



Desert Community Energy

2023 Supplier Diversity Annual Report

To the California Public
Utilities Commission

March 1, 2024



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2023 Annual Report

Desert Community Energy (DCE) is a local government, not-for-profit Joint Powers Authority established in 2017 to provide member agencies with a Community Choice Aggregation (CCA) program. The cities of Palm Springs and Palm Desert are current members. DCE began serving load in the City of Palm Springs in April 2020, serving approximately 33,000 residential, commercial, industrial, and agricultural accounts. DCE's goals include: 1) reducing greenhouse gas emissions-related electricity use; 2) providing electric generation at competitive, stable rates; 3) offering programs to reduce energy consumption; 4) stimulating the local economy by developing local jobs in renewable energy; and 5) promoting long-term energy security, and reliability for customers through local control of electric generation resources.

The California Public Utilities Commission (CPUC) General Order 156 (GO 156) emphasizes preferential purchasing for diverse business enterprises. In compliance with Proposition 209, CCAs as local government entities do not explicitly give preferential treatment to bidders based on race, sex, color, ethnicity, or national origin. To comply with Proposition 209, CCAs may collect this information only after contracts are signed and responses are kept separate from procurement decision-makers so that this information does not influence any current or future solicitation or selection process. Proposition 209 limits CCAs as public agencies from engaging in several of the activities associated with supplier diversity under GO 156. However, DCE acknowledges that more needs to be done to support small, local, and diverse businesses in our region. Consistent with the requirements of Senate Bill 255, this report describes DCE's continued efforts to plan for and implement practices to increase procurement from small, local, and diverse businesses. It also reports to the Commission on its procurement from these sources.

In this fourth year of submitting the GO 156 report, DCE continues to improve our understanding of the evolving GO 156 requirements and opportunities to increase diversity in our procurement. DCE is committed to expanding equal access to economic opportunities for minority business enterprises (MBE), women-business enterprises (WBE), LGBT business enterprises (LGBTBE), persons with disability business enterprises (PDBE), disabled veteran business enterprises (DVBE), other underserved or marginalized groups. DCE also continues efforts to include local and small businesses in our procurement. The majority of DCE's purchases are power contracts. Because the Coachella Valley is a small region, participation by local and small businesses as prime contractors in grid-scale energy project development has challenges since securing capital for a project requires a demonstration of financial strength. Yet, there may be opportunities for subcontracting and consulting on these projects. As noted, one of the goals of DCE is to keep profits in our local communities to benefit businesses and residents, including those who have endured economic inequity marginalization.

9.1.1 Diverse Program Activities

In 2023, DCE engaged in the following activities oriented toward increasing supplier diversity:

- Continued familiarizing staff with the history, requirements, and intent of Senate Bill 255 and General Order 156. This included educating employees on GO 156 and providing training to aid in conducting appropriate outreach.
- Continued working with other CCAs as members of CalCCA to learn best practices in maximizing supplier diversity in our communities, given the constraints of Proposition 209.
- Reviewed information provided by CPUC staff regarding updated compliance with GO 156 and additional opportunities available to CCAs to diversify procurement.
- Continued developing an action plan to diversify our business enterprise (BE) opportunities.
- Conducted outreach to diverse businesses via a booth at four community events and provided information on supplier diversity and the Clearinghouse.
- Increased efforts to expand on diversity and inclusion goals, including procurement, community relations, board representation, and hiring/contracting practices.

In 2024, DCE will continue to dedicate resources to working with our existing and future suppliers on opportunities to expand institutional diversity and inclusion. The Coachella Valley is a diverse region with many business owners who fall within the GO 156 parameters but may not know about the Clearinghouse or realize their eligibility for registration and inclusion. DCE plans to do outreach via social media, its website, and attendance at various community events where information will be shared, and opportunities to get registered will be offered. We will also encourage our current and future contractors to utilize locally diverse subcontractors to open more opportunities for them.

Hiring Practices

DCE staffing is provided by the Coachella Valley Association of Governments (CVAG) through a management services agreement approved by the DCE Board. Thus, DCE does not directly employ staff. However, CVAG is an equal opportunity employer, and recruiting and hiring practices are established to strive for diversity, consistent with the requirements of Proposition 209. Recruitment outreach opportunities to access a diverse pool of potential job applicants are utilized.

Community Advisory Committee

DCE has a Community Advisory Committee (CAC) made up of representatives from the member cities. Recruiting efforts focused on reaching out to individuals from diverse backgrounds, particularly someone who could represent underserved members of the community. In 2024, DCE anticipates continuing its outreach efforts to recruit underserved members of the community to participate in the CAC.

Strategic Initiatives

Since its launch in April 2020, DCE has issued several requests for offers (RFOs) and requests for proposals (RFPs), which have led DCE to enter into various agreements, including renewable energy agreements, energy storage agreements (ESAs), and other power purchase agreements (PPAs) to purchase power and electric capacity. DCE's long-term energy agreements with local providers include Terra-Gen and NextEra.

On December 21, 2020, the DCE Board approved three 15-year PPAs with Terra-Gen, LLC. Terra-Gen, LLC is a leading developer, owner, and operator of renewable energy projects that has been operating since 2008. Terra-Gen specializes in the development, construction, and operation of utility-scale wind, solar, and energy storage as well as geothermal generation facilities. The 10.8-megawatt (MW) Coachella Hills II project achieved its Commercial Operation Date (COD) and entered DCE's portfolio on May 4, 2021. The existing 9.8 MW Altwind and 12.6 MW East Wind projects entered DCE's portfolio on January 1, 2023.

On September 27, 2023, DCE executed an ESA with Desert Sands Energy Storage II, LLC, a subsidiary of NextEra Energy Resources (NextEra). The project is a 25 MW / 200 MWh lithium-ion battery storage facility that is part of a larger 700 MW energy complex located mainly within the Palm Springs City limits. The expected COD for DCE's portion of the project is April 1, 2027.

As part of its forecasting and procurement processes, DCE considers the overall diversity and reliability of its renewable portfolio, including characteristics such as a resource's dispatchable generation and available capacity. DCE also reviews the respective risks – including development and generation risk – associated with short and long-term purchases as part of its forecasting and procurement processes. These efforts will lead to a more diverse resource mix, address grid integration issues, and provide value to the local community.

DCE is currently focused on managing its existing portfolio of utility-scale renewable and storage resources to meet the clean and renewable energy targets for the City of Palm Springs and completing its procurement to meet all CPUC requirements.

Beyond the state's minimum renewable procurement requirements, the DCE Board has established additional green and renewable energy goals. Specifically, the DCE Board has directed that DCE acquire a portfolio consisting of 100 percent carbon-free generation for its Carbon Free product. All current customers served by DCE in the City of Palm Springs were opted into this Carbon Free product as the default, and the vast

majority of DCE's customers have chosen to remain with this premium product rather than opting down into the Desert Saver product, which provides cost-savings to customers while still meeting Renewables Portfolio Standard (RPS) compliance requirements. The DCE Board has approved a schedule for issuing renewable solicitations such as RFOs and RFPs, executing contracts with existing resources, and bringing new projects online in time to meet the applicable RPS targets.

DCE also continues efforts to include small, local, and diverse businesses in non-energy procurement opportunities. To this end, DCE's Board adopted a procurement policy at its meeting on July 18, 2022. This policy includes a section on supplier diversity, in line with the CPUC's Supplier Diversity Program. Since promoting local job creation is one of the core benefits of DCE, the procurement policy also includes a local preference based substantially on the Local Business Preference Program in both Palm Desert and Palm Springs.

9.1.2 Summary of Purchases

DCE commits to purchasing from small, local, diverse businesses within our region to the extent possible. This section summarizes the 2023 results of DCE’s procurement in the requested categories. It should be noted that the majority of DCE’s procurement is through wholesale power contracts. As a result, opportunities to directly engage with local and small businesses are more limited. Many of the electric generation resources are developed, owned, and operated by large corporations with sufficient capital to manage these projects. Still, DCE has been successful in procuring wind energy from projects within the local community (please see section 9.1.1) from local developers.

Despite the challenges of achieving opportunities in power purchases, DCE procured 3.52% of its products and services through registered, diverse suppliers. DCE launched an RFP to procure marketing and outreach services on September 12, 2023. The RFP encouraged all eligible proposers to get certified with the CPUC as a diverse business enterprise and resulted in the contract with DCE’s existing marketing and outreach provider, a Lesbian, Gay, Bisexual, Transgender Business Enterprise, being renewed for an additional three-year period. In 2024 and beyond, DCE will continue developing opportunities to increase local procurement and supplier diversity opportunities, thereby increasing the percentage of diverse spending.

Supplier Diversity Results of Goods and Services (non-power purchases) if Procured

			2023 Report							
			Direct Spend ¹ \$	Sub Spend ² \$	Total \$	%	Product Spend \$	Service Spend \$	Total \$	%
1	Minority Male	African American								
2		Asian Pacific American								
3		Hispanic American								
4		Native American								

5		Total Minority Male							
6	Minority Female	African American							
7		Asian Pacific American							
8		Hispanic American							
9		Native American							
10		Total Minority Female							
11		Total Minority Business Enterprise (MBE)							
12	Women Business Enterprise (WBE)								
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		\$54,987.20		\$54,987.20	3.52%			
14	Disabled Veteran Business Enterprise (DVBE)								
15	Persons with Disabilities Business Enterprise (DBE)								
16	8(a)*								
17	Total Supplier Diversity Spend		\$54,987.20		\$54,987.20	3.52%			

18	Net Procurement**	\$1,561,037.48
19	Net Product Procurement	\$18,204.30
20	Net Service Procurement	\$1,542,833.18
21	Total Number of Diverse Suppliers that Received Direct Spend	1

NOTE:

* 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business

Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).

** Net Procurement includes purchase orders, non-purchase orders, and credit card dollars.

¹ Direct - Means Direct Procurement: when a CCA directly procures from a supplier.

² Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor

to fulfil its contractual obligation(s).

% - Percentage of Net Procurement.

Description of Diverse Suppliers with Majority Workforce in California

As noted above, the majority of DCE’s purchases are power contracts. One of the goals of DCE is to keep profits in our local communities to benefit businesses and residents, including those who have endured economic marginalization. Currently, DCE has only one locally based diverse supplier (the marketing and outreach provider mentioned above), and most of its workforce is also local. Further, this supplier registered with the Clearinghouse prior to initially contracting with DCE. In 2024, DCE is working to increase the number of suppliers that fall under one or more GO 156 diversity categories.

9.1.3 Diverse Supplier Program Expenses

DCE has spent \$38,427.25 to implement a supplier diversity program based on GO 156. The chart below includes expenses related to marketing and outreach costs for events, salaries for staff dedicated to supplier diversity programs, plans, and reporting, and costs for training staff on supplier diversity initiatives and reporting. In 2023, there were no specific trainings on GO 156, so there was nothing to include in this report. In 2024, DCE is planning at least two training and education/outreach workshops; that expenditure will be included in the 2024 report.

Consistent with the California Public Utilities Code and California Public Utilities Commission (CPUC) policy objectives as set out in CPUC General Order 156, DCE encouraged all eligible bidders to get certified with the CPUC as a diverse business enterprise.

Expense Category	2023
Wages	\$7,282.26
Other Employee Expenses	\$0
Program Expenses	\$5,257.50
Reporting Expenses	\$0
Training Expenses	\$0
Consultant Expenses	\$25,887.49
Other Expenses	\$0
Total	\$38,427.25

9.1.4 Description of Progress in Meeting or Exceeding Set Goals

This section is not applicable to CCAs.

9.1.5 Summary of Prime Contractors Utilization of Diverse Supplier Subcontractors

In 2023, DCE worked with primary contractors to fully utilize diverse suppliers when possible. Efforts included encouraging contractors to subcontract with diverse suppliers in product procurement. In 2024 and beyond, DCE will work with primary contractors to identify ways to enhance supplier diversity, including subcontracting, and encourage them to have all tiers of subcontractors participate in the Clearinghouse certification process.

9.1.6 List of Diversity Complaints Received

DCE did not receive any formal complaints this reporting cycle.

9.1.7 Description of Efforts to Recruit Diverse Suppliers in Low Utilization Areas

This section is not applicable to CCAs.

9.1.8 Retention of All Documents/Data

This section is not applicable to CCAs.

9.1.9 Description of Supplier Diversity Activities and Progress in Power (Energy) Procurement

As mentioned previously, DCE has issued RFOs and RFPs, which have led DCE to enter into various agreements, including renewable energy agreements, ESAs, and PPAs, to purchase power and electric capacity over the course of four years.

The March 6, 2023, RFP led to the ESA with the subsidiary of NextEra mentioned above. The project is a prime example of how DCE can achieve its goal of reinvesting revenues locally to support the community by creating jobs and prompting the development of more local renewable energy sources close to home. The entire project will be built using a project labor agreement. Desert Peak (Phase 1 of the total project complex) created 200 construction jobs and four full-time jobs. Desert Sands (Phase 2 of the total project complex) is estimated to create 100 construction jobs and two to three full-time jobs.

In summary, DCE did not procure energy storage systems, vegetation management, or renewable and non-renewable energy from a CPUC Supplier Diversity Program certified entity during the reporting year 2023, nor did DCE have any owned power plants or PPAs that would require us to procure fuel for generation during 2023.

(Table 9.1.9 on next page.)

			Direct Power Purchases \$	Direct Fuels for Generation \$			Totals \$ ¹			% ²
			Renewable and Non-Renewable Power Products	Diesel	Nuclear	Natural Gas	Direct ³	Sub ⁴	Total \$ ⁵	
1	Minority Male	African American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2		Asian Pacific American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3		Hispanic American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4		Native American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
5		Total Minority Male	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6	Minority Female	African American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7		Asian Pacific American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
8		Hispanic American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
9		Native American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10		Total Minority Female	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

11	Total Minority Business Enterprise (MBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Women Business Enterprise (WBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Disabled Veteran Business Enterprise (DVBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Persons with Disabilities Business Enterprises (DBE)	\$0	\$0	\$0	\$0	0	0	0
16	8(a) ⁶	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Supplier Diversity	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Net Power Procurement	\$31,121,962						
19	Net Direct Power Purchases	\$31,121,962						
20	Net Direct Fuels for Generation	\$0						
21	Total Number of Diverse Suppliers	0						

NOTE:

¹ Excludes purchases from the California Independent System Operator (CAISO), utilities, federal entities, state entities, municipalities, and cooperatives.

² % - Percentage of Net Procurement.

³ Includes Direct Power Purchases and Direct Fuels for Generation. Direct - Means Direct Procurement: when a CCA directly procures from a supplier.

⁴ Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfill its contractual obligation(s).

⁵ "Total" does not include pre-commercial development (COD) subcontracting values.

⁶ 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).

2024 Annual Plan

10.1 Diverse Annual Short-, Mid- and Long-Term Goals by Product and Service Category

This section is not applicable to CCAs.

10.2 Description of Diverse Internal and External Activities for 2024

PLANNED EXTERNAL PROGRAM ACTIVITIES FOR 2024	
Proposed Activity	Description
Participate in diverse organizations and chambers of commerce	Identify diverse local organizations and chambers of commerce that would be interested in hearing about GO 156 and the State's Supplier Clearinghouse; this may involve being a speaker at a regular meeting or providing information on the benefits of certification.
Participate in local, state, and national Supplier Diversity events	Identify events (preferably local but also regional and statewide) where DCE can engage with diverse supplier groups, such as the Desert Business Organization, the National Business Inclusion Consortium, the Western Regional Minority Supplier Development Council, and the Women's Business Enterprise Council.

PLANNED INTERNAL PROGRAM ACTIVITIES FOR 2024	
Proposed Activity	Description
Enhance training and knowledge efforts on supplier diversity with current and new DCE Staff.	DCE is a small agency with limited staff and utilizes consultants for most services. In 2024, we anticipate hiring and training new team members who will become familiar with supplier diversity requirements. DCE will prioritize attending quarterly training provided by CPUC to CCAs and MCE's Amplify and Certify virtual workshops.
Track DCE's spend and report results to DCE's Board of Directors.	DCE will develop mechanisms to better track spending with diverse BEs. Staff will prepare a report summarizing this annual GO 156 submission and deliver the report to DCE's Board of Directors.

<p>Share upcoming contracting opportunities with the Supplier Clearinghouse database with a priority on local suppliers; Enhance DCE's online registration form.</p>	<p>Whenever a purchasing or contracting opportunity arises, DCE staff will reach out to local businesses with GO 156 certification first, then consider other GO 156 suppliers for the given purchase/contract. DCE will update its website and create a user-friendly online form whereby certified contractors can enter their e-mail addresses to be included in upcoming contract and procurement opportunities. In addition, the online form will allow diverse suppliers interested in becoming certified to receive information on the process and registration.</p>
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Plans to Encourage Prime Contractors to Subcontract Small, Local, and Diverse Businesses

DCE will work with its current and future contractors to encourage the utilization of small, local, and diverse businesses to engage these BEs in all categories that provide subcontracting opportunities. Part of this outreach will include educating contractors on the importance and benefits of engaging the services of Clearinghouse-registered and eligible entities.

CONCLUSION

DCE is committed to achieving its supplier diversity goals in 2024. In May 2023, the DCE Board adopted the supplier diversity program goals and activities to be implemented in 2024. The short, mid, and long-term goals DCE has established are summarized below.

In the short term, DCE aims to train its team to become proficient in supplier diversity requirements and eventually become the go-to resource for local and county business entities. These objectives are reflected in the planned activities for 2024. In the mid and long term, DCE aspires to expand its outreach to diverse local businesses, particularly those in underserved communities, and increase the number of diverse supplier contracts. DCE also aims to establish a supplier diversity working group to increase awareness and opportunities locally. This could be achieved by collaborating with other regional CCAs to develop a network that pools resources to expand outreach efforts.

DCE acknowledges that there is still more work to be done in order to align its outreach procedures with its efforts to meet supplier diversity goals. As part of this effort, DCE will prioritize increasing the amount of contract dollars spent on underserved or marginalized groups. We will dedicate time and resources to promote these efforts and ensure we stay on track. DCE intends to work closely with other CCAs and CalCCA to identify program best practices and opportunities for information sharing. DCE appreciates the continued assistance provided by CPUC Staff and looks forward to working together to enhance supplier diversity programs in the coming years.