

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Staff Report – Item 7

To: SDRCCEA Board of Directors

From: Cody Hooven, SDRCCEA Interim Executive Officer
Director/Chief Sustainability Officer, Sustainability Department, City of San Diego

Subject: SDRCCEA Operations and Administration Update

Date: October 31, 2019

Recommendation

Receive update and provide direction and feedback as needed.

Background

Staff will provide regular updates to the Board of Directors regarding the San Diego Regional Community Choice Energy Authority (SDRCCEA or Authority) organizational development, administration and start-up activities. The following is a brief overview of this month's discussion items, which are informational only.

Analysis and Discussion

A) Board of Director Next Steps and Reminders

All new Board members and alternates for SDRCCEA will be sworn in at their first meeting. Board officers including Chair, Vice Chair, interim Secretary and interim Treasurer will be nominated and elected at the November 21 Board meeting. Please note that the roles of interim Secretary and Treasurer may be appointed by the Board and need not be a seated member of the Board. Staff will follow up with Board members about filing of their Statement of Economic Interest – Form 700 which is required for Directors of public agencies within 30 days of being sworn in.

B) Interim Staff Support

Staff is working on a plan for interim staff support to be provided by City of San Diego staff and/or member city staff in the roles of project management and administration, financial services/treasury, and potentially others until such time that permanent staff is hired in 2020. We will return to the Board with a detailed MOU/cooperative services agreement codifying the interim roles and plans for reimbursement at its November or December Board meeting. Interim staff will also present a recommendation for Chief Executive Officer (CEO) recruitment and hiring process at an upcoming meeting. Once hired, the CEO will assume responsibility for hiring additional Authority staff throughout the remainder of 2020 and 2021.

C) SDG&E Billing System Update

As you may be aware, San Diego Gas & Electric (SDG&E) has been planning a significant billing system upgrade which will hopefully result in a smooth transition for its bundled service and community choice customers. SDG&E has sent letters to member agencies of SDRCCEA notifying them of their system upgrade plans, and the City of San Diego sent a memo on behalf of SDRCCEA outlining our program timing and plans as well. SDRCCEA and SDG&E staff will be meeting in the coming months to discuss this and other planning items. A copy of the memo sent to SDG&E and their response is attached.

D) Vendor RFPs

Staff recently issued a request for proposals (RFP) for credit and banking services through which to secure approximately \$45M in working capital to support SDRCCEA implementation and program launch, including power procurement. Proposals are due on November 1 and we will work with our financial advisory consultant, Public Financial Management (PFM), on bid review and selection. Staff anticipates seeking Board approval to move forward with a credit and banking partner by its December meeting. Staff is also working on an RFP for power and energy services which it expects to release in November. This will be followed in the new year by RFPs for regulatory and legislative support, data management and call center services, as well as marketing and communications services.

E) Authority Financing

As noted above, SDRCCEA issued an RFP on October 14, 2019 seeking a line of credit and banking services to support Authority start-up and operations. It is anticipated that the initial, pre-revenue line of credit will be approximately \$5,455,000, followed by a significantly larger working capital loan of up to \$40,000,000 to cover the cost of power and early operations. The RFP seeks bank loans that are unsecured, mitigating the need for the City of San Diego to post a letter of credit for the initial \$5,455,000, but terms are unknown at this time. The goal is to have a bank partner selected and line of credit secured by January or February 2020.

F) JPA Amendments

Staff anticipates bringing recommended changes to the JPA Agreement to the Board in the first quarter of 2020. Near-term Board actions will focus on filing an Implementation Plan and other start-up activities through the end of this year. The Board workshop planned for November 2019 will also provide key insights and background for the Board from which they can make informed amendments going forward.

G) Committees

SDRCCEA Committee formation will be addressed in the first quarter of 2020 to allow the Board to maintain focus on development of the Authority's Implementation Plan and other organizational logistics through the remainder of 2019.

H) Board of Directors Workshop

Staff is facilitating an "Energy Briefing" workshop for SDRCCEA Board members and alternates, currently scheduled for Saturday, November 16, 2019. Topics will range from basics and trends

in energy markets to an overview of CCA operational and compliance requirements. As the Board is embarking on directing a new organization in the complex arena of energy, and will be making a series of decisions in the coming year around energy procurement policy amongst other items, this workshop is designed to ensure a base of foundational knowledge for SDRCCEA Board members. Members of the public are welcome to attend. Additional details will be posted on the website soon.

I) Public Outreach/Communications

Staff have created a temporary website to host meeting agendas and other information relevant to Community Choice Energy and the Authority's operations. The website can be found at <https://www.sandiego.gov/sustainability/clean-and-renewable-energy/ccea>. Each member city has provided a link from their website to this site in order to facilitate public information. It is anticipated that the Authority will adopt a more public-friendly name and develop a stand-alone website as one of its early start up activities.

Attachments:

- A. Memo sent to SDG&E regarding SDRCCEA launch and coordination request – dated Oct. 11, 2019
- B. Response memo from SDG&E – dated Oct. 14, 2019

Sustainability

October 11, 2019

To:
Warren Ruis
Director, Regional Public Affairs
San Diego Gas & Electric Company
wruis@semprautilities.com

Subject: Request to formally coordinate and engage on CCA formation and launch

Dear Mr. Ruis:

As you know, the City of San Diego is partnering with the cities of Chula Vista, La Mesa, Encinitas, and Imperial Beach as founding members of a Joint Powers Authority (JPA) to operate a regional Community Choice Aggregation (CCA) program. The JPA agreement was formalized on September 17, 2019 and the City of San Diego adopted an ordinance to form a CCA program on October 1, 2019. The City of San Diego is lending operational and staffing support to the JPA until such time the JPA hires its own staff.

The JPA Board of Directors will submit the CCA's Implementation Plan, Statement of Intent, and other required registration materials, by January 1, 2020, to the California Public Utilities Commission (CPUC) to formally register the CCA as a loading serving entity. The CCA program plans to start serving customers in 2021, currently envisioned in three phases commencing in March 2021 with full customer enrollment by the end of 2021. This timing aligns with findings in the 2006 CPUC Resolution E-4013 which indicates utilities are to ensure their respective systems are ready for CCA implementation within six months from the date the first CCA files its Implementation Plan with the CPUC.

It is critical for the CCA and San Diego Gas and Electric (SDG&E) to coordinate closely and in a timely fashion to ensure a successful launch of the CCA program and a smooth transition for the customer experience. As such, on behalf of the JPA Board of Directors, we are requesting formal coordination and engagement with SDG&E on all the tasks and processes involved for the CCA program to start serving customers in 2021 through a senior staff-level working group or other collaborative structure.

SDG&E has already conveyed to some JPA members that it is currently replacing its billing and data system. It is essential that projects affecting CCA implementation and customers, such as a new information technology system, are communicated clearly to City of San Diego and JPA staff to ensure mutual understanding of project timelines, concerns and mitigations, and potential impacts on the CCA customer enrollment schedule. Additional areas of possible coordination and engagement include regulatory advocacy, resource planning, compliance filings, data management and sharing, customer outreach, and procurement planning.

Sustainability

The JPA members and SDG&E have a long history of strong partnerships and we look forward to a close working relationship with the SDG&E team to kick off this endeavor without delay. Please contact me at 619-236-6563 or chooven@sandiego.gov to schedule a meeting with our respective teams.

Thank you in advance for your responsiveness and commitment to a successful program launch and smooth customer transition in 2021.

Sincerely,



Cody Hooven
Director/Chief Sustainability Officer
619-236-6563

Cc: Paloma Aguirre, Councilmember, Imperial Beach
Bill Baber, Vice Mayor, City of La Mesa
Catherine Blakespear, Mayor, City of Encinitas
Dr. Jennifer Campbell, Councilmember, City of San Diego
John McCann, Councilmember, City of Chula Vista
Monica Montgomery, Councilmember, City of San Diego
Joe Mosca, Councilmember, City of Encinitas
Steve Padilla, Councilmember, City of Chula Vista
Mark West, Councilmember, City of Imperial Beach
Greg Humora, Assistant City Manager, City of La Mesa
Tony Cruz, Senior Council Aide to Councilmember Padilla
Henry Foster, Chief of Staff to Councilmember Montgomery
Andy Hall, City Manager, City of Imperial Beach
Jenny Lybeck, Sustainability Analyst, City of La Mesa
Venus Molina, Chief of Staff to Councilmember Campbell
Crystal Najera, Climate Action Plan Program Administrator, City of Encinitas
Samantha Trickey, Senior Council Aide to Councilmember McCann



Warren Ruis
Director, Regional Public Affairs
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San Diego, CA 92123
tel: 619-696-2562
WRuis@semprautilities.com

October 14, 2019

Cody Hooven
Director, Chief Sustainability Officer
Staff contact for the San Diego Regional Community Choice Energy Authority
1200 3rd Avenue, Suite 1400 MS 56D
San Diego, CA 92101

Delivered via email to: chooven@sandiego.gov

Dear Cody:

Thank you for your letter dated October 11, 2019. On behalf of my 4,000 colleagues, we look forward to partnering closely with the City of San Diego-led Joint Powers Authority and your member agencies as you implement a Community Choice Aggregation program. SDG&E has a long history of supporting customer choice, and this effort will be no different. You have my commitment that SDG&E will be a ready, willing and able partner in this endeavor.

As we initially outlined to City of San Diego staff on October 24, 2018 and on July 30, 2019; SDG&E is currently in the process of replacing our customer and billing information technology systems. This effort is designed to modernize our systems – and specifically to enable customer choice programs, like CCAs. Over the last couple months, SDG&E has met in person with each agency identified in your letter. In these meetings, we highlighted this system replacement project and our goal to work closely to align an onboarding and implementation program that ensures system stability and customer success.

As we shared in the past, SDG&E stands at the ready to form a working group to facilitate implementation and specifically to start working on technically feasible timelines. We will reach out to your office to identify a couple date options that hopefully work for you and any consulting partners you may have retained.

Very truly yours,

A handwritten signature in black ink that reads "Warren Ruis". The signature is written in a cursive, flowing style.

Warren Ruis

Copies to:

Paloma Aguirre, Councilmember, Imperial Beach
Bill Baber, Vice Mayor, City of La Mesa
Catherine Blakespear, Mayor, City of Encinitas

Dr. Jennifer Campbell, Councilmember, City of San Diego
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Crystal Najera, Climate Action Plan Program Administrator, City of Encinitas
Samantha Trickey, Senior Council Aide to Councilmember McCann

Eugene “Mitch” Mitchell, Vice President of External & State Government Affairs, SDG&E
Scott Crider, Vice President of Customer Services, SDG&E
Vanessa Mapula-Garcia, Senior Public Affairs Manager, SDG&E
Joe Britton, Public Affairs Manager, SDG&E
Dinah Willier, Public Affairs Manager, SDG&E
Katie Scanlan, Public Affairs Manager, SDG&E