



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

Thursday, October 17, 2024



EXECUTIVE DIRECTOR REPORT

Working Group Update

Daniel E Garcia | *Executive Director*



**SCPPA 2024 ANNUAL
CONFERENCE**



CONSENT CALENDAR

A. Minutes of the Board of Directors Meeting

- Regular Meeting Minutes: September 19, 2024

B. Receive and File:

1. Preliminary SCPPA Project Quarterly Budget Comparison Report for FY 23/24, Q4
2. SCPPA Renewable Project Performance Report for Calendar Year 2024, Q2
3. SCPPA Finance Committee Meeting Minutes: September 9, 2024
4. Monthly Investment Report: August 2024
5. FY 24/25 SCPPA Administrative & General (A&G) Expense Budget to Actual Comparison Report: August 2024
6. FY 23/24 SCPPA A&G Expense Budget to Actual Comparison Report: Final

CONSENT CALENDAR CONTINUED..

7. Palo Verde Nuclear Generating Station Status Report: August 2024
8. Magnolia Power Project Operations Report: September 2024
9. Federal Legislative Report: September 2024

C. Resolution 2024-099

Approve a Funding Agreement between the California Municipal Utilities Association, Northern California Power Authority, and SCPPA for Energy Efficiency Forecasting Services

D. Resolution 2024-100

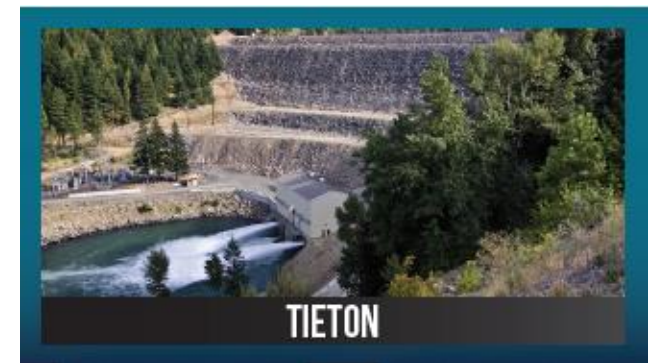
Approve Amendment No. 1 to a Funding Agreement between the California Municipal Utilities Association and SCPPA for Energy Efficiency Services, to add Los Angeles Department of Water & Power as a Participant



Southern California Public Power Authority

Fiscal year 2024 Audit Presentation

October 17, 2024



YOUR DEDICATED TEAM



KEITH SIMOVIC
Engagement Reviewer
And Partner – Member of
Power & Utilities National
Practice



Laurie Tish
Concurring Reviewer
and Partner – National
Practice Leader for
Government Services



Laurel Braschayko
Audit Senior Manager

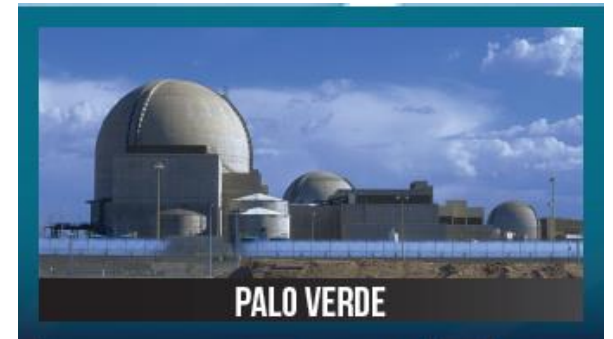


Ayde Alvarado
Audit Manager



Nature of Services Provided

- Financial statement audit under Generally Accepted Auditing Standards (GAAS)
 - Materiality set and testing performed individually for each project
- Independent Auditors' Report on the financial statements of Southern California Public Power Authority
- California Minimum Standards Compliance Audit
- Audit of compliance with applicable revenue bond indentures
 - Negative assurance
- Communication to Those Charged with Governance
- Audit performed onsite at SCPPA LA





Audit Opinion / Reports

Financial
Statements

Unmodified (clean)
opinion on financial
statement

California
Municipal
Standards

No compliance
findings

Bond
Compliance
Reports

No compliance
findings

Communication
to those
charged with
governance

No material
weaknesses



Financial Statement Updates

- **New Projects**
 - Daggett Solar 2 Project
 - Clean Energy Project
- **Regulatory Accounting**
 - STSR – regulatory asset for approximately \$3,766,000
- **New Debt & Debt Refunding**
 - Windy Point Flats Project
 - Issued \$161,845,000 of 2023 Series A Refunding Revenue Bonds
 - Refunded 2020 Series A for \$237,590,000
 - Linden Wind Project
 - Issued \$76,765,000 of 2024 Series A Refunding Revenue Bonds
 - Refunded 2010 Series B for \$41,550,000 and 2020 Series A for \$40,320,000
 - Apex Power Project
 - Issued \$192,625,000 of 2024 Series A Refunding Revenue Bonds
 - Refunded 2014 Series A for \$151,880,000 and 2014 Series B for \$78,155,000
 - Southern Transmission System Renewal
 - Issued 2024-1 for \$562,855,000
 - Clean Energy Project
 - Issued 2024A for \$592,270,000



Required Audit Communications

- Auditor's responsibility under auditing standards
- Significant accounting policies
 - No significant changes
- Management judgments & accounting estimates
- **Audit adjustments – see following slide**
- **Proposed audit adjustments – see following slide**
- Reclassifying audit adjustments – none noted
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit
- **Audit observations and recommendations – No material weaknesses noted, discussed best practice recommendations with management and audit and finance committees**



Required Audit Communications (continued)

| Audit Adjustments | Amount |
|--|--------------|
| <i>Pinedale</i> – To adjust Pinedale depreciation expense | \$56,227 |
| <i>SCPPA Building</i> – To adjust SCPPA Building depreciation expense for office equipment | \$16,422 |
| <i>San Juan</i> – To adjust the decommissioning/reclamation obligation and investment expense to net out investment income and expense | \$1,118,192 |
| Passed Adjustments | Amount |
| <i>Palo Verde</i> – To true-up accrual for Operations & Maintenance expense | \$1,120,131 |
| <i>Palo Verde</i> – To true-up accrual for Property Taxes | \$242,686 |
| Other Adjustments | Amount |
| <i>Magnolia</i> – To adjust deferred credits and net position to true up major maintenance recognized to actual expenses incurred | \$14,549,737 |



Acknowledgements

Thanks to the Audit Committee, Aileen Ma, Grace Mao, and other staff for the excellent facilitation of the audit process.

- The audit progressed on time and in an orderly fashion; all requested schedules and draft financial statements were received on a timely basis.
- All personnel across all departments were courteous, responsive, and fulfilled all our requests in a timely manner.
- ‘Tone at the Top’ and attitude from management was one of helpfulness, candor, and openness in response to audit requests and discussion points.





THANK
YOU





SCPPA

FINANCE REPORT

Aileen Ma | *Chief Financial &
Administrative Officer*

FY 2023-24
ADMINISTRATIVE & GENERAL EXPENSE
BUDGET TO ACTUAL

FY 2023-24 A&G BUDGET TO ACTUAL

| | Budget FY 2023-24 | Actual FY 2023-24 | Under/ (Over) Budget | % Variance |
|--------------------|----------------------|----------------------|----------------------------|---------------|
| Total Indirect A&G | \$ 5,540,950 | \$ 5,092,739 | \$ 448,211 | 8.1% |
| Total Direct A&G | 4,377,050 | 4,095,971 | 281,079 | 6.4% |
| Total A&G | \$ 9,918,000 | \$ 9,188,710 | \$ 729,290 | 7.4% |

THANK YOU



SCPPA

ASSET MANAGEMENT

CHARLES GUSS | *Senior Asset Manager*

Guadalupe Robles | *Senior Utility Analyst*

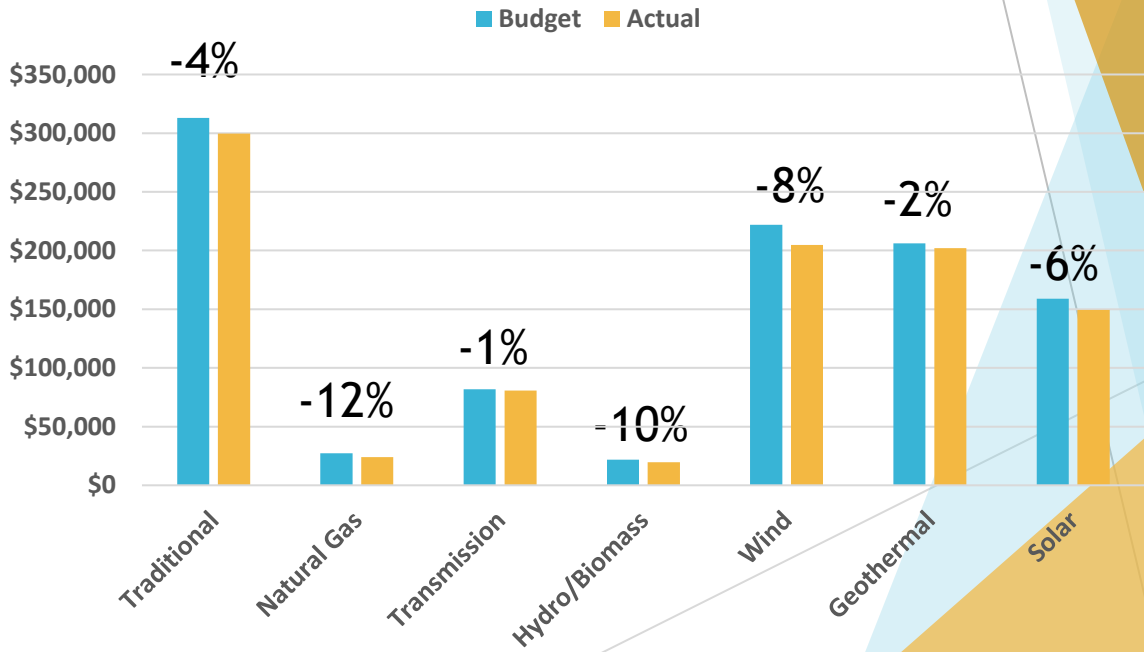
SCPPA FY 2023-2024 Q4 Project Budget-to-Actual Variance Report



| | Series 1 | Series 2 |
|-----|----------|----------|
| Apr | 0.17 | 5.60 |
| May | 0.95 | 8.52 |
| Jun | 1.56 | 10.74 |
| Jul | 2.09 | 12.96 |
| Aug | 2.69 | 15.18 |
| Sep | 3.49 | 17.40 |
| Oct | 4.29 | 19.62 |
| Nov | 5.09 | 21.84 |
| Dec | 5.89 | 24.06 |

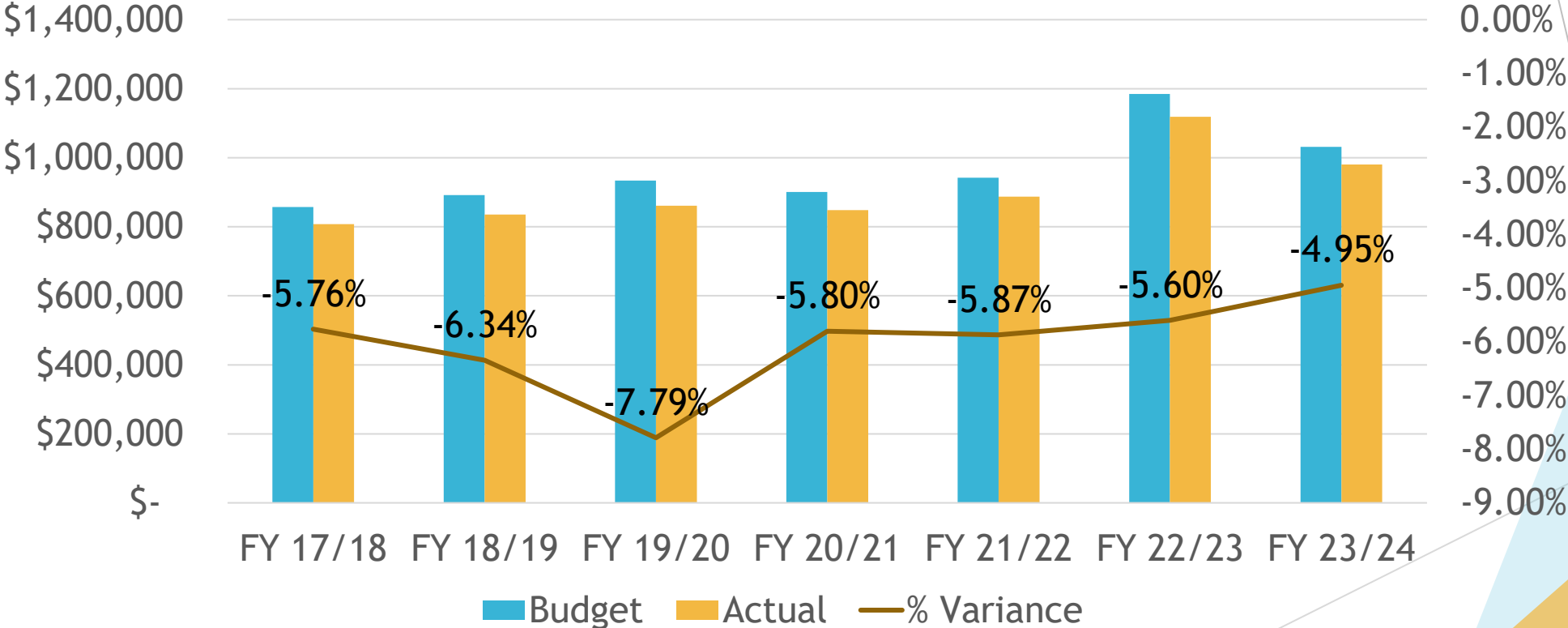
SCPPA FY 2023-2024 Q4 Project Budget-to-Actual Variance Report

| Project Type | Budget | Actual | Difference | % |
|---------------|---------------------|-------------------|--------------------|------------|
| Traditional | \$ 313,081 | \$ 299,670 | \$ (13,411) | -4% |
| Natural Gas | \$ 27,281 | \$ 23,902 | \$ (3,380) | -12% |
| Transmission | \$ 81,864 | \$ 80,776 | \$ (1,088) | -1% |
| Hydro/Biomass | \$ 21,936 | \$ 19,741 | \$ (2,195) | -10% |
| Wind | \$ 221,856 | \$ 204,885 | \$ (16,971) | -8% |
| Geothermal | \$ 206,124 | \$ 201,950 | \$ (4,174) | -2% |
| Solar | \$ 159,091 | \$ 149,298 | \$ (9,793) | -6% |
| Total | \$ 1,031,233 | \$ 980,222 | \$ (51,011) | -5% |



SCPPA FY 2023-2024 Q4 Project Budget-to-Actual Variance Report

FY Variance Comparison





Revision No. 1 to the Linden Wind Energy Project FY 24/25 Project Budget

Resolution 2024-101

Revision No. 1 to the Linden Wind Energy Project FY 24/25 Project Budget

- ▶ Linden Wind Energy Project
 - ▶ 50 MW wind project in Klickitat County, Washington
 - ▶ 25 wind turbines
 - ▶ Purchase completed by SCPPA in 2010
 - ▶ Reached COD in 2010
 - ▶ Glendale's 10% share assigned to LADWP
- ▶ FY 24/25 Project Budget revisions include:
 - ▶ Additional \$3.8 Million for Energy Exchange costs
 - ▶ \$1 Million for blade repair
 - ▶ Increases FY 24/25 Budget to \$23.6 Million
- ▶ Resolution 2024-101
 - ▶ Project Vote: LADWP (90%) and Glendale (10%)



RECOMMENDATION: Approval of Resolution 2024-101

Authorizes Approval of Revision No.
1 to the Linden Wind Energy Project
FY 24/25 Project Budget



Revision No. 1 to the Windy Point/Windy Flats Project FY 24/25 Project Budget

Resolution 2024-102

Revision No. 1 to the Windy Point/Windy Flats Project FY 24/25 Project Budget

- ▶ Windy Point/Windy Flats Energy Project
 - ▶ 262 MW wind project in Klickitat County, Washington
 - ▶ 114 wind turbines
 - ▶ Reached COD in 2010
 - ▶ Glendale's 7.63% share assigned to LADWP
- ▶ FY 24/25 Project Budget revisions include:
 - ▶ Additional \$6.8 Million for Energy Exchange costs
 - ▶ Increases FY 24/25 Budget to \$87.6 Million
- ▶ Resolution 2024-102
 - ▶ Project Vote: LADWP (92.37%) and Glendale (7.63%)



RECOMMENDATION: Approval of Resolution 2024-102

Authorizes Approval of Revision
No. 1 to the Windy Point/Windy
Flats Project FY 24/25
Project Budget

The logo for SCP PA features the letters 'S', 'C', 'P', and 'P' in a dark blue, sans-serif font, followed by 'A' in a lighter blue. The letters are overlaid on a light blue map of Louisiana. A yellow and orange swoosh graphic is positioned behind the letters.

SCP PA

GOVERNMENT AFFAIRS

MARIO De BERNARDO | *Director, Government Affairs*

ELISABETH de JONG | *Manager, Government Affairs*

NATALIE SEITZMAN | *Energy Policy Advocate, Government Affairs*

2024 Legislative Session Recap

- Bills Introduced in 2024: 2,159
- Bills Signed into Law: 1,017
- Multi-Billion Dollar Budget Deficit a Major Theme
- Asm. Petrie-Norris (Chair of U&E) Emerges as a Strong Energy Leader
- Special Session Highlights Leadership Tension

2024 Legislative Session Recap

Notable Energy Bills

2024 Legislative Session Recap

POU Infrastructure

- AB 2221 (J. Carrillo) Broadband Shot clocks
 - SCPPA Strongly Opposed
 - **Bill Died in First House**
- AB 2037 (Papan) Incorrect EV Chargers
 - SCPPA Amendments: POU's Can Opt Into Inspecting Its Own Chargers
 - **Signed into Law**



2024 Legislative Session Recap

Energy Mandates

- SB 1062 (Dahle) Double Biomass Mandate
 - SCPPA Advocated for Removal of Mandate
 - Mandate Was Stripped from Bill
 - **Died in Second House**
- SB 1508 (Stern) Energy Storage Targets
 - SCPPA Advocated for Removal of POUs
 - POUs Removed from Bill
 - **Died in Second House**



2024 Legislative Session Recap

Hydrogen

- AB 1550 (Bennett) Renewable Hydrogen
 - Concept Based on Three Pillars
 - **Died in First House**
- AB 2204 (Bennett) Green Hydrogen
 - Concept Based on Three Pillars
 - **Died in First House**
- SB 1420 (Caballero) Hydrogen
 - Permit and Judicial Streamlining for Certain Hydrogen Projects
 - **Signed into Law**



2024 Legislative Session Recap

Rooftop Solar

- AB 1999 (Irwin) Electricity Fixed Charge
 - Limits CPUC Authority to Impose Fixed Charge
 - **Died in First House**
- AB 2256 (Friedman) Reverse NEM 3.0
 - **Died in First House**
- AB 2619 (Connolly) Reverse NEM 3.0
 - **Died in First House**



2024 Legislative Session Recap

Energy Funding

- AB 2329 (Muratsuchi) Climate Equity Trust Fund
 - Reintroduction of Proposal to Direct Cap&Trade \$\$\$ to Ratepayers
 - **Died in First House**
- SB 867 (Allen) \$10 Billion Climate Bond
 - \$850 Million to Clean Energy
 - \$475M for Offshore Wind Infrastructure
 - \$325M for Public Financing of Transmission
 - \$50M for Long Duration Energy Storage
 - **Signed, Placed on November Ballot**



2024 Legislative Session Recap

Fees and Penalties

- AB 1465 (Wicks) Air District Penalties
 - Allows for 3X Fine for Title V Violations
 - SCPPA Secured “Letter to the Journal” re Grid Emergency
 - **Bill Signed**
- Budget Proposal to Increase CEC ERPA Fee
 - **Proposal Did Not Advance This Year**
 - Will Return in 2025
 - SCPPA, CMUA & NCPA Negotiating with CEC on Net Benefits



2024 Legislative Session Recap

Affordability

- AB 3121 (Petrie-Norris) Returning Unspent IOU Ratepayer Funds
 - Late Gut & Amend
 - Strong Opposition from Enviros, EJ & Various Industry Stakeholders
 - **Failed in Second House**
- AB 3264 (Petrie-Norris) Affordability Studies
 - Late Gut & Amend
 - Focused Primarily on IOU Residential Rates
 - Includes Scenarios for 5%, 10% & 15% Reductions by 2035
 - **Bill Signed**



2024 Legislative Session Recap

Advanced Clean Fleets

- AB 3179 (J. Carillo) ACF Exemption for Emergency Telecom Vehicles
 - Veto by Governor
- AB 637 (Jackson) ACF Flexibility for Rental Vehicles
 - Veto by Governor

SCPPA's ACF Bill (AB 1594 in 2023) Remains the Only ACF Bill That's Become Law



2024 Legislative Session Recap

Other Bills

- AB 1834 (Garcia) Capacity Payment and Central Procurement
 - SCPPA & NCPA Sponsored Bill
 - **Governor Vetoed**
 - SCPPA Working with CEC on Capacity Payment Regulations
- SB 308 (Becker) Carbon Removal
 - Establishes Carbon Removal Targets
 - **Failed in Second House (Approps Committee)**
 - Asm. Approps Chair: *“Leadership has indicated that this is going to be a big priority for us next year.”*
- SB 1003 (Dodd) Wildfire Mitigation Plans
 - Late Gut & Amend
 - Four Year Cycle for POU WMPs
 - **Ran Out of Time, Died on Second House Floor**



What to Expect in 2025

- **35-41 New Members in 2025**
- **Energy-Related Issues**
 - Affordability
 - Permit Reform
 - Cap-and-Trade Reauthorization
- **Appointment of New Senate Energy Committee Chair**
- **2025 Legislative Session Convenes December 2nd**



CARB: Advanced Clean Fleets

- ▶ Status of AB 1594 changes to ACF rule:
 - ▶ CARB AB 1594 Workshop October 3rd
 - ▶ SCPPA coordinating with: CMUA, NCPA, ACWA
 - ▶ Draft Joint POU comments circulating
- ▶ Advocacy:
 - ▶ Definition of a “Traditional Utility Specialized Vehicle”
 - ▶ Used to identify vehicles with AB 1594 accommodations
 - ▶ “Early access” to Daily Usage and ZEV Purchase exemptions
 - ▶ Used to determine the end of useful life of a vehicle prior to 13 years
 - ▶ Calculation for daily energy use of a vehicle being replaced
 - ▶ Used to determine eligibility for daily usage exemption
 - ▶ Additional clarifications in ACF rule implementation



West-Wide Governance Pathways Initiative

- ▶ Elements of interest
 - Much increased role/burden for stakeholders
 - Board selection process is the same as WEM Governing Body
- ▶ Contrast from previous regionalization efforts
 - Sole focus on energy markets
 - New west-wide dynamics driving more cooperation
- ▶ Timeline for transition
 - Prepare tariff language and legislation simultaneously
 - Transfer of authority late 2025 or 2026
- ▶ Remaining issues
 - Commitment to expand in future
 - Dispute resolution process
 - CAISO as balancing authority vs CAISO as market operator

Organizational:

- Independent RO Board
- Sole authority over BPMs
 - Separate & independent legal entity
- Regular evaluations of CAISO contract performance
- Joint Reporting from Independent Market Monitor
- Ability to add voluntary market services for Western entities who request them

Tariff:

- Sole 205 Filing Rights
- Sole authority over provisions related to WEIM and EDAM

Stakeholder Process & Public Interest:

- RO led, CAISO supported stakeholder process
 - Body of State Regulators
- Independent Consumer Advocate Organization
 - RO Office of Public Participation



Thank You