

Board of Directors Meeting

Thursday, April 2, 2020

2:00 p.m.

IV. Regular Agenda



Item 5

Approve 15-Year Energy Storage Agreement (ESA) with Luna Storage, LLC and Authorize the Executive Director to Execute Agreement

Luna Storage Project Overview

- 100 MW / 400 MWh lithium-ion battery storage facility located in Los Angeles County
- Commercial operation date (COD) of July 31, 2021
- Project bid into CPA's 2019 Reliability RFO and is one of twelve projects shortlisted for exclusive negotiations by the Energy Committee in mid-December
- Scores well on all six of CPA's project evaluation criteria



Project Benefits

- Supports integration of CPA's portfolio of intermittent renewable resources
- Improves statewide grid reliability with fossil-free resources, lessening need for dependence on gas peaker plants
- Reinvests in the local economy
- Meets 2021 incremental capacity procurement obligations required by the CPUC in the Integrated Resource Plan Procurement Track¹

(1) Under D.19-11-016, the CPUC orders CPA to procure, on a cumulative basis, 98.4 MW by 8/1/2021, 147.7 MW by 8/1/2022, and 196.9 MW by 8/1/2023.

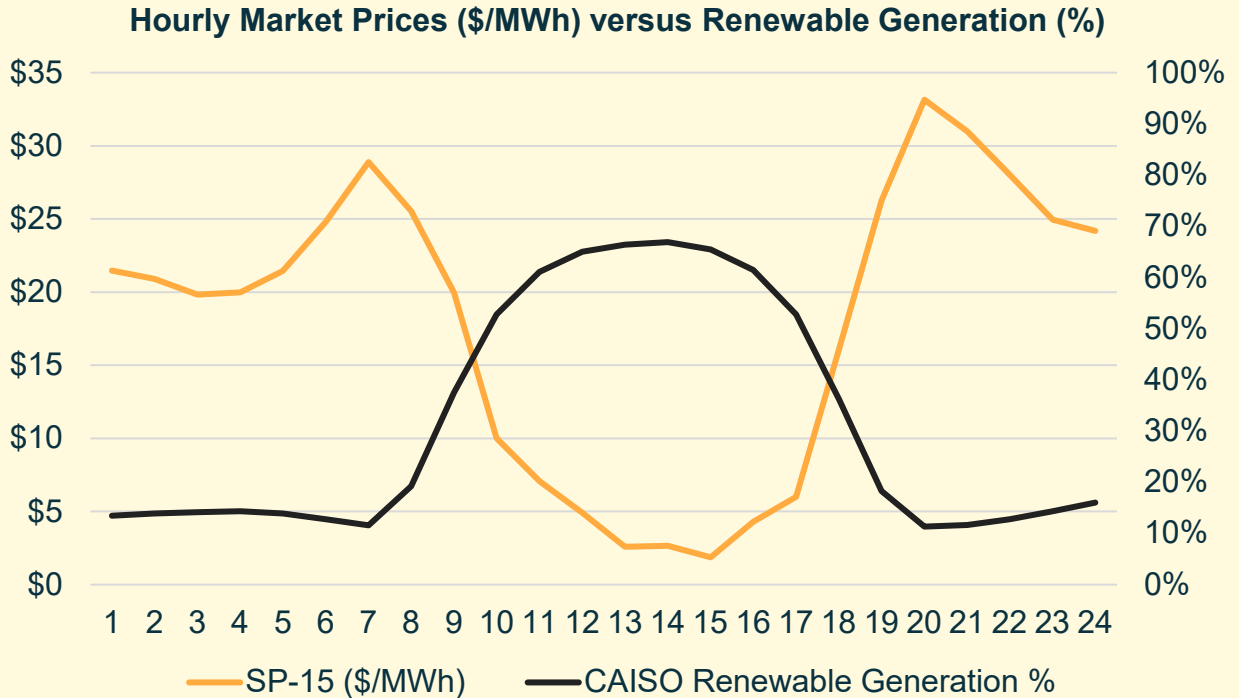
Example Battery Storage Project



Why is Energy Storage Important?

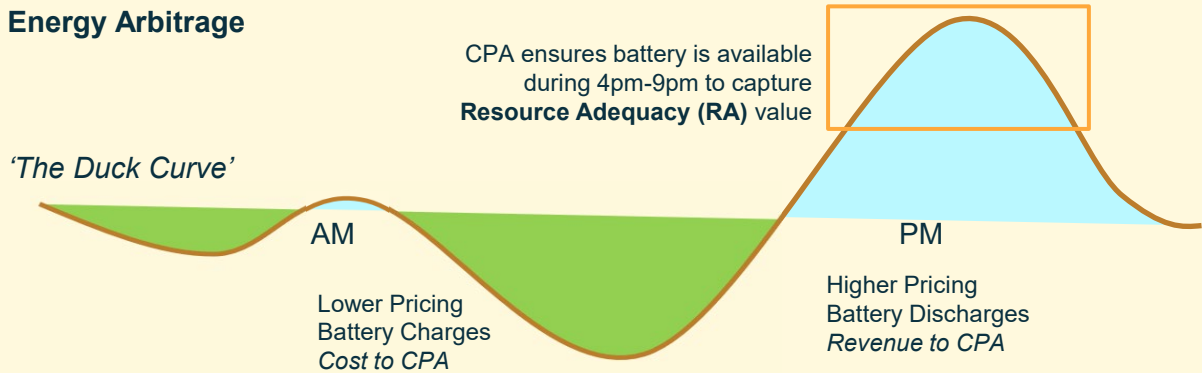
- Market prices are the highest in the evening when loads are high and solar generation ramps down due to lack of sunlight
 - Fossil fuel generation is used to meet peak demand, increasing costs and greenhouse gas intensity of the grid
- Energy storage allows CPA to capture excess renewable energy in the middle of the day when prices are low and deploy that emissions-free energy to meet CPA's evening peak demand
- In addition, energy storage can ramp instantaneously to meet fluctuating grid conditions
- When CA moves to a 100% clean energy future, energy storage resources will be critical for ensuring grid reliability

Example from March 26, 2020



Storage Value Streams

- **Energy Arbitrage**



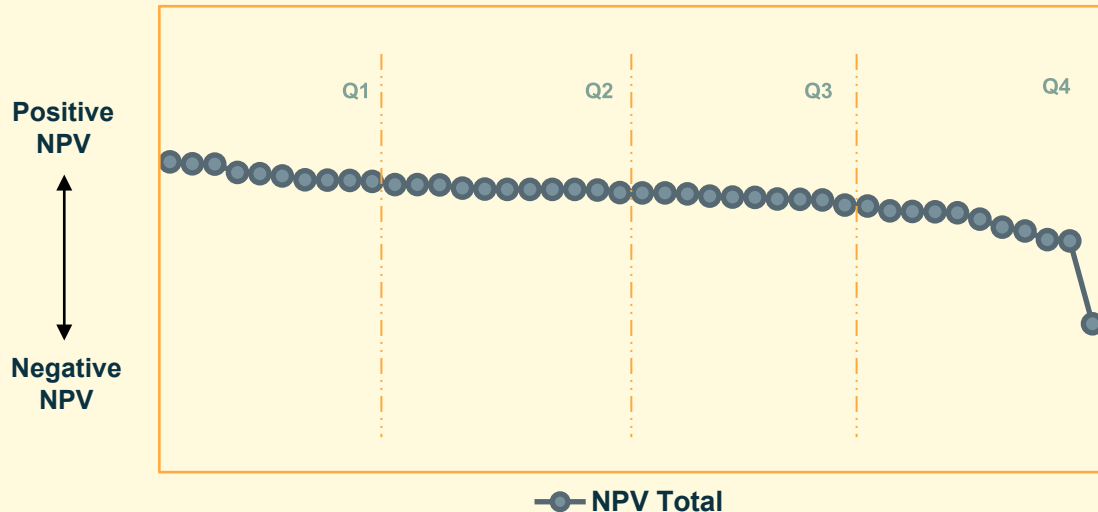
- **Ancillary Services (AS)** Spin, Regulation Up, Regulation Down. These services help balance the grid. Sometimes it is more valuable to sell these services instead of the energy.

- **Resource Adequacy** Storage resources count for new, reliability system capacity

Luna Summary - Value

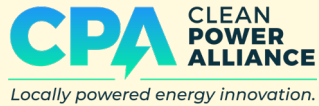
- The value for Luna Storage falls within the top half of offer submissions ranked on value in the 2019 Reliability RFO and is expected to be Net Present Value (NPV) positive to CPA

2019 Reliability RFO – Value Spread of Offers



Luna Summary – Qualitative Criteria

<u>Criteria</u>	<u>Rank</u>
Development Risk Score	High
Workforce Development	High
Environmental Stewardship	Medium
Benefits to DACs	Medium
Project Location	High



Item 6

Approve Amendment to FY 2019/2020 Budget

Amendment to FY 2019-20 Budget

CLEAN POWER ALLIANCE of SOUTHERN CALIFORNIA

Fiscal Year 2019/2020 BUDGET AMENDMENT

PROPOSED

	A	B	C	D	E
		FY 2019/20 Base Budget	Amendment	FY 2019/20 Budget (Amended)	%
					Change
1 Revenue - Electricity net		743,350,000	51,375,000	794,725,000	6.9%
2 Net metering compensation			-		
3 Other revenue		10,000	-	10,000	0.0%
4	TOTAL REVENUE	743,360,000	51,375,000	794,735,000	6.9%
5	TOTAL ENERGY COSTS	687,568,000	51,375,000	738,943,000	7.5%
6	NET ENERGY REVENUE	55,792,000	-	55,792,000	0.0%

Amendment to FY 2019-20 Budget

CLEAN POWER ALLIANCE of SOUTHERN CALIFORNIA

Fiscal Year 2019/2020 BUDGET AMENDMENT

PROPOSED

	A	B	C	D	E
		FY 2019/20 Base Budget	Amendment	FY 2019/20 Budget (Amended)	% Change
OPERATING EXPENSES					
7 Staffing		4,852,000	(206,000)	4,646,000	-4.2%
8 Technical services		1,777,000	(100,000)	1,677,000	-5.6%
9 Legal services		1,195,000	(96,000)	1,099,000	-8.0%
10 Other services		539,000	403,000	942,000	74.8%
11 Communications and marketing services		349,000	(100,000)	248,000	-28.7%
12 Customer notices and mailing services		300,000	100,000	400,000	33.3%
13 Data management services		11,930,000	-	11,930,000	0.0%
14 Service fees - SCE		2,215,000	-	2,215,000	0.0%
15 Local programs		1,450,000	-	1,450,000	0.0%
16 General and administration		757,000	-	757,000	0.0%
17 Occupancy		414,000	-	414,000	0.0%
18 TOTAL OPERATING EXPENSES		25,778,000	-	25,778,000	0.0%
19 OPERATING INCOME		30,014,000	-	30,014,000	0.0%
20 Finance and interest expense		588,000	(200,000)	388,000	-34.0%
21 Depreciation		12,000	-	12,000	0.0%
22 TOTAL NON OPERATING EXPENSES		600,000	(200,000)	400,000	-33.3%
23 Interest Income		849,000	(200,000)	649,000	-23.6%
24 TOTAL NON OPERATING REVENUE		849,000	(200,000)	649,000	-23.6%
26 CHANGE IN NET POSITION		30,263,000	-	30,263,000	0.0%
27 NET POSITION BEGINNING OF PERIOD		15,989,000	-	15,989,000	0.0%
28 NET POSITION END OF PERIOD		46,252,000	-	46,252,000	0.0%

Amendment to FY 2019-20 Budget

CLEAN POWER ALLIANCE of SOUTHERN CALIFORNIA

Fiscal Year 2019/2020 BUDGET AMENDMENT

PROPOSED

	A	B	C	D	E
		FY 2019/20 Base Budget	Amendment	FY 2019/20 Budget (Amended)	%
					Change
29 <i>Other Uses</i>			-		
30 Capital Outlay		574,000	500,000	1,074,000	87%
31 Depreciation		(12,000)	-	(12,000)	0%
32 CHANGE IN FUND BALANCE		29,677,000	(500,000)	29,177,000	-2%
33 <i>Note: Funds may not sum precisely due to rounding</i>					