



DCE Community Advisory Committee Meeting – Power Purchasing

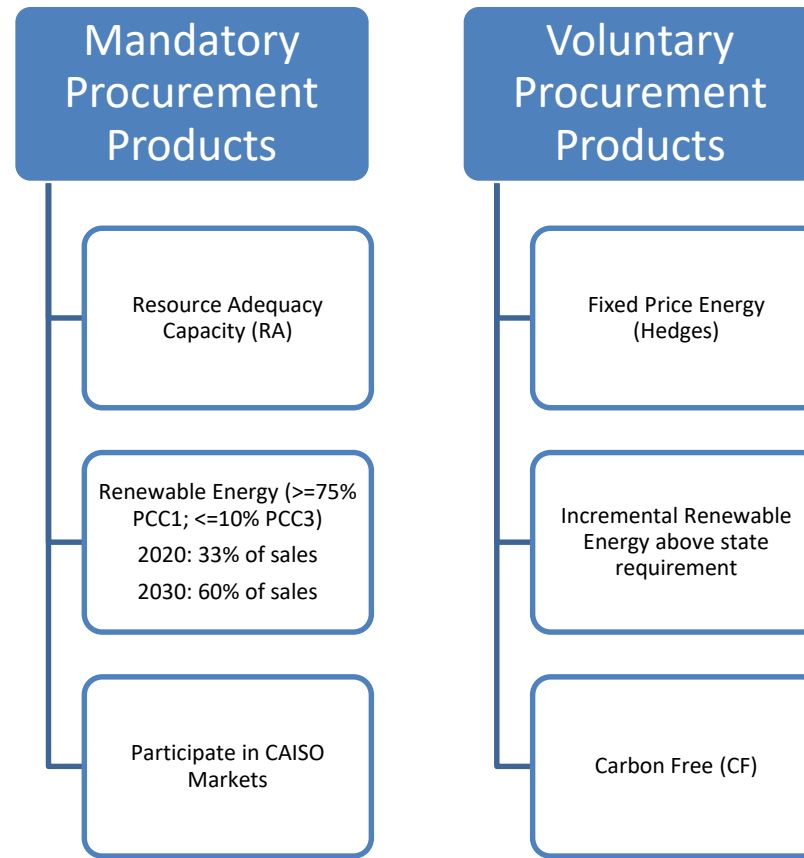
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November 21, 2019

Discussion Topics

- Mandatory versus voluntary procurement
- Differentiating between procurement at start-up versus longer-term strategies
- Local control provides DCE with a lot of flexibility to design strategies that fit the requirements unique to the Coachella Valley

Which Products Need to be Procured?



Resource Adequacy Ensures Reliability

System RA

- A product that obligates a generator to offer into the CAISO energy markets,
- Sourced from any generator in the CAISO footprint, and even out-of-state resources that have transmission rights to flow into CAISO

Local RA

- A subset of system RA resources must be met by local RA resources
- Sourced from generators deemed to be electrically located in the area of need

Flexible RA

- An attribute of system RA or local RA resources which implies that the designated resource is capable of being dispatched and ramping
- Sourced from generators in the CAISO footprint that have flexible ramping capability



Figure 1 - California Local Reliability Areas (from California Energy Commission)

REC Portfolio Content Categories (PCC)

PCC 1 – In-State, Bundled RECs

- First point of interconnection of the facility must be in CA balancing authority area
- REC and associated energy must be purchased simultaneously
- Must comprise at least 75% of REC portfolio

PCC 2 – Bundled RECs

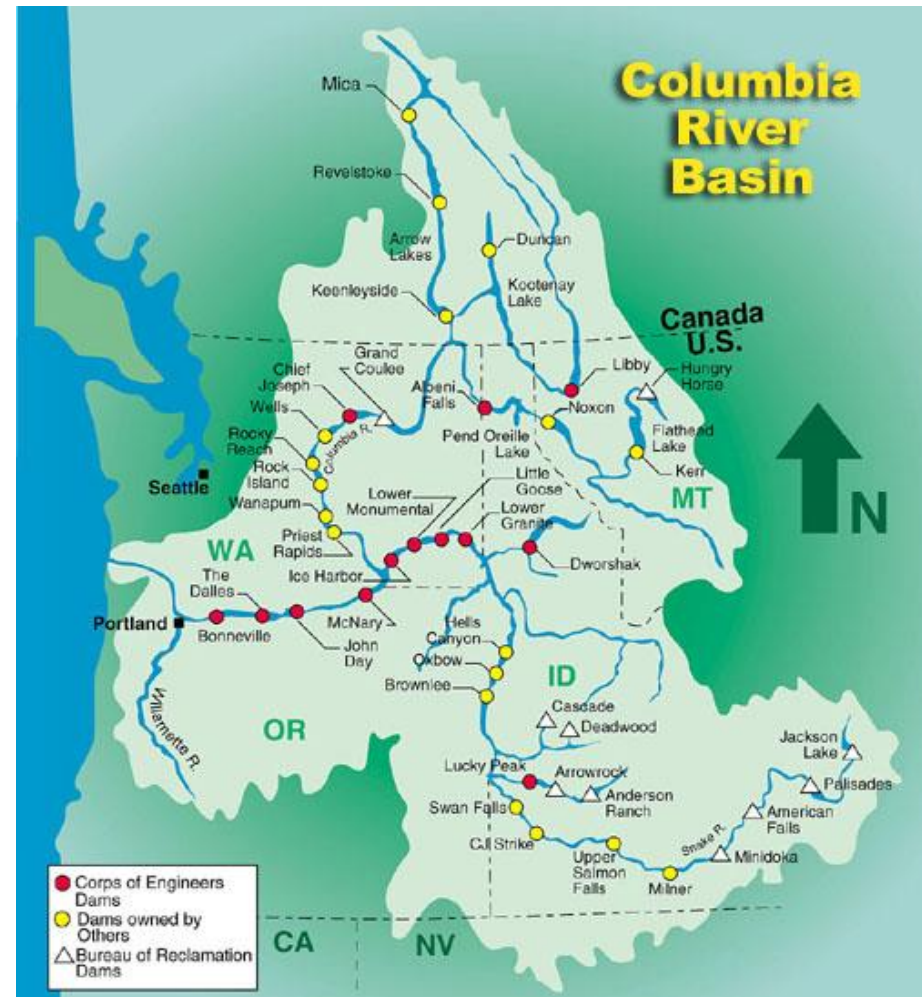
- No requirement on location of first point of interconnection
- REC and associated energy must be purchased simultaneously
- Can comprise up to 25% of REC portfolio

PCC 3 – Unbundled RECs

- No requirement on location of first point of interconnection
- REC can be paired with unassociated generation
- Can comprise up to 10% of REC portfolio

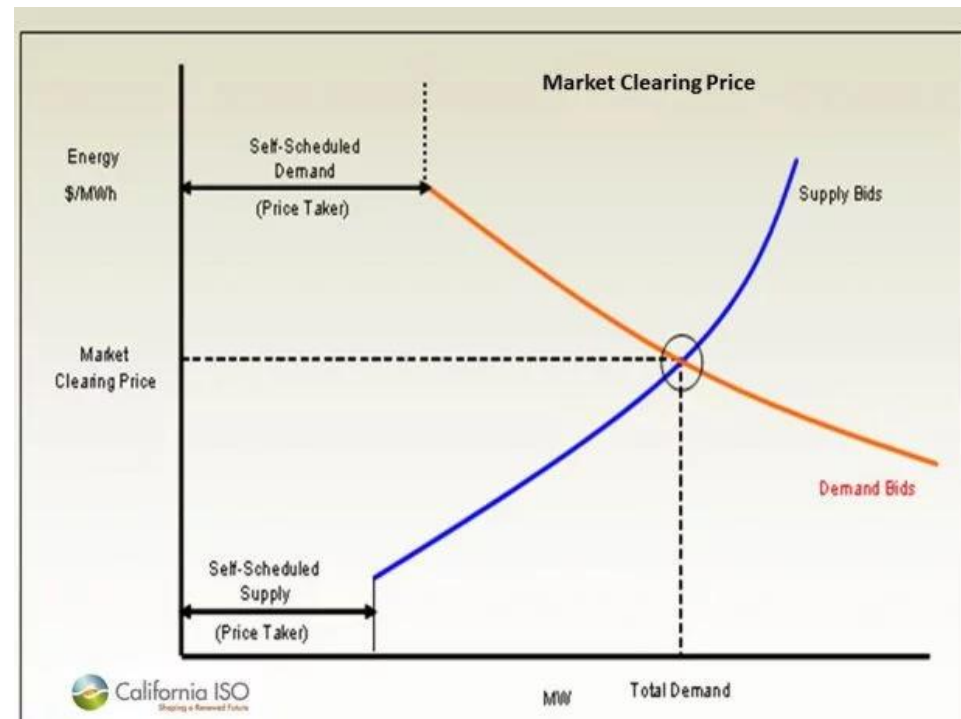
Sources of Carbon Free Energy

- Carbon Free Energy that is not renewable
 - Large hydro (>30 MW)
 - Nuclear
- Most (if not all) CCAs have elected to not include nuclear power in their portfolios
- In addition to California, most large hydro has come from the Pacific Northwest
- E-tags track power supply from generator to load



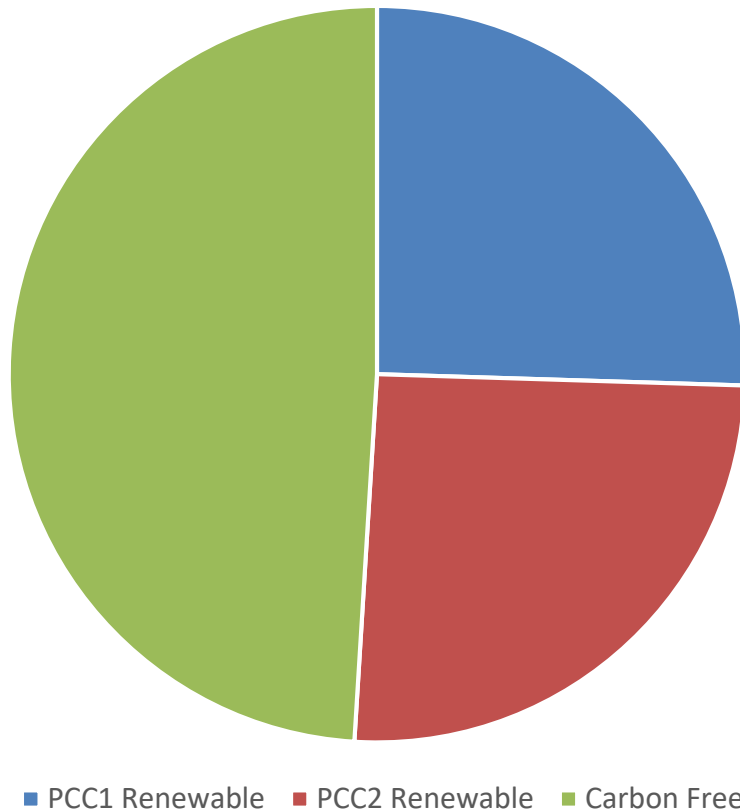
All Generation and Load is “Cleared” through CAISO Energy Market

- All generation is sold to CAISO and is paid the market clearing price
- All load is purchased from CAISO and pays the market clearing price
- Fixed priced energy contracts hedge price risk



DCE Default Portfolio at Launch

100% Carbon Free

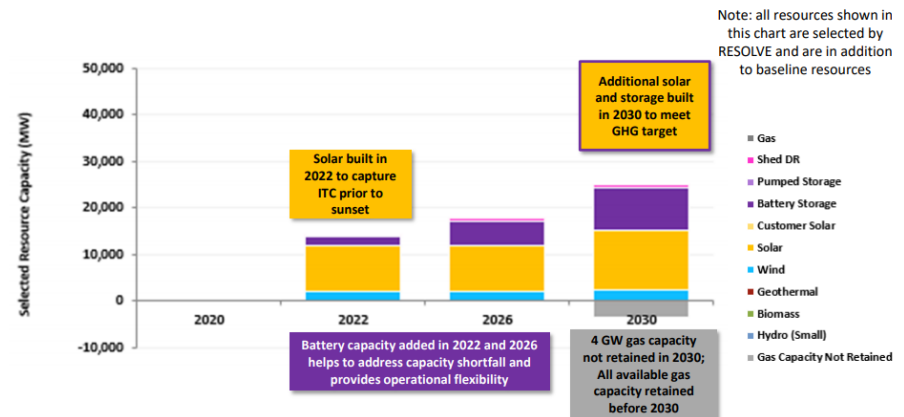


- Initial Procurement will begin December and continue into Q1-20
- Layer in purchases over time
- Focused on meeting product content objectives and establishing strong financial foundation

Long-term Procurement

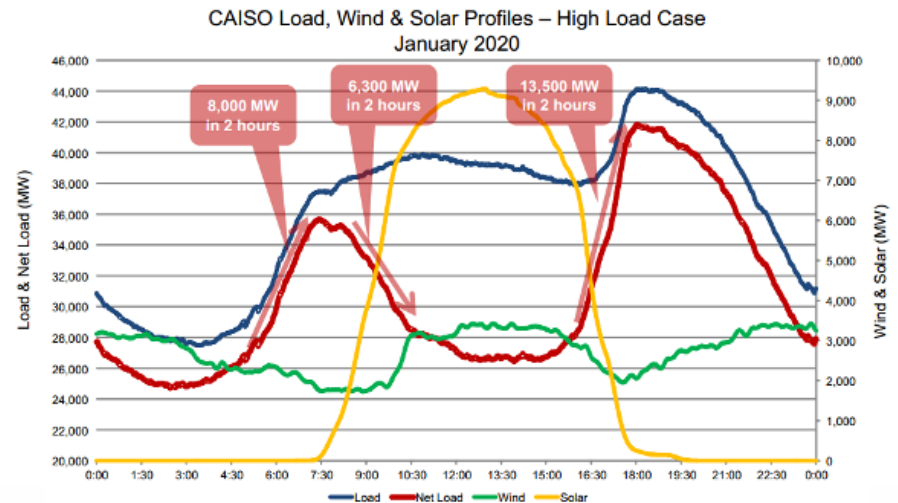
- At least 65% of mandated RPS purchases must be under contract for term of at least 10 years
- DCE's first long-term procurement expected to occur early-summer 2020
- California reference case primarily relies on solar, wind and battery storage

RESOLVE Output: Resources Selected in 46 MMT Case



Long-term Procurement

- Challenge of de-carbonizing electric generation sector will require innovation
- Stay flexible
- DCE will be able to set course that helps California meet its goals with solutions that make sense for the Coachella Valley



Questions?