

# Procurement Joint Powers Authority: CC Power

Executive Committee

December 7, 2020

# Action Requested

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- Executive Committee to recommend to the Board of Directors that PCE form and join a new Joint Powers Agency (currently titled, “California Community Power,” or “CC Power”)

# Agenda

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- Participating CCAs
- Business/Political Context
- Joint Procurement with CCAs
- Long-Duration Storage Request for Offers
- JPA Agreement
- Project- and CCA-specific Agreements

# Participating CCAs

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# 9 CCAs by the Numbers

| CCA considering Super JPA      | Annual Load 2019 (GWh) | Est Peak Load (MW) | Customer Accounts |
|--------------------------------|------------------------|--------------------|-------------------|
| Central Coast Community Energy | 3,094                  | 679                | 275,750           |
| Clean Power SF                 | 2,706                  | 460                | 380,000           |
| East Bay Community Energy      | 5,819                  | 990                | 533,000           |
| Marin Clean Energy             | 5,275                  | 505                | 470,000           |
| Peninsula Clean Energy         | 3,600                  | 733                | 293,000           |
| Redwood Coast Energy           | 699                    | 125                | 62,000            |
| San Jose Clean Energy          | 3,286                  | 1,081              | 332,500           |
| Silicon Valley Clean Energy    | 3,898                  | 800                | 270,000           |
| Sonoma Clean Power             | 2,360                  | 417                | 227,000           |
| <b>Total</b>                   | <b>30,737</b>          | <b>5,790</b>       | <b>2,843,250</b>  |

# Business and Political Context

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- Economies of Scale
- Enhanced Negotiating Power
- Shared Risk – execution, development and performance
- Potential for Shared Financing
- Strategic value demonstrating CCA self-procurement & reliability contributions
  - Large and growing need for reliability resources with gas plants and Diablo Canyon going offline
  - Utility-centric state-ordered procurement mandates or allocations can result in cost allocation to CCAs
- Legislators and regulators favor large scale procurement

# Joint Procurement with CCAs

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- + Could allow for larger-scale CCA projects
- + Could optimize use of resources among CCAs
- + Southern California Public Power Authority (SCPPA) and Northern California Power Authority (NCPA) as a model
- + Shielding members from liability of other members
- Some risk may be shared in price or terms
- PCE's strong credit may benefit other CCAs if value not equalized

# Long Duration Storage RFO

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- Joint CCAs issued a Request for Offers (RFO) for long-duration storage resources



# RFO Scope

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- Grid-charged long duration storage technology with a minimum of 8 hours of discharge duration
- In front of the meter
- Commercial operation by 2026
- Minimum delivery term of 10 years
- 50 MW minimum per project participant

# RFO Schedule

Over 50 developers submitted offers for multiple projects in response to the Long Duration Storage RFO.

| Activity  | Scheduled Date                                |
|---|---|
| <b>Issuance of RFO</b>                                | <b>October 15, 2020</b>                       |
| Offerors' Webinar                                     | October 28, 2020 at 3:30 PM PST               |
| Deadline to submit questions                          | October 30, 2020 at 5:00 PM PST               |
| Responses to questions provided                       | November 2, 2020 at 5:00 PM PST               |
| <b>Deadline to submit proposals</b>                   | <b><u>December 1, 2020 at 5:00 PM PDT</u></b> |
| Proposal Clarification Contact Period (Tentative)     | December 1– February 2, 2021                  |
| Notification of final shortlisted Bidders (Tentative) | March 2, 2021                                 |
| <b>PPA negotiations</b>                               | <b>March – July 2021</b>                      |
| <b>Final contract approval</b>                        | <b>July 2021</b>                              |

# JPA Agreement: General Overview

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- JPA given broad powers that match its Members' powers
- Purpose is “to develop, acquire, construct, own, manage, contract for, engage in, finance and/or provide energy related programs for the use of and by its Members”
- Members may exit the JPA, but must pay pro-rata share of previously-incurred debts

# JPA Agreement: Governance Overview

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- JPA Board composed of Members' CEOs (or designee)
  - Equal voting shares
  - Majority of attending directors for simple changes
  - 2/3 of entire Board for significant changes
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- Any decision to participate in a project or approve PCE expenditures for CC Power of more than \$100k would come to PCE board for approval first

# JPA Agreement: Key Features

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- Enjoys the benefit of PCE's credit and financial strength
- Limits advocacy by the JPA
- JPA administrative costs shared equally among Members
- JPA Board may hire General Manager (GM) and assistant GMs

# Project Specific Issues

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- Enabling Agreement – allows for CCAs to potentially participate in projects – no obligation
  - E.g. current long duration storage RFO
- Project Participation Agreements - among only those CCAs who are participating in a particular project and CC Power - addresses differences among participants for each project
  - Offtake amount
  - Credit strength
  - Price
  - Collateral requirements
- Project PPA – between CC Power and the project developer

# Recommendation - Action

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- Authorize PCE to form a new Procurement Joint Powers Authority with other CCAs
  - PCE reviewed with Executive Committee on October 13
  - Will bring to board on December 17 for approval