

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
OFFICE OF ETHICS, COMPLIANCE AND AUDIT SERVICES



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Alexander Bustamante
SENIOR VICE PRESIDENT
CHIEF COMPLIANCE AND AUDIT OFFICER

September 20, 2018

**ASSOCIATE VICE PRESIDENT PHILLIPS
EXECUTIVE DIRECTOR RENEWABLE ENERGY PROGRAMS BYRON**

**RE: Report on Agreed-Upon Procedures related to the 2017 Annual Power Source
Disclosure Program**

Attached is the final report for: Audit No. P19A006, Report on Agreed-Upon Procedures related to the 2017 Annual Power Source Disclosure Program.

This report also contains a separate attestation memo that you can forward to the California Energy Commission that confirms the audit did not disclose any exceptions and was performed by a Certified Internal Auditor in good standing with the Institute of Internal Auditors as required by the agreed-upon procedures.

We very much appreciate the assistance provided to us by you and members of your staff during our review. If you should have any questions please feel free to contact me at 510-987-9646 (email: matthew.hicks@ucop.edu).

A handwritten signature in black ink, appearing to read 'Matt Hicks'.

Matt Hicks
Systemwide Deputy Audit Officer

Attachment

cc: Senior Vice President Bustamante
Systemwide Audit Manager Cataldo
Renewable Energy Manager Clark

UNIVERSITY OF CALIFORNIA
ETHICS, COMPLIANCE AND AUDIT SERVICES
OFFICE OF THE PRESIDENT
INTERNAL AUDIT

POWER SOURCE DISCLOSURE PROGRAM
Audit Project No. P19A006
September 2018

Work Performed by:
Peter Cataldo, Certified Internal Auditor and Systemwide Audit Manager

Executive Summary

Introduction

Office of the President (UCOP) Internal Audit Services performed an audit of the University of California Power Source Disclosure Program. As of 2014, the Regents of the University of California is a registered Electric Service Provider (ESP) that provides electricity to many of the UC campuses and medical centers and is subject to reporting requirements.

Background

As an ESP, the University is subject to the regulations and reporting requirements of all ESPs – one of which is an annual reporting of power content to the California Energy Commission. The Power Content Label describes the sources of electricity that are put into the power grid by the ESP on behalf of its customers.

The Power Source Disclosure reporting process consists of three steps – the first of which occurred May 31, 2018 when the UC Wholesale Electricity Program Manager submitted attestation forms summarizing the electricity purchases and sales for the calendar year 2017. This audit fulfills the second requirement in which an independent certified public accountant or a certified internal auditor verifies that the 2017 Annual Report to the California Energy Commission (Schedules 1 and 2) on power procurement and resale is accurate and complete. The third step consists of populating a Power Content Label template with the percentage values calculated in the Schedule 2 of the Annual Report and submitting it, along with the audit attestation to the California Energy Commission by October 1, 2018.

Objectives and Scope

The primary objectives of this audit project were to follow the agreed upon audit procedures as listed in Appendix A of the Power Source Disclosure Program that includes:

- Verification that power purchases and sales as listed on 2017 Schedule 1 (Annual Report to the California Energy Commission: Power Source Disclosure Program) and 2017 Schedule 2 (Annual Power Content Label Calculation) agree with supporting documentation.
- Verification that the power mix percentages reported on the 2017 Power Content Label agreed to 2017 Schedule 2 information.
- Verification that 2017 Schedules 1 and 2, and the 2017 Power Content Label are mathematically accurate.

Procedures Performed

To accomplish the project objectives and scope, the following procedures were performed:

1. Obtained and reviewed existing documentation, including Renewable Energy Credit contracts, certificates, and meter data reports used to prepare 2017 Schedules 1 and 2.

2. Agreed the purchases and sales by facility name, unique identification number, certificate number, megawatt hours and fuel type to supporting documentation.
3. Agreed the power mix data on the 2017 Schedule 2 to the 2017 Power Content Label.
4. Tested the mathematical accuracy of the 2017 Schedules 1 and 2, and the 2017 Power Content Label.

Conclusion

Based on our review of the supporting documentation, we conclude that Schedules 1 and 2 of the Annual Report to the California Energy Commission: Power Source Disclosure Program, prepared by the University of California for the calendar year 2017, are complete and accurately reflect supporting documentation for power procurement (specific and unspecified purchases). We also conclude that the 2017 Power Content Label was accurate.

As required by the agreed upon audit procedures, we have prepared and attached a separate memo to the California Energy Commission summarizing that the results of our review did not disclose any exceptions and that the audit was performed by a Certified Internal Auditor in good standing with the Institute of Internal Auditors.