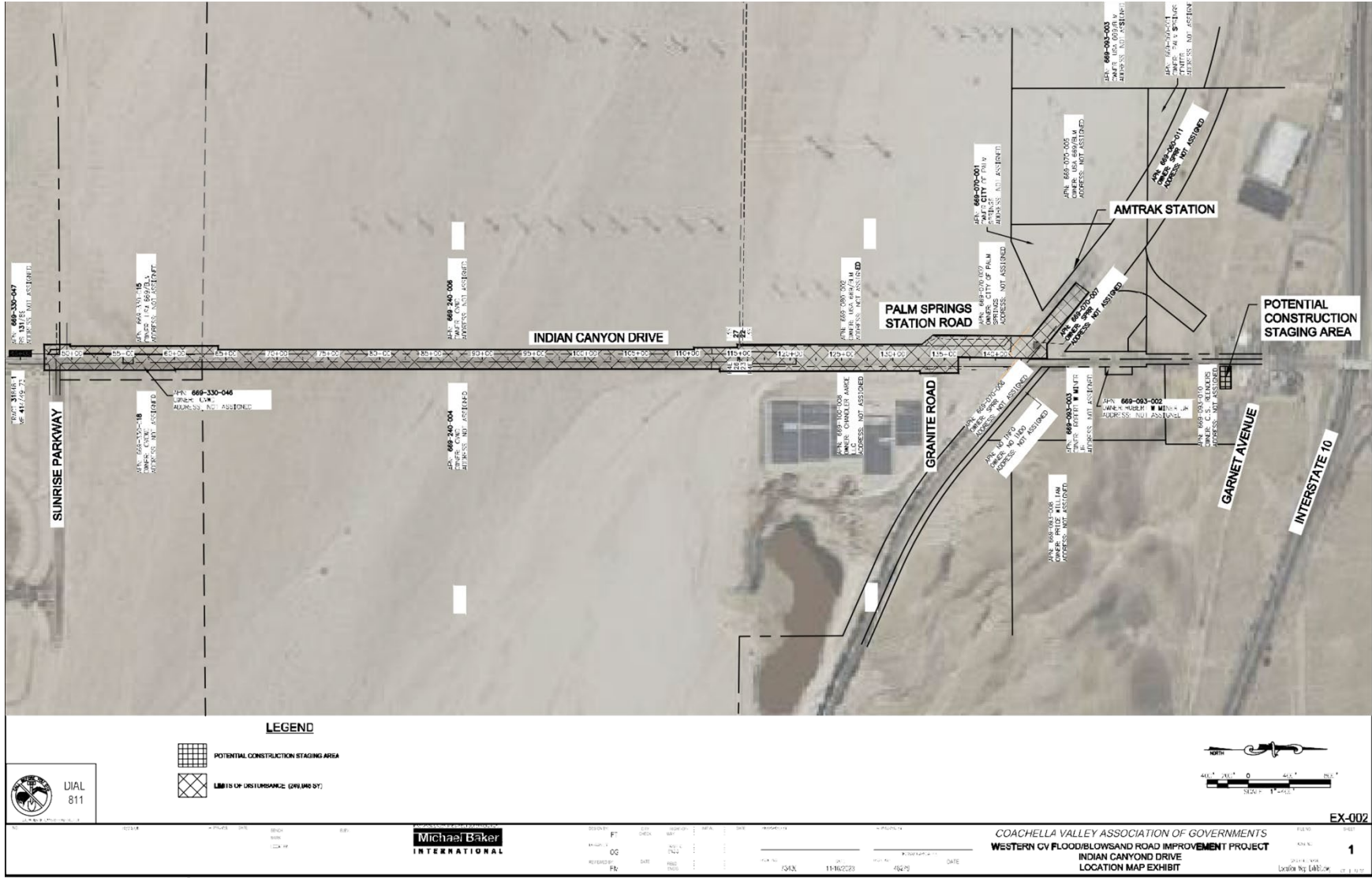
(Professional Services Agreement to be drafted)

Attachment B: Train Station Dimensions



Legend	
—	Lot Lines
—	Right-Of-Way
- - -	Old Lot Lines
- - -	Reference R.O.W
- - -	Other Easements
•••••	Lease Area
—	Subdivision Tic Mark

Attachment C: Location Map Exhibit



Location Map Exhibit (Site) Jan 01, 2024 - 8:50am. Plotted by: Oceanlex



COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
WESTERN CV FLOOD/BLOWSAND ROAD IMPROVEMENT PROJECT
INDIAN CANYON DRIVE
LOCATION MAP EXHIBIT

EX-002