

SCHEDULING COORDINATOR

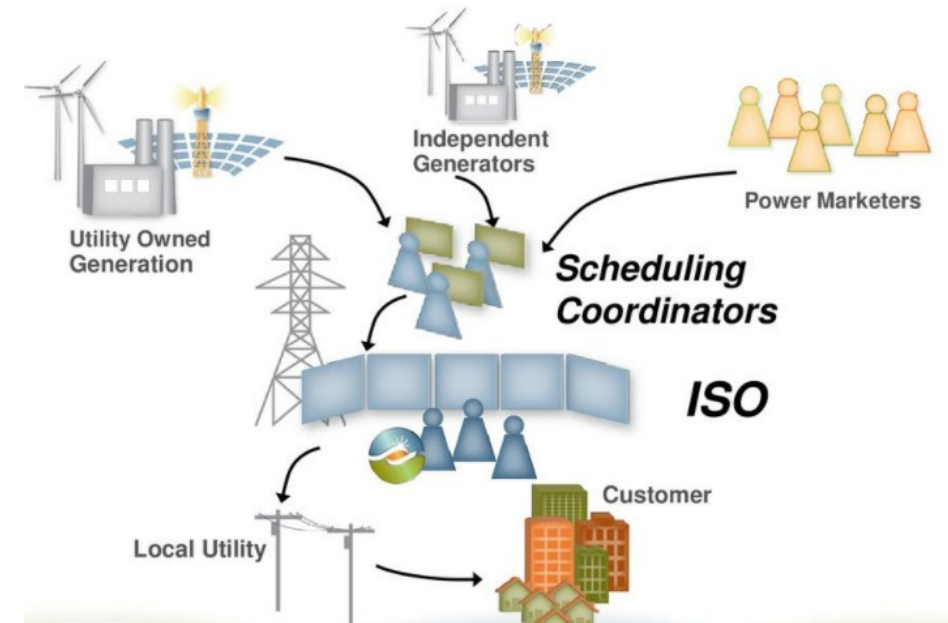
SAN JOSE CITY COUNCIL
NOVEMBER 9, 2021



Lori Mitchell, Director of Community Energy

BACKGROUND: SCHEDULING COORDINATOR (SC)

- CAISO is the grid operator in California
 - ensures electricity is balanced between supply and demand
- CCAs must be a SC or contract for this service
- The SC represents CCA's transactions in the CAISO wholesale power market
 - Schedules load into CAISO
 - Submits meter data to the CAISO
 - Settles payments with CAISO for trades in CAISO day ahead and real time wholesale markets



CURRENT SC CONTRACT

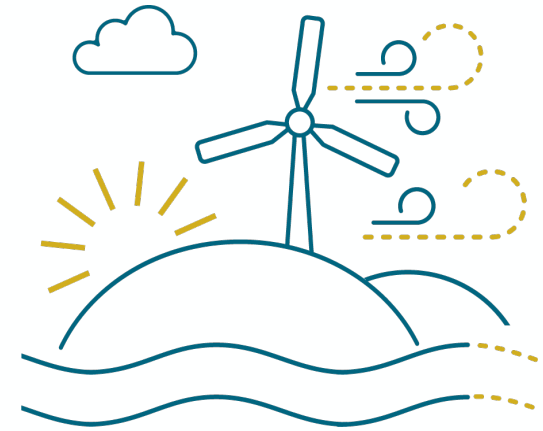
- In 2018, City Council approved the Scheduling Coordinator, Portfolio Management, and Optimization Service Agreement with Northern California Power Agency (NCPA)
 - The original agreement required SJCE to become a SC by March 2019 and convert NCPA to SJCE's Scheduling Agent.
 - Scheduling Agents perform the same operating requirements as a SC; however, ***do not assume direct financial liability*** for the market participant.
- In February 2019 Council approved SJCE becoming a SC
 - Process delayed at SJCE due to negotiations with the CAISO.
 - NCPA continues to provide SC services for SJCE and urges SJCE to transition their agreement to a Scheduling Agent.

COLLATERAL & COST SAVINGS BENEFITS

- The CAISO requires SCs to post collateral for expected transactions
- SJCE currently has a \$12 million LOC posted with the NCPA
- The CAISO has assessed San José's financial strength and awarded it \$50M of unsecured collateral eliminating the need for the LOC
- SJCE long-term renewable contracts commence operations in 2022
 - CAISO costs and collateral needs are expected to increase (\$5M -\$18)
 - Intermittent resources (solar & wind energy)
 - Overall power supply expenses are expected to decrease

INDUSTRY BEST PRACTICES

- Most Munis and all IOUs are their own SC
- Other CCAs have become their own SC:
 - Clean Power Alliance (CPA) (in process)
 - East Bay Community Energy (EBCE), NCPA as agent
 - Marin Clean Energy (MCE), zGlobal as agent
 - Peninsula Clean Energy (PCE), zGlobal as agent
 - Pioneer Community Energy, NCPA assisted them with becoming own SC but is not their agent
 - San Diego Community Power (SDCP) (new CCA)
 - Silicon Valley Clean Energy (SVCE), zGlobal



QUESTIONS & RECOMMENDATION

Adopt a resolution:

(a) Authorizing the City Manager, or her authorized designee, to:

(1) Execute a Scheduling Coordinator Agreement with CAISO to establish the City of San José as a Scheduling Coordinator and perform obligations as Scheduling Coordinator for San José Clean Energy;

(2) Negotiate and execute an amendment to the Professional Services Agreement for Wholesale Energy Services with NCPA to detail the payment and collateral requirements and make any other changes needed for NCPA to act as the City's Scheduling Agent;
and

(b) Repealing Resolution No. 78980.