

SJCE POWER PROCUREMENT AUTHORITY REQUEST

San José City Council
June 15, 2021

Lori Mitchell, Director of Community Energy
Jeanne Solé, Deputy Director of Power Resources

RECOMMENDATIONS

- Increase Director of Community Energy's Authority to Procure Power
- Authorize Director of Community Energy to sign:
 - Cost sharing agreements in an amount not to exceed a total of \$320,000 per year.
 - Exclusivity agreements with minimal responsibilities for the City.





POWER PROCUREMENT AUTHORITY

POWER PROCUREMENT AUTHORITY REQUEST

Increase Director authority to procure power supply products, other than Resource Adequacy products, in Calendar Years 2021-2043:

- Products include energy, clean power projects and products, and shaped or dispatchable power products.

• Increase of	<u>\$298,000,000</u>
from	\$2,373,700,000
to an amount not to exceed	\$2,671,700,000

WHY IS AUTHORITY NEEDED?

1. Needed to procure power supplies to meet recommended risk management coverage thresholds.
2. Comply with recent California Public Utilities Commission (“CPUC”) Proposed Decision requiring additional procurement.

Risk Management Regulations – Coverage Thresholds.

	Minimum Coverage	Maximum Coverage
Rolling Six Months Forward	80%	115%
Rolling One Year Forward	70%	110%
Rolling Two and Three Years Forward	30%	90%
Rolling Four Years forward and beyond	30%	50%

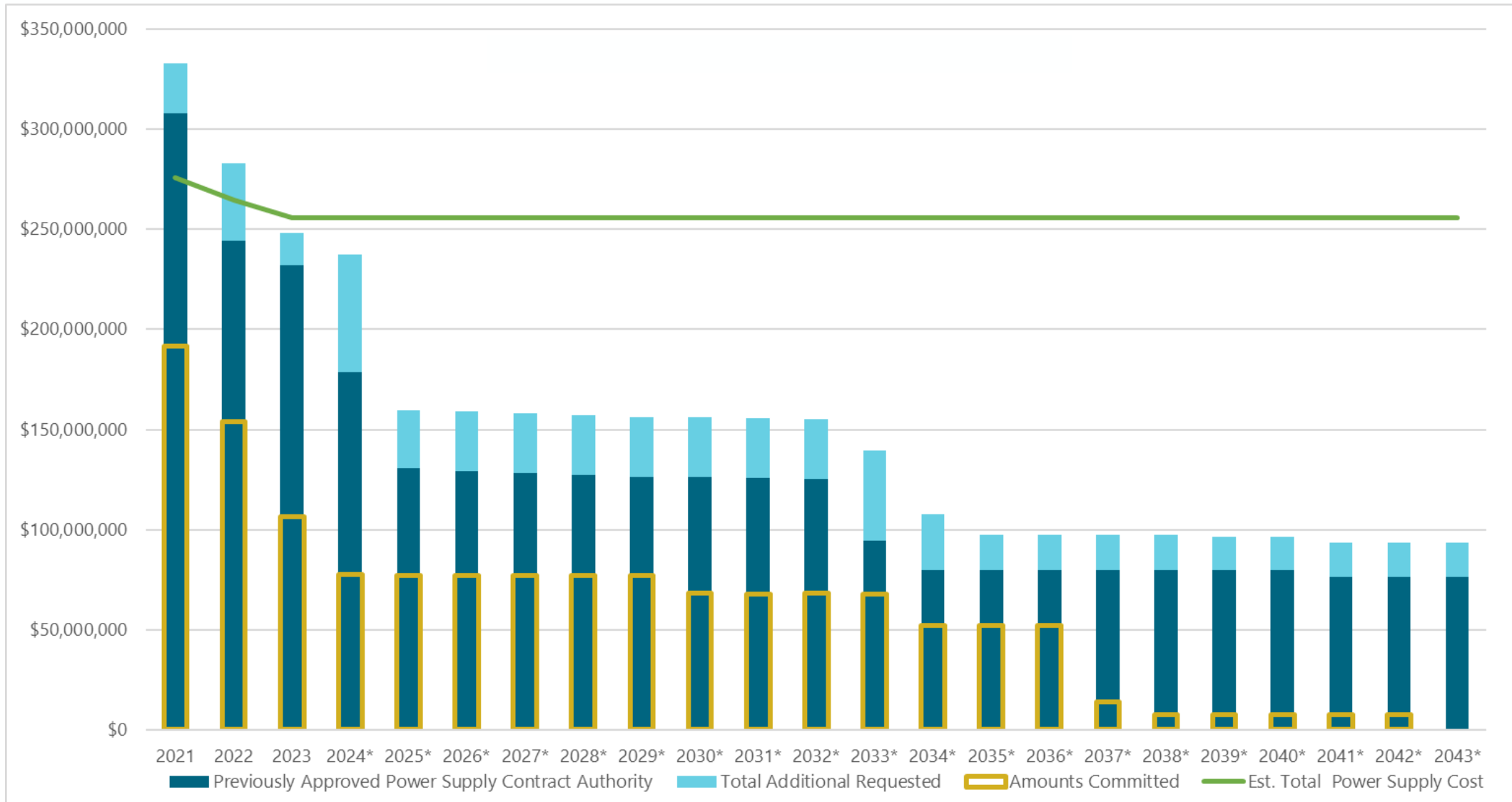
RA AUTHORITY REQUEST

Increase Director authority to procure Resource Adequacy in Calendar Years 2021-2043:

- Resource Adequacy is a payment to power plants to be available to operate to meet load.
- Can include new storage projects.
- Required to procure these products by state law

Increase of	<u>\$310,000,000</u>
from	\$488,000,000
to an amount not to exceed	\$798,000,000

CURRENT AUTHORITY, AMOUNT COMMITTED & ADDITIONAL REQUESTS





DIRECTOR SIGNATURE AUTHORITY

COST-SHARING AGREEMENTS

Request Director authority to sign cost-sharing agreements with California Community Power (“CC Power”) and other CCAs:

- to conduct/fund activities to identify, evaluate, and negotiate potential energy programs and projects;
- in an amount not to exceed a total of \$320,000 per year in aggregate.

Full project agreements would require City Council approval.

EXCLUSIVITY AGREEMENTS

Request Director authority to sign exclusivity agreements with shortlisted bidders in San José Clean Energy competitive power procurement processes.

These agreements are very low risk to the City as they require shortlisted bidders to:

- refrain from selling the project subject to negotiations to another party for a 90-day period;
- post a deposit to enforce this limitation.

QUESTIONS?

Recommendations:

1. Increase Director Power Procurement Authority
2. Authorize Director to sign cost-sharing agreements with CC Power and CCAs, and exclusivity agreements with bidders in SJCE solicitations.

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