

Supplier Diversity 2022 Annual Report

Report to the
California Public
Utilities Commission

Desert Community Energy
March 1, 2023



**DESERT
COMMUNITY
ENERGY**

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2022 Annual Report

Desert Community Energy (DCE) is a local government, not-for-profit Joint Powers Authority established in 2017 to provide a Community Choice Aggregation (CCA) program for member agencies. Current members are the cities of Palm Springs and Palm Desert. DCE began serving load in the City of Palm Springs in April 2020, serving approximately 40,000 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; 2) offering programs to reduce energy consumption; and 3) stimulating and sustaining the local economy by developing local jobs in renewable energy; and promoting long-term electric rate stability, 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 recognizes there is more to do to support small, local, and diverse businesses within 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, as well as report to the Commission on its procurement from these sources.

In this third year of submitting the GO156 report, DCE continues to improve our understanding of the evolving GO156 requirements and opportunities to increasing diversify in our procurement. DCE is committed to expanding equal access to economic opportunities for minority business enterprise (MBE), women-business enterprise (WBE), LGBT business enterprise (LGBTBE), persons with disability business enterprise (PDBE), disabled veteran business enterprise (DVBE), and 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 and because the Coachella Valley is a small region, and 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 2022, DCE engaged in the following activities oriented toward increasing supplier diversity:

1. Crafting this Annual Supplier Diversity Report and Plan.
2. Continued familiarizing staff with the history, requirements, and intent of Senate Bill 255 and General Order 156. This included educating employees on GO156 and providing training to aid in conducting appropriate outreach.
3. Continued working with other CCAs as members of CalCCA to share best practices in how to maximize supplier diversity in our communities, given the constraints of Proposition 209.
4. Reviewing information provided by CPUC staff regarding updated compliance with GO 156 and additional opportunities available to CCAs to diversify procurement.
5. Continued working to develop an action plan to diversify our business enterprise (BE) opportunities.
6. Conducted outreach to diverse businesses via a booth at 3 community events and provided information on supplier diversity and the Clearinghouse.
7. Plan to increase our efforts in 2023 to expand on diversity and inclusion goals, including procurement, community relations, board representation, and hiring/contracting practices.

In 2023, 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 as well.

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. These efforts resulted in the appointment and retention of a Spanish speaking representative who brought some strong suggestions for outreach to help DCE reach diverse parts of the community. In 2023, DCE anticipates continuing its outreach efforts to recruit underserved members of the community to participate in the CAC.

Request for Offers. Since its launch in April 2020, DCE has issued two Request for Offers (“RFOs”) for long term projects that could provide renewable energy: an RFO for Long Term Renewable Energy projects issued in May 2020 (“2020 RFO”), which resulted in four Power Purchase Agreements (“PPAs”) and an all-source solicitation for projects to support its Mid-Term Reliability procurement requirement (“MTR RFO”).

DCE executed three PPAs under the 2020 RFO for wind projects developed and operated by Terra-Gen within the Palm Springs City limits. DCE also signed a PPA for Vesper Energy’s Deer Creek Solar I project, a solar + storage project located in Tulare County, California. As part of the MTR RFO, DCE executed a PPA with Cape Generating Station 1 LLC, a subsidiary of Fervo Energy, for a geothermal project located in Beaver County, Utah. The other contract obtained through the MTR RFO is an agreement with a subsidiary of OhmConnect for demand response Resource Adequacy.

With the completion of these agreements, DCE moved closer to meeting renewable energy goals and helping build new incremental renewables in California. In addition, DCE has partnered and is seeking new partnerships with locally diverse developers for distributed energy resource (DER) projects within our region and in so doing, generate new jobs and opportunities. Completing renewable procurement within the local community is consistent with DCE’s Board’s direction and overall goals for securing local carbon free and renewable energy.

9.1.2 Summary of Purchases

DCE has a commitment to purchasing from small, local, diverse businesses to the extent possible within our region. This section summarizes the 2022 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 is 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 a local developer. Even with challenges of achieving opportunities in power purchases, DCE was able to procure 6.9% of its products and services through registered, diverse suppliers. In 2023 and beyond, DCE will continue working on developing opportunities to increase local procurement and supplier diversity opportunities and thereby increase the percentage of diverse spending.

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

			2022 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)	55,078.56		6.9%			53,794.56		6.9%
14	Disabled Veteran Business Enterprise (DVBE)								
15	Persons with Disabilities Business Enterprise (DBE)								
16	8(a)*								
17	Total Supplier Diversity Spend	53,794.56		6.9%			53,794.56		6.9%
18	Net Procurement**								794,256.95
19	Net Product Procurement								1,116.92
20	Net Service Procurement								793,140.03
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 from economic marginalization. In 2022, DCE currently only had one locally based diverse supplier, and most of its workforce is also local. Further, this supplier registered in the Clearinghouse prior to contracting with DCE. In 2023, DCE is working to increase the number of suppliers which fall under one or more GO 156 diversity categories.

9.1.3 Diverse Supplier Program Expenses

DCE has spent \$22,670 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 2022, there were no specific trainings on GO 156 so there was nothing to include in this report. In 2023, DCE is planning at least two training and education/outreach workshops and that expenditure will be included in the 2023 report.

Expense Category	2022
Wages	\$12,330
Other Employee Expenses	\$7,472
Program Expenses	\$2,118
Reporting Expenses	\$0
Training Expenses	\$0
Consultant Expenses	\$750
Other Expenses	\$0
Total	\$22,670

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 2022, 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 2023 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

DCE did not procure energy storage systems, vegetation management, or renewable and non-renewable energy from a CPUC Supplier Diversity Program certified entity during reporting year 2022, nor did DCE have any owned power plants or power purchase agreements that would require us to procure fuel for generation during 2022 (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	\$33,540,411						
19	Net Direct Power Purchases	\$33,540,411						
20	Net Direct Fuels for Generation	\$0						
21	Total Number of Diverse Suppliers	0						

NOTES:

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 fulfil its contractual

obligation(s).

⁵ "Total" does not include pre-commercial development (COI 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 11615 (GO 156 Section 1.3.13).

2023 Annual Plan

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

This section is not applicable to CCAs.

10.1.2 Description of Diverse Internal and External Activities for 2023

PLANNED EXTERNAL PROGRAM ACTIVITIES FOR 2023	
Proposed Activity	Description
Host our own version of Certify and Amplify	Using MCE's Certify and Amplify workshop as a model, continue working on developing an online Supplier Clearinghouse certification training, which can be recorded and saved to the DCE website for later viewing. The purpose of the workshop is to explain the process and benefits of certification for diverse BEs, as encouraged by GO 156. The goal is to focus on Coachella Valley and Riverside County businesses. DCE intends to collaborate and leverage existing relationships with local Chambers of Commerce, business networks, and SCE to maximize the benefit of this event to our community.
Provide technical assistance to diverse BE's: Encourage local firms and existing vendors to pursue certification	Assist local diverse BEs that are interested in gaining certification to be listed on the state's Supplier Clearinghouse database. Be available to answer technical questions on certification requirements and assist with the required submission of required materials.
Participate in diverse organizations and chambers of commerce	Identify local diverse 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, national supplier diversity events	Similar to the activity above, identify events (preferably local, but also regional and statewide) where DCE can engage with diverse supplier groups, such as the Desert Business Organization, National Business Inclusion Consortium, the Western Regional Minority Supplier Development Council, and the Women's Business Enterprise Council.

PLANNED INTERNAL PROGRAM ACTIVITIES FOR 2023	
Proposed Activity	Description
Grow DCE's team, enhance training and knowledge efforts on supplier diversity, and set goals for each department to work toward achieving established goals.	DCE is a small agency with limited staff and therefore utilize consultants for most services. In 2023, we will be hiring and training new team members who will become familiar with supplier diversity requirements, setting goals (qualitative and quantitative), further developing the activities contained in these tables, and crafting strategies to achieve diversity goals. This team will also be increasing its community visibility to conduct outreach and education on supplier diversity.
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 GO156 submission and deliver the report to DCE's Board of Directors.
Share upcoming contracting opportunities with Supplier Clearinghouse database with a priority on local suppliers; respond to diverse BE prospective supplier inquiries	Whenever a purchasing or contracting opportunity arises, DCE staff will reach out to local businesses with GO156 certification first, then consider other GO156 suppliers for the given purchase/contract. DCE will update its website and will create a user-friendly online form whereby certified contractors can enter their e-mail address to be included in upcoming contract and procurement opportunities. In addition, the online form will provide an opportunity for diverse suppliers interested in becoming certified to receive information on the process and registration.
Have supplier diversity training at DCE all-staff meeting	Staff will deliver a high-level presentation during an all-staff meeting to educate staff on GO156 background, CPUC requirements, DCE efforts, and the importance of supplier diversity.
Work with prime suppliers to optimize diverse participation and accurately report. Train prime suppliers in certification requirements so they can educate their subcontractors to certify.	Staff with direct relationships with prime contractors will provide information to said primes to encourage them to certify as well as educate their subcontractors to certify.

10.2 Plans to Encourage Prime Contractors to Subcontract Small, Local, and Diverse Businesses

DCE will work with its current and future contractors to encourage utilization of small, local, and diverse businesses to engage these BEs in all categories which 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 working to develop a robust action plan to promote supplier diversity and DCE recognizes that more work still needs to be done to align DCE's outreach procedures with its efforts to meet supplier diversity goals. DCE will continue to collaborate with other CCAs and CalCCA to identify program best practices and opportunities for information sharing. DCE appreciates the continued assistance that has been provided by CPUC staff and looks forward to working together to enhance supplier diversity programs in the coming years.