



Doing Our Part to Save the Planet

May 29, 2025

VIA E-MAIL – edtariffunit@cpuc.ca.gov

California Public Utilities Commission
Energy Division - Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

DCE Advice Letter 13-E

RE: Request for Approval of MTR Compliance Swap pursuant to D.23-02-040

Desert Community Energy (DCE) submits this Tier 2 Advice Letter requesting approval of the trading of a limited volume of Mid-Term Reliability (MTR) compliance obligations between DCE and Valley Clean Energy Alliance (VCEA).

PURPOSE

DCE requests Energy Division approval of the trading of a limited volume of MTR compliance obligations between DCE and VCEA in accordance with D.23-02-040.

TIER DESIGNATION

As detailed in D.23-02-040, DCE submits this as a Tier 2 advice filing.

EFFECTIVE DATE

DCE requests that this advice letter become effective June 30, 2025, which is 30 days following submittal.

BACKGROUND

In D.23-02-040, the Commission approved a framework for the trading of compliance obligations between two load-serving entities (LSEs). Specifically, the Decision provides that:

Any two load serving entities (LSEs) with compliance obligations under Decision (D.) 19-11-016, D.21-06-035, and/or this order may trade compliance obligations in arrangements that may include financial remuneration, but may not result in one LSE being relieved of its entire procurement obligation under D.21-06-035 in this order. Both LSEs must trade portions of their compliance obligations under this provision. The two LSEs shall notify the Commission of a trade of compliance

obligations by at least one of the LSEs filing a Tier 2 Advice Letter providing documentation of the trade arrangement.¹

Consistent with this Commission-approved process, DCE and VCEA intend to trade portions of their MTR compliance obligations as detailed below.

DISCUSSION

DCE is a Community Choice Aggregator (CCA) whose 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. DCE has been the default electricity provider in the City of Palm Springs since it launched service in April 2020. DCE currently serves approximately 33,000 electricity customers in Palm Springs, representing approximately 83% of the total eligible customers.

Valley Clean Energy Alliance (VCEA) is a not-for-profit locally run CCA provider serving customers in the cities of Woodland, Winters, and Davis, and unincorporated Yolo County. VCEA was formed as a Joint Powers Authority (JPA) of the City of Davis and County of Yolo in 2016. The City of Woodland joined the JPA in June 2017, and the City of Winters joined in 2021. VCEA initiated customer service on June 1, 2018.

On July 11, 2024, DCE and the Regents of the University of California (UC) submitted a Tier 2 AL requesting that Energy Division approve a trade of MTR compliance obligations. On August 29, 2024, Energy Division issued a deposition letter approving the proposed trade.

Then again on January 10, 2025, DCE and UC submitted a Tier 2 AL requesting that Energy Division approve a trade of MTR compliance obligations. On February 14, 2025, Energy Division issued a deposition letter approving the proposed trade.

DCE and VCEA have each independently pursued procurement to meet their respective MTR compliance obligations. DCE's compliance obligations were modified by the August 2024 and February 2025 disposition letters. Both DCE and VCEA identified deficiencies in their respective MTR procurement. To address this, DCE and VCEA intend to trade a limited amount of their respective compliance obligations. Neither LSE

1 D.23-02-040, OJ 10, at 89.

is opting out of its procurement obligations under D.21-06-035 or D.23-02-040, nor is the trade a purely financial arrangement.²

As a result of this trade, the total amount of capacity ordered to be procured for MTR purposes remains the same, and overall system reliability will be unaffected. There will be no harm or adverse impact on either of the LSE's customers. Accordingly, this proposed compliance trade meets all of the requirements and furthers the intent of D.23-02-040.

Specifically, DCE will take on 2.03 MW of VCEA's 2028 Minimum Long Lead Time, Long Duration Storage Obligation. VCEA will take on 3.09 MW of DCE's 2025 Minimum Zero Emitting Capacity (Diablo Canyon Replacement) Obligation. No financial remuneration will be included in the arrangement. As a result of this trade, DCE's 2025 Minimum Zero Emitting Capacity (Diablo Canyon Replacement) Obligation will be reduced to zero, and consequently, DCE will have no further obligations relating to that specific compliance requirement. VCEA's Minimum Long Lead Time obligation will be reduced from 8 MW to 5.97 MW. The Minimum Long Lead Time, Clean Firm Obligation will remain at 4 MW and the Minimum Long Lead Time, Long Duration Storage Obligation will be reduced from 4 MW to 1.97 MW.

The following table illustrates the proposed trade:

MTR Procurement Obligation (MW)	VCEA Prior to Trade	DCE Prior to Trade	Total Prior to Trade	VCEA After Trade	DCE After Trade	Total After Trade
2024 Minimum	23	18	41	26	15	41
2025 Minimum	6	0.09	6.09	6.09	0	6.09
2025 Minimum Zero Emitting Capacity (DCPP Replacement)	10	3.09	13.09	13.09	0	13.09
2028 Minimum Long Lead Time, Long Duration Storage	4	4	8	1.97	6.03	8

This Advice Letter is accompanied by supporting declarations from representatives of each LSE authorizing the MTR compliance trade as Attachments A and B.

PROTESTS

Anyone wishing to protest this advice letter may do so only by electronic mail. Protests must be received no later than 20 days after the date of this advice letter. Protests should be submitted to the CPUC Energy Division at:

² *Id.*

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should be sent by electronic mail to the attention of:

Lisa McNeilly
Director of Energy and Sustainability
Desert Community Energy
lmcneilly@cvag.org

and

Mitch Sears
Chief Executive Officer
Valley Clean Energy Alliance
Mitch.Sears@valleycleanenergy.org

and

Ryan Baron
Regulatory Counsel
Best Best & Krieger LLP
Ryan.Baron@bbklaw.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

NOTICE

A copy of this advice letter is being sent by electronic mail to each party of record in the official service list for Rulemaking 20-05-003.

CORRESPONDENCE

For questions, please contact Lisa McNeilly at (510) 287-3360 or by electronic mail at lmcneilly@cvag.org.

CONCLUSION

DCE respectfully requests that Energy Division approve the trade of the limited MTR compliance obligation between DCE and VCEA.

Respectfully,

/s/ Lisa McNeilly

Lisa McNeilly
Director of Energy and Sustainability
Coachella Valley Association of Governments
74-199 El Paseo, Suite 100
Palm Desert, CA 92260
(510) 287-3360
lmcneilly@cvag.org

Attachment A – Declaration of Tom Kirk

Attachment B – Declaration of Mitch Sears

cc via email: edtariffunit@cpuc.ca.gov
R.20-05-003 service list

ATTACHMENT A

Declaration of Tom Kirk

Declaration of Tom Kirk Supporting Mid-Term Reliability Compliance Obligation Swap Between Valley Clean Energy Alliance and Desert Community Energy

The undersigned declares as follows:


1. I am the Executive Director of Desert Community Energy (DCE). In this capacity, I have knowledge of the information provided in this declaration and am authorized to make this declaration on DCE's behalf.
2. I am responsible for procuring resources on behalf of DCE to comply with the California Public Utilities Commission procurement orders in the Integrated Resource Planning (IRP) proceeding. I have knowledge of DCE's Mid-Term Reliability (MTR) compliance obligations, resource procurement, and open market positions and am familiar with DCE's IRP compliance filings.
3. I make this declaration in support of DCE's request to trade compliance obligations with Valley Clean Energy Alliance (VCEA).
4. Pursuant to the trading mechanism outlined in D.23-02-040, VCEA will trade 2.03 MW of 2028 Minimum Long Lead Time, Long Duration Storage for 3.09 MW of DCE's 2025 Minimum Zero Emitting Capacity (Diablo Canyon Replacement) Obligation.
5. The following table illustrates the proposed trade:

MTR Procurement Obligation (MW)	VCEA Prior to Trade	DCE Prior to Trade	Total Prior to Trade	VCEA After Trade	DCE After Trade	Total After Trade
2024 Minimum	23	18	41	26	15	41
2025 Minimum	6	0.09	6.09	6.09	0	6.09
2025 Minimum Zero Emitting Capacity (DCPP Replacement)	10	3.09	13.09	13.09	0	13.09
2028 Minimum Long Lead Time, Long Duration Storage	4	4	8	1.97	6.03	8

6. No financial remuneration is included.
7. As a result of the trade, the total amount of capacity ordered to be procured for MTR purposes remains the same, and overall system reliability will be unaffected.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on May 28, 2025, at Palm Desert, California


Tom Kirk (May 28, 2025 10:58 PDT)

Tom Kirk
Executive Director
Desert Community Energy

ATTACHMENT B

Declaration of Mitch Sears

Declaration of Mitch Sears
Supporting Mid-Term Reliability Compliance Obligation Swap Between
Valley Clean Energy Alliance and Desert Community Energy

The undersigned declares as follows:

1. I am the Chief Executive Officer of Valley Clean Energy Alliance (VCEA). In this capacity, I have knowledge of the information provided in this declaration and am authorized to make this declaration on VCEA's behalf.
2. I am responsible for procuring resources on behalf of VCEA to comply with the California Public Utilities Commission procurement orders in the Integrated Resource Planning (IRP) proceeding. I have knowledge of VCEA's Mid-Term Reliability (MTR) compliance obligations, resource procurement, and open market positions and am familiar with VCEA's IRP compliance filings.
3. I make this declaration in support of VCEA's request to trade compliance obligations with Desert Community Energy (DCE).
4. VCEA has authorized DCE to file DCE AL 13-E on VCEA's behalf.
5. Pursuant to the trading mechanism outlined in D.23-02-040, VCEA will trade 2.03 MW of 2028 Minimum Long Lead Time, Long Duration Storage for 3.09 MW of DCE's 2025 Minimum Zero Emitting Capacity (Diablo Canyon Replacement) obligation.
6. The following table illustrates the proposed trade:

MTR Procurement Obligation (MW)	VCEA Prior to Trade	DCE Prior to Trade	Total Prior to Trade	VCEA After Trade	DCE After Trade	Total After Trade
2024 Minimum	23	18	41	26	15	41
2025 Minimum	6	0.09	6.09	6.09	0	6.09
2025 Minimum Zero Emitting Capacity (DCPP Replacement)	10	3.09	13.09	13.09	0	13.09
2028 Minimum Long Lead Time, Long Duration Storage	4	4	8	1.97	6.03	8

7. No financial remuneration is included.
8. As a result of the trade, the total amount of capacity ordered to be procured for MTR purposes remains the same, and overall system reliability will be unaffected.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on May 28, 2025, at Davis, California.

Mitch Sears

Mitch Sears (May 28, 2025 15:39 PDT)

Mitch Sears
Chief Executive Officer
Valley Clean Energy Alliance
604 2nd Street
Davis, CA 95616
(530) 446-2750
Mitch.sears@valleycleanenergy.org



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: **Desert Community Energy**

Utility type:

☒ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: **Lisa McNeilly**

Phone #: **760-346-1127**

E-mail: **lmcneilly@cvag.org**

E-mail Disposition Notice to: **lmcneilly@cvag.org**

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

5/29/2025

Advice Letter (AL) #: **13-E**

Tier Designation: **2**

Subject of AL: **Request of Desert Community Energy to Trade Mid-Term
Reliability Compliance Obligations with Valley Clean Energy Pursuant to
D.23-02-040**

Keywords (choose from CPUC listing):

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.23-02-040

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: **N/A**

Summarize differences between the AL and the prior withdrawn or rejected AL: **N/A**

Confidential treatment requested? ☐ Yes ☐ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a
nondisclosure agreement. Name and contact information to request nondisclosure agreement/
access to confidential information:

Resolution required? ☐ Yes ☒ No

Requested effective date: **6/30/25**

No. of tariff sheets:

Estimated system annual revenue effect (%): **N/A**

Estimated system average rate effect (%): **N/A**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes
(residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **N/A**

Service affected and changes proposed¹: **See Advice Letter**

Pending advice letters that revise the same tariff sheets: **N/A**

¹Discuss in AL if more space is needed.

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: **Lisa McNeill**
Title: **Director of Energy & Sustainability**
Utility/Entity Name: **Desert Community Energy**

Telephone (xxx) xxx-xxxx: **760-346-1127**
Facsimile (xxx) xxx-xxxx: **n/a**
Email: **lmcneilly@cvag.org**

Contact Name: **Ryan Baron**
Title: **Attorney**
Utility/Entity Name: **Best Best & Krieger**

Telephone (xxx) xxx-xxxx: **(949) 263-6568**
Facsimile (xxx) xxx-xxxx:
Email: **ryan.baron@bbklaw.com**

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	