



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

Thursday, April 18, 2024



Closed Session in progress Regular Meeting will resume shortly.



Legal

Christine Godinez | *General Counsel*
Armando Arballo | *Assistant General Counsel*

LEGAL

- ▶ 3A: REPORT OUT OF CLOSED SESSION
- ▶ 3B: ORAL RECOMMENDATION RE SALARY AND/OR FRINGE BENEFITS OF EXECUTIVE DIRECTOR
- ▶ 3C: CONSIDERATION OF: APPOINTMENT OF DANIEL E. GARCIA AS EXECUTIVE DIRECTOR AND APPROVAL OF EXECUTIVE DIRECTOR EMPLOYMENT AGREEMENT
 - ▶ [Resolution No. 2024-013](#)

CONSENT CALENDAR

A. Minutes of the Board of Directors Meeting

- Special Meeting Minutes: March 14, 2024
- Regular Meeting Minutes: March 21, 2024

B. Receive and File:

1. Finance Committee Meeting Minutes: March 4, 2024
2. Monthly Investment Report: February 2024
3. FY 23-24 Second Quarter Financial Report
4. SCPPA A&G Budget Comparison Report: January 2024
5. FY 23-24 Q2 Budget-to-Actual Variance Report
6. Strategic Priorities Report
7. Palo Verde Report: February 2024
8. Magnolia Power Project Operations Report: March 2024
9. Federal Legislative Report: March 2024

C. Resolution 2024-012

Correction of Administrative Error in Resolution No. 2024-001 regarding SCPPA's Employee Benefits Policy



Appointment of Authority Officers:

SCPPA Treasurer/ Auditor and Assistant Secretary



EXECUTIVE DIRECTOR REPORT

Working Group Update

Randy Krager | *Interim Executive Director*



SCPPA

FINANCE REPORT

Aileen Ma | *Chief Financial &
Administrative Officer*

SOUTHERN TRANSMISSION SYSTEM (STS) RENEWAL PROJECT REVENUE BONDS (SECOND TRANCHE)

STS RENEWAL PROJECT REVENUE BONDS

- ▶ STS Renewal Project
 - ▶ Capital improvements to existing Southern Transmission System (STS)
- ▶ Scheduled transition date of 6/16/2027 from existing STS
- ▶ Project Participants
 - ▶ LADWP, Burbank, and Glendale
- ▶ Project Participants desire SCPPA to provide financing

STS RENEWAL PROJECT REVENUE BONDS

STS Renewal Project

- ▶ Total estimated cost - increased from \$2.13 billion to \$2.66 billion
- ▶ Multiple components with in-service dates from May 2024 to April 2028
 - ▶ IPP Switchyard
 - ▶ Synchronous Condensers
 - ▶ Adelanto Switchyard
 - ▶ Converter Stations - 80% of total project cost
 - ▶ Change in scope requested by Project Participants
 - ▶ Upgrade capacity to 3,000 MW
 - ▶ Majority of the increase in cost
 - ▶ Moved in-service date from April 2027 to April 2028

STS RENEWAL PROJECT REVENUE BONDS

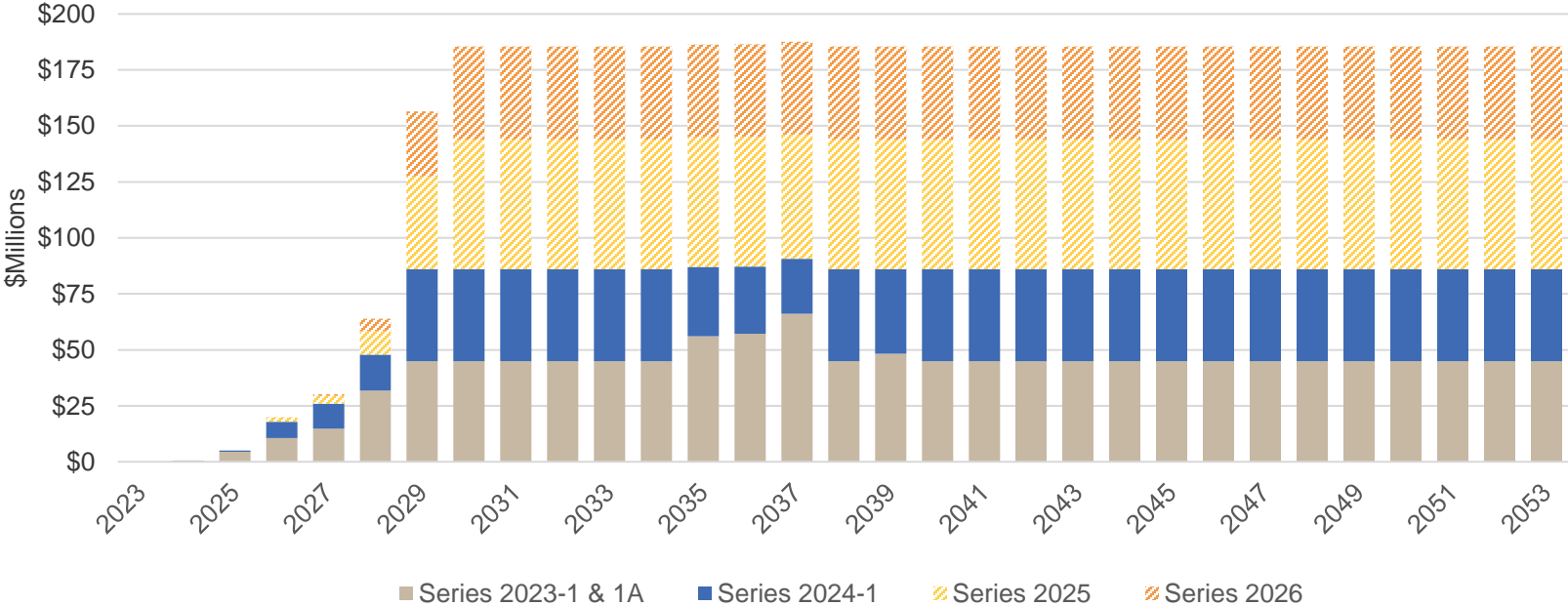
Financing Plan

- ▶ Fixed rate tax-exempt project revenue bonds
- ▶ Multiple tranches to reduce capitalized interest and debt service
 - ▶ First tranche issued in April 2023 for \$686 million
- ▶ Issue second tranche to cover estimated construction spending to June 2025 - approx. \$520 million
- ▶ Plan for flexibility to upsize to \$700 million depending on market conditions
- ▶ Anticipate two additional tranches

STS RENEWAL PROJECT REVENUE BONDS

Financing Plan

▶ Approximately level aggregate debt service to 2053



Estimates as of March 22, 2024



STS RENEWAL PROJECT REVENUE BONDS

Debt Service

- ▶ Interest during construction period will be capitalized
- ▶ Debt service will start as each component is placed in service
- ▶ Debt service payments from Project Participants will start after the transition date of 6/16/2027
- ▶ Prior to transition date, debt service payments will be billed to IPA per Second Amendment to the STS Agreement
- ▶ Debt service for Converter Stations will start after the transition date

STS RENEWAL PROJECT REVENUE BONDS

Firm	Role	Estimated Fees & Expenses
Norton Rose Fulbright	Bond/Disclosure Counsel	\$ 190,000
Nixon Peabody	Tax Counsel	60,000
PFM Financial Advisors	Financial Advisor	85,000
Moody's Investors Service	Rating Agency	152,000
Fitch Ratings	Rating Agency	115,000
U.B. Bank	Trustee	12,500
ImageMaster	Printer	3,500
Contingency		7,200
Estimated Cost of Issuance		<u>\$ 625,200</u>

STS RENEWAL PROJECT REVENUE BONDS

- ▶ Anticipated financing schedule
 - ▶ April 19th - Post Preliminary Official Statement
 - ▶ April 25th - Pricing
 - ▶ May 9th - Closing; receive bond proceeds
- ▶ April 4th - Finance Committee recommended approval of two Resolutions

STS RENEWAL PROJECT REVENUE BONDS

Recommendation:

- ▶ Adopt Resolution No. 2024-014 authorizing the issuance of the STS Renewal Project, Revenue Bonds, 2024-1 and the execution and delivery of various agreements relating to the issuance of the project revenue bonds; and
- ▶ Adopt Resolution No. 2024-015 approving the provision of certain Continuing Disclosure information with respect to the project revenue bonds

APEX POWER PROJECT BOND REFUNDING

APEX BOND REFUNDING

- ▶ Project Participant: LADWP
- ▶ Outstanding project revenue bonds:

Series	Structure	Outstanding	Final Maturity	Optional Redemption
2014 Series A	Fixed Rate Tax-Exempt	\$151,880,000	July 1, 2038	July 1, 2024
2014 Series B	Fixed Rate Taxable	\$78,155,000	July 1, 2030	July 1, 2024

- ▶ Plan of Finance
 - ▶ Refinance for debt service savings
 - ▶ Issue fixed rate tax-exempt refunding revenue bonds
 - ▶ Level debt service to 2038
- ▶ Maintains flexibility to refund either or both series

APEX BOND REFUNDING

Firm	Role	Estimated Fees & Expenses
Norton Rose Fulbright	Bond/Disclosure Counsel	\$ 175,000
Nixon Peabody	Tax Counsel	60,000
PFM Financial Advisors	Financial Advisor	85,000
US Bank	Trustee	12,500
Moody's Investors Service	Rating Agency	85,000
Fitch Ratings	Rating Agency	115,000
ImageMaster	Printer	3,500
TBD	Verification Agent	2,000
Contingency		5,000
Estimated Cost of Issuance		<u>\$ 543,000</u>

APEX BOND REFUNDING

- ▶ Anticipated financing schedule
 - ▶ May 13th - Post Preliminary Official Statement
 - ▶ May 21st - Pricing
 - ▶ June 4th - Closing

- ▶ April 4th - Finance Committee recommended approval of two Resolutions

APEX BOND REFUNDING

Recommendation:

- ▶ Adopt Resolution No. 2024-016 authorizing the issuance of refunding revenue bonds and the execution and delivery of various agreements relating to the issuance of refunding revenue bonds; and
- ▶ Adopt Resolution No. 2024-017 authorizing the provision of certain Continuing Disclosure information with respect to the refunding revenue bonds.

THANK YOU



SCPPA

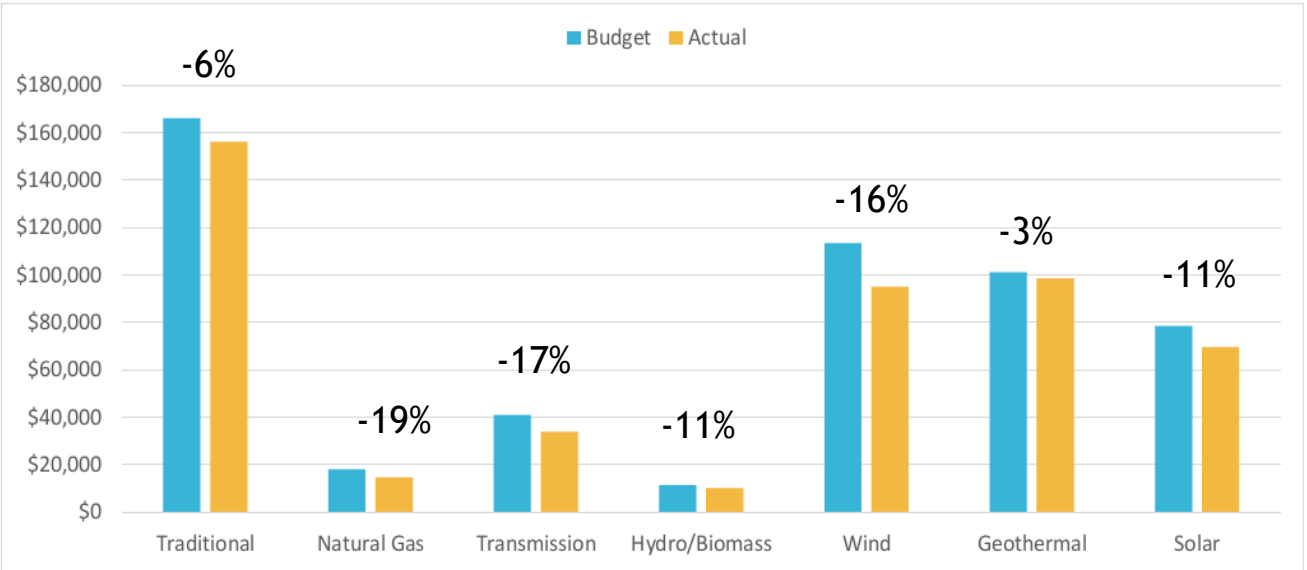
ASSET MANAGEMENT

CHARLES GUSS | *Senior Asset Manager*

NICOLE SOLANO | *Principal Utility Analyst*

SCPPA FY 2023-2024 Q2 Project Budget-to-Actual Variance Report

Project Type	Budget	Actual	Difference	%
Traditional	\$ 165,956	\$ 156,049	\$ (9,907)	-6%
Natural Gas	\$ 18,025	\$ 14,577	\$ (3,448)	-19%
Transmission	\$ 40,932	\$ 33,916	\$ (7,016)	-17%
Hydro/Biomass	\$ 11,394	\$ 10,131	\$ (1,263)	-11%
Wind	\$ 113,370	\$ 94,997	\$ (18,373)	-16%
Geothermal	\$ 101,130	\$ 98,533	\$ (2,597)	-3%
Solar	\$ 78,379	\$ 69,565	\$ (8,814)	-11%
Total	\$ 529,186	\$ 477,767	\$ (51,419)	-10%





Ameresco Chiquita Canyon Landfill Gas Project FY 23-24 Budget Revision No. 1

Resolution 2024-018

Ameresco Chiquita Canyon Landfill Gas Project FY23/24 Budget Revision No. 1

- ▶ Chiquita Canyon Landfill Gas Generation Project
 - ▶ Located at the Chiquita Canyon Landfill in Los Angeles County, CA
 - ▶ 7.8 MW, 35,000 MWh in FY 22/23
 - ▶ Project Offline on January 31, 2024
 - ▶ Force Majeure Declared on February 22, 2024
- ▶ Original FY 23-24 Budget Total of \$2.2 million
 - ▶ 33,182 MWh
- ▶ Revised FY 23-24 Budget Total of \$1.7 million
 - ▶ Possible Return to Service by December 2024
- ▶ Resolution 2024-018
 - ▶ Project Vote: Burbank (16.6667%) and Pasadena (83.3333%)

RECOMMENDATION: Approval of Resolution 2024-018

Authorizes Approval of the Ameresco Chiquita Canyon
FY 23/24 Budget Revision No. 1



Heber 1 Geothermal Project FY 23/24 Budget Revision No. 1

Resolution 2024-019



Heber 1 Geothermal Project FY 23/24 Budget Revision No. 1

- ▶ Heber 1 Geothermal Generation Project
 - ▶ Located in Heber, CA
 - ▶ 52 MW, 144,000 MWh in FY 22/23
 - ▶ Fire in Steam Turbine/Generator on February 26, 2022
 - ▶ Heber 1 Repower Project completed in May 2023
 - ▶ Four new generators and removal of steam turbine/generator
 - ▶ New Transformer
 - ▶ Modify brine piping and pumps
- ▶ Original FY 23-24 Budget Total of \$23.7 million
 - ▶ 264,497 MWh
- ▶ Revised FY 23-24 Budget Total of \$27.6 million
 - ▶ 308,066 MWh
- ▶ Resolution 2024-019
 - ▶ Project Vote: IID (22%) and LADWP (78%)

RECOMMENDATION: Approval of Resolution 2024-019

Authorizes Approval of the Heber 1 Geothermal Project
FY 23/24 Budget Revision No. 1



Eland Solar and Storage Center, Phase 1 Project FY 23/24 Budget

Resolution 2024-020



Eland Solar and Storage Center, Phase 1 Project FY 23/24 Budget

- ▶ Eland Solar and Storage Center, Phase 1 Project
 - ▶ Located in Kern County, CA
 - ▶ 200MW Solar + 150MW/600MWh BESS
 - ▶ Test Energy Planned for May 2024
 - ▶ COD Expected in September 2024
- ▶ FY 23-24 Budget Total of \$1.546 million
 - ▶ 85,857 MWh of Test Energy Only
- ▶ Resolution 2024-020
 - ▶ Project Vote: LADWP (87.5%) and Glendale (12.5%)

RECOMMENDATION: Approval of Resolution 2024-020

Authorizes Approval of the Eland Solar and
Storage Center, Phase 1 Project FY 23/24
Budget





Thank You



SCP PA

GOVERNMENT AFFAIRS

MARIO De BERNARDO | *Director, Government Affairs*

ELISABETH de JONG | *Manager, Government Affairs*

NATALIE SEITZMAN | *Energy Policy Advocate, Government Affairs*

State Regulatory Update

CARB: Cap-and-Trade

- ▶ Status Update:
 - ▶ Joint Utility Group & CARB meetings on 2/28 & 3/28
 - ▶ CARB public workshop 4/23
 - ▶ Pre-rulemaking
 - ▶ Expected to impact 2025-2030 allowances
 - ▶ Foundation for 2030-2045
- ▶ Next Steps:
 - ▶ Joint Utility Group & CARB meeting
 - ▶ Joint POU's & CARB meeting



CARB: Advanced Clean Fleets

- ▶ AB 1594 Workshop 3/25
 - ▶ CARB starting rulemaking to accommodate AB 1594
 - ▶ SCPPA submitting comments to CARB
 - ▶ Coordinated responses with NCPA, ACWA, CMUA, CalETC + others
 - ▶ SCPPA sponsored AB 1594
 - ▶ Remove 13-year limitations on use of ZEV Purchase and Daily Usage provisions
 - ▶ More inclusive accounting of usage for Daily Usage provision
 - ▶ Applies to public agency utilities

Assembly Bill No. 1594

CHAPTER 585

An act to add the heading of Division 12.5 (commencing with Section 28500) to, and to add Chapter 1 (commencing with Section 28500) to Division 12.5 of, the Vehicle Code, relating to vehicles.

[Approved by Governor October 8, 2023. Filed with Secretary of State October 8, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1594, Garcia. Medium- and heavy-duty zero-emission vehicles: public agency utilities.

Federal Update

US EPA's Pre-Rulemaking: Existing Stationary Combustion Turbines

Background:

- Feb 29th: EPA Sec. Regan announcement
 - “[EPA] is taking a new, comprehensive approach to cover the entire fleet of natural gas-fired turbines, as well as cover more pollutants including climate, toxic and criteria air pollution.”
- March 26th: US EPA opened “non-regulatory docket”
 - “Key Framing Questions” (see next slide)
- May 17: EPA policy forum
- May 28th: Comments due



US EPA's Pre-Rulemaking: Existing Stationary Combustion Turbines

Examples of Key Questions:

- **What Best System of Emission Reduction Technologies should EPA Consider?**
 - Ex: Integrate battery storage/solar/fuel cell; Efficiency Improvements
- **Should EPA include market-mechanism?**
 - Ex: Mass-based trading; Emissions averaging
- **What compliance flexibilities should be provided?**



US EPA's Pre-Rulemaking: Existing Stationary Combustion Turbines

Next Steps:

- Outreach to SCPPA's Assets and Natural Gas Working Group
- Initial thoughts for comments
 - Highlight California and SCPPA Members' clean energy goals/policies
 - Role of NG plant in clean energy transition
 - List and describe the NG Plants owned by SCPPA and SCPPA Members
 - Avoid duplication/conflict with California laws
 - Avoid unintended consequences

Direct Pay Regulations



- Domestic Content (DC) Regulations Pending
- DC Requirements By Statute
 - For IOUs, bonus provided if DC met
 - For POUs, bonus provided, but starting 2026, no Direct Pay at all if DC not met
 - Exceptions: (1) Cost more than 25% or (2) Products not reasonably available
- **SCPPA & Pasadena Working with Rep. Chu on a letter to Treasury**
 - Urges Regulations with Clarity, Certainty, and Simplicity
 - Potentially a Sign-on Letter

DOE's Transformer Regulations

- **Initial Proposal**
 - 95% Market Shift to Amorphous Steel
 - Three Year Compliance Period
- **DOE's Final Regulations (April 4th)**
 - 75% Grain Oriented Steel
 - 25% Amorphous Steel
 - Five Year Compliance Period

DOE Finalizes Energy Efficiency Standards for Distribution Transformers That Protect Domestic Supply Chains and Jobs, Strengthen Grid Reliability, and Deliver Billions in Energy Savings

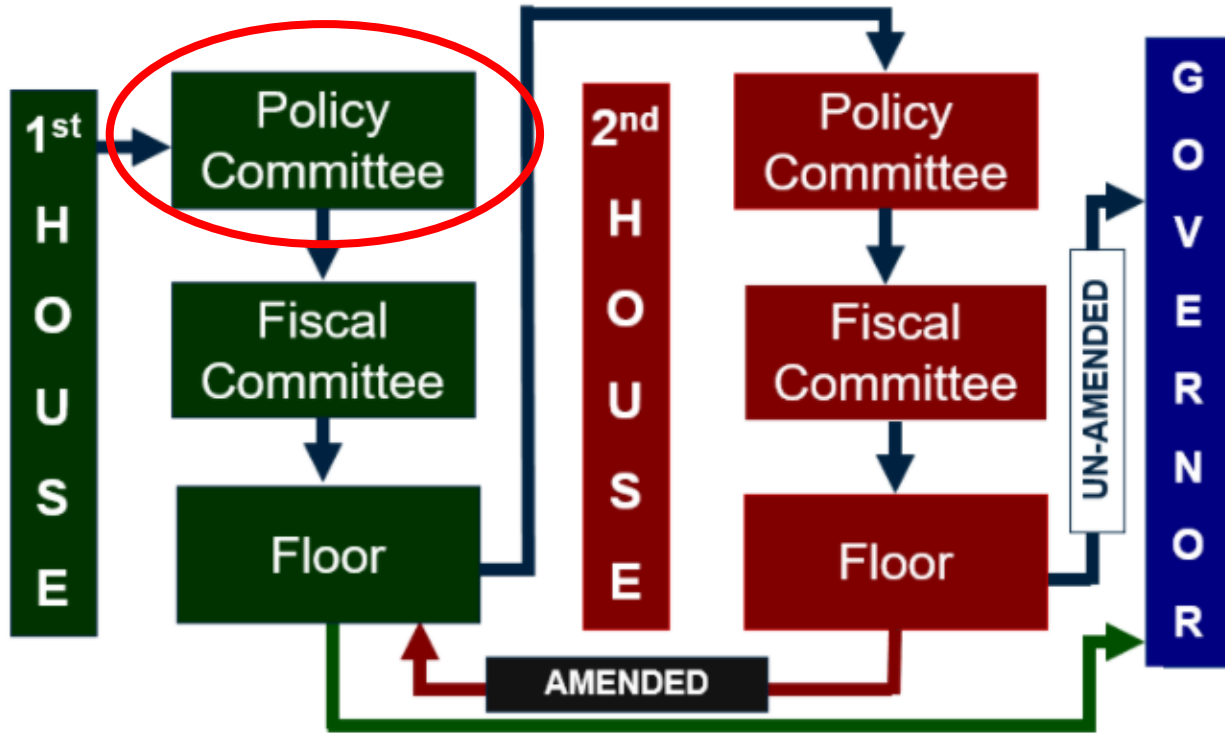
APRIL 4, 2024

State Legislative Update

State Legislative Calendar

Legislative Process

“How a Bill Becomes a Law”



Notable Dates:

- **First House Deadlines**
 - May 3 - Policy Com. Deadline
 - May 17 - Approps/Fiscal Com. Deadline
 - May 24 - Floor Deadline

AB 1834 (Garcia)

- **AB 1373 Clean Up Regarding Capacity Payments & Central Procurement**
 - Capacity Payment
 - Directs CEC to Reduce Overall Reporting Burden to POUs
 - CEC Shall Consider Mitigating Factors
 - Central Procurement
 - If POU Participates, Allow Alternative to Non-bypassable Charge
- **SCPPA's Position: Co-Sponsor with NCPA**



AB 2221 (Carrillo)

IOU & POU Shot Clocks for Broadband Pole Attachments (AB 2221, Carrillo)

- Sponsor: Crown Castle
- Bill Provisions includes Various Shot Clocks
- Bill Prohibits Applying Rules Unless Published for 12 months
- **SCPPA's Position: Strongly Oppose**
- April 17th Asm. Utilities and Energy Committee Hearing
 - Committee Amendments:
 - Strikes 12-month rule publication rule
 - Several amendments propose to strike or significantly modify shot clocks
 - Maintains 45 deemed approved language (with some strings)



AB 2172 (Wallis)

- Requires State Auditor To Assess And Inventory IID's Distribution Assets
- Assessment & Inventory Include:
 - Location of Assets
 - Remaining Life Of Assets
 - Estimated Cash Value And Replacement Cost For Each Asset
 - Assets Planned Outside IID Boundaries
- IID Opposes
 - Local Efforts are Focused on Meeting Coachella Valley Governance & Electric Service Needs
 - AB 2172 Duplicates IID's Recent Infrastructure Analysis and Infrastructure Planning Initiative
- **SCPPA's Position: Oppose**



AB 2329 (Muratsuchi)

- Purpose: Support Decarb, Clean Energy, & Wildfire Mitigation
- Establishes the Climate Equity Trust Fund
 - Source includes Fed \$ & GGRF
 - Funding through LSE and POU Spending Plans
- **SCPPA Position: Support if Amended**
 - Include Consultation with a POU Advisory Committee
 - Include Clean Energy Infrastructure (generation, storage, and transmission)



SB 1062 (Dahle)

Biomass Procurement Mandate

- Applies to IOUs and POUs with 100,000 or more connections
- Collectively procure 125 MWs of biomass energy from qualified facilities
- SCPPA Position: Strongly Oppose
- April 16th Senate Energy Committee
 - Committee Amendments Exclude Procurement Mandate
- **SCPPA's Will Drop Opposition**



SB 1508 (Stern)

Energy Storage Procurement Targets

- Background
 - AB 2514 (Skinner, 2010) energy storage target requirements
 - Required energy storage targets for 2016 and 2020
 - POU governing boards adopt targets for POUs
 - Must be viable and cost effective
 - In 2015, AB 2514 targets were incorporated into IRP requirements
- SB 1508: Requires POUs to adopt energy storage targets for 2028, 2030, and 2035
- **Position: Oppose Unless Amended**
 - Energy storage targets should be discussed in IRP, not separate reporting
 - Essentially maintain the status quo



SCPPA Policy Staff Tour

- ▶ July 10-12 (Wednesday-Friday)
 - Day 1&2: LADWP, Burbank, Glendale, Pasadena
 - Day 3: Nevada (Hoover, Cooper Mountain, Marketplace)
- ▶ Theme: Transmission
 - CAISO, Other BAs, Non-Transmission Approaches
- ▶ Contact Mario to Participate in Planning Meetings

