



## **Sonoma Clean Power Authority**

### Board Policies

As of December 1, 2022

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Adopted: October 7, 2021

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Adopted: December 3, 2015

## Customer Service Policy A.1

### Customer Privacy Policy

#### Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information

Sonoma Clean Power Authority (SCPA), its employees, agents, contractors, and affiliates shall maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, email addresses, account numbers, and electricity consumption and generation ("customer data"), except where reasonably necessary to conduct SCPA's business or to provide services to customers as required by the California Public Utilities Commission (CPUC or Commission). Examples of reasonably necessary business purposes include but are not limited to when such disclosure is necessary to (a) comply with law, regulation, or court order; (b) enable SCPA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; (e) resolve customer disputes or inquiries; (f) communicate about demand response, energy efficiency, energy management, and conservation programs, or (g) in situation of imminent threat to life or property. SCPA shall not, under any circumstance, disclose customer information for third-party telemarketing, e-mail, or direct mail solicitation. Aggregated data that cannot be traced to specific customers may be released at SCPA's discretion.

Customer data, including Advance Metering Infrastructure data, is collected via PG&E's metering systems. SCPA may disclose customer data to third parties for the primary purposes of providing a bill for electrical power, providing for system, grid, or operational needs, providing services as required by state or federal law or as specifically authorized by an order of Commission, or for planning, implementing, or evaluating demand response, energy management, or energy efficiency programs<sup>1</sup>. SCPA's contractors and vendors are contractually required to agree to only use customer data for the contracted purpose to protect customer data under the same standards as SCPA. SCPA maintains customer-specific energy usage and billing information for only as long as is reasonably necessary, typically not more than five years, unless otherwise necessary by law or regulation.

The original effective date of this policy is November 7, 2013; this amended version will go into effect on the date it is approved by SCPA's Board of Directors. Notice of this policy is provided annually to customers via an on-bill message to guide customers to the most updated version on Sonoma Clean Power's website at [sonomacleanpower.org/privacy-policy](http://sonomacleanpower.org/privacy-policy). Any changes to this policy between notification periods will be communicated through Sonoma Clean Power's website. Previous versions of this policy can be requested via email at [info@sonomacleanpower.org](mailto:info@sonomacleanpower.org) or by mailed request to Sonoma Clean Power, Attention: Director of Customer Service, PO Box 1030, Santa Rosa, CA 95402.

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<sup>1</sup> CPUC Decision 12-08-045, Attachment B, 1(c).

**Adopted:** November 7, 2013

**Amended:** May 7, 2015 and October 22, 2015, October 1, 2020

Customers having any questions or concerns regarding the collection, storage, use, or distribution of customer information, or who wish to view, inquire about, or dispute any customer information held by SCPA or limit the collection, use, or disclosure of such information, may contact Erica Torgerson, Director of Customer Service, by phone at (707) 791-1341, via email at [etorgerson@sonomacleanpower.org](mailto:etorgerson@sonomacleanpower.org), or by mail at PO Box 1030, Santa Rosa, CA 95402.

**Adopted:** November 7, 2013

**Amended:** May 7, 2015 and October 22, 2015, October 1, 2020

## Customer Service Policy A.2

### Terms and Conditions of Service Policy

Sonoma Clean Power Authority shall maintain at all times an official copy of Sonoma Clean Power's (SCP's) Terms and Conditions of Service as an attachment to this Policy A.2. An identical version of the Terms and Conditions of Service shall be used to fulfill legal noticing requirements and in other instances where references to the Terms and Conditions of Service ("Terms and Conditions") are made. Also in accord with Administrative and General Policy D.3, substantive changes to the terms and conditions shall be presented as an amendment to this Customer Service Policy A.2, to the Community Advisory Committee for review, comment and recommendation, and subsequently presented to the Board of Directors for approval by motion. Upon final approval by the Board of Directors the amended or updated Terms and Conditions of Service attached to this Policy.

### CUSTOMER SERVICE POLICY A.2 ATTACHMENT

#### Terms and Conditions of SCP Service

**Rates:** Sonoma Clean Power (SCP) electric generation rates are set with the intention of providing its customers clean electricity at competitive rates. Changes to SCP rates are adopted at duly noticed public meetings of the Sonoma Clean Power Authority Board of Directors which is advised by a Community Advisory Committee and SCP staff. Customers may establish and maintain service under the standard CleanStart Service Tariff or may elect to upgrade to SCP's EverGreen Service Tariff, which is 100% local, renewable energy. Please visit [sonomacleanpower.org](http://sonomacleanpower.org) or call our local contact center at 1 (855) 202-2139 for more information.

PG&E will continue to charge all customers for electric delivery service and natural gas service, if applicable. SCP customers pay to PG&E a Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge in addition to electric delivery charges. Please contact PG&E for more information about its charges.

**Billing:** SCP customers receive a single combined monthly bill from PG&E that includes all energy-related charges, including SCP electric generation charges and PG&E's electric delivery charges. SCP electric generation charges replace PG&E's electric generation charges.

PG&E is required to charge all customers for transmission, distribution, public goods programs and other non-generation charges at the same rates regardless of who supplies the customer with electric generation. Customers pay the entirety of their charges to PG&E and PG&E forwards payments to SCP for its portion of charges.

**Adopted:** January 8, 2015

**Amended:** February 2, 2017, October 1, 2020, & January 1, 2022

[sonomacleanpower.org](http://sonomacleanpower.org)

**Discount Programs:** Customers currently enrolled in the California Alternative Rates for Energy (CARE) program, the Family Electric Rate Assistance (FERA) program, Medical Baseline, or receive the PG&E employee discount will continue to receive all these benefits and discounts as an SCP customer.

**Enrollment:** California State Assembly Bill 117, enacted into law in 2002 (Public Utilities Code section 366.2), requires Community Choice Energy programs such as SCP to operate as the default electric generation provider through an automatic enrollment process. Except in the cases of customers served by the Cities of Healdsburg and Ukiah through their city operated public power utilities, SCP is the default electricity provider for the Counties of Sonoma and Mendocino. You may request to return to PG&E electric generation at any time. To upgrade to SCP's 100% local, renewable EverGreen Service or return to PG&E generation service call our local contact center at 1(855) 202-2139 or visit our website at [sonomacleanpower.org](http://sonomacleanpower.org). Please have your PG&E account number available so that we may process your request.

**Opt Out:** You may opt out of SCP electric generation service at any time by calling 1-(855) 202-2139 or by completing the opt out form at [sonomacleanpower.org/opt-out](http://sonomacleanpower.org/opt-out). You will need your PG&E account information to begin the opt out process.

There is no fee to opt out before enrollment or in the first 60 days of receiving SCP service. All customers will also be subject to PG&E's terms and conditions of service, which will prohibit you from returning to SCP for a full year after your opt out date.

If you return to PG&E generation service after receiving SCP service for more than 60 days, PG&E requires that you choose one of the following options to return to its service:

Option 1: Return to PG&E generation service at the end of the current billing cycle. You will be billed at PG&E's transitional rates for a six-month period, and PG&E's standard bundled electricity rates thereafter.

Option 2: Give six month's advance notice of your intent to return to PG&E generation service. At the end of the six-month notice period, you will be returned to PG&E service and billed PG&E's standard bundled electricity rates.

Accounts cannot be transferred in the middle of a billing cycle. Your opt out request must be received at least 5 business days prior to your meter read date in order to switch service to PG&E before your next billing cycle begins. All other opt out requests will be processed on the subsequent meter read date. If you opt out or otherwise stop receiving service from SCP, you will be charged for all SCP electricity used before ending SCP electric service.

**Adopted:** January 8, 2015

**Amended:** February 2, 2017, October 1, 2020, & January 1, 2022

[sonomacleanpower.org](http://sonomacleanpower.org)



**Failure to Pay:** SCP may transfer delinquent accounts to PG&E upon 14 calendar days' written notice to the customer. Delinquent accounts will be required to pay the termination fee described above to process the transfer. Transfer back to PG&E does not relieve the customer of paying SCP charges and/or other charges due and owing including, PG&E charges, nor does it halt any PG&E shut-off procedures. Customers may be subject to collections by SCP and/or PG&E for all amounts due and owing plus interest, penalties, and other charges associated with the delinquent account.

**Customer Privacy Policy:** SCP's Notice of Accessing, Collection, Storing, Using, and Disclosing Energy Usage Information Policy can be found at [sonomacleanpower.org/privacy-policy](https://sonomacleanpower.org/privacy-policy) or by calling 1 (855) 202-2139.

## **Customer Service Policy A.3**

### **Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections**

This policy sets Sonoma Clean Power Authority's (SCPA) general rules related to SCPA late payment noticing and pre-collection noticing to customers. It also provides SCPA's general rules for transferring a customer to PG&E service for non-payment and to SCPA's collection agency.

This policy in whole or in parts may be suspended or modified if a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster that affects utility service or a health pandemic. At that time the Chief Executive Officer (CEO), or his designee, may put into effect **SCPA's Customer Service Policy A.6 - Emergency Consumer Protection Policy**. If the CEO, or his designee puts SCPA's Emergency Consumer Protection Policy into effect, the decision must be ratified by the Board of Directors within 90 days or at the next regularly scheduled Board of Director's meeting.

#### **I. SCPA Late Payment Noticing Policy:**

##### **a. Non-Residential Accounts:**

Customers will be sent an SCPA Late Payment Notice if:

- I. The account has an SCPA aggregated balance of more than \$500.00 based on the sum of the 60-90 day and 90+ day total in SCPA's aging report; and
- II. The customer is not on a Payment Plan with PG&E or is not current with the payments required by a PG&E Payment Plan.

##### **b. Residential Accounts:**

Customers will be sent an SCPA Late Payment Notice if:

- I. The account has an SCPA aggregated balance of more than \$250.00 based on the sum of the 60-90 day and 90+ day total in SCPA's aging report; and
- II. The customer is not on a Payment Plan with PG&E or is not current with the payments required by a PG&E Payment Plan.

#### **II. Transfer of Service for Non-Payment Policy:**

SCPA may transfer a customer to PG&E service for non-payment<sup>1</sup>.

- a. SCPA may transfer a customer who has been sent two consecutive SCPA Late Payment Notices and who has not paid the outstanding balance within the time set forth in the second Late Payment Notice may be transferred from SCPA service to PG&E service for non-payment of SCPA charges.

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<sup>1</sup> Pacific Gas & Electric Company. Electric Rule 23, Section U, Subsection 2.

- b. All customers, regardless of whether the customer was sent one or more Late Payment Notice(s), that has been transferred to PG&E service under section II.a or has voluntarily opted out of SCPA service, moved, and/or closed his/her account is still required to pay any outstanding SCPA charges for the period in which he/she took service from SCPA.
- c. Service transfers between providers can only take place on a customer's meter read date.

### **III. Pre-Collection Noticing Policy**

Customers with charges reversed by PG&E back to SCPA of \$50.00 or more will be sent one Pre-Collection Notice prior to the customer's account being transferred to SCPA's collection agency.

- a. A customer has 14 calendar days from the date of the Pre-Collections Notice to pay his/her outstanding SCPA balance.
- b. Negotiated settlements with a customer in excess of \$2,500 must be approved by the CEO or his designee.
- c. Balances not paid will be referred to SCPA's collection agency.

### **IV. Collections Policy**

Customers that have been transferred by SCPA service to PG&E service for non-payment, voluntary opt outs, and closed accounts with outstanding SCPA balances may be referred to a collection agency retained by SCPA.

The collection agency retained by SCPA shall be vetted to ensure all consumer protection laws are strictly followed. On no less than an annual basis, SCPA shall review the practices and results of any retained collection agency, taking immediate action to address any concerns that may arise.

#### **a. Send to Collections:**

- I. Balances of \$50.00 or more will be referred SCPA a collection agency retained by SCPA.
- II. Once accounts are sent to the collection agency, SCPA will no longer collect on the account and the customer must work with the collection agency on resolution of the charges owed.

#### **b. Write-Offs:**

Balances of \$49.99 or less may be deemed uncollectible and written off, may be sent to the collection agency, or SCPA may take any action that it deems appropriate and cost effective.

## Customer Service Policy A.4

### Information Technology (IT) Security Policy

Information Technology (IT) is a critical Sonoma Clean Power Authority (SCPA) asset and will be managed to ensure that it remains accurate, confidential, and available for authorized business activities only. Proper management of information technology is required to support regulatory compliance, minimize legal liability, reduce the risk of criminal activity, and to sustain stakeholder and customer satisfaction.

SCPA is dependent on information technology to conduct business operations. The Chief Executive Officer, Chief Operating Officer, Director of Internal Operations, and Director of Customer Service, in collaboration with SCPA's IT Consultant have been designated as the IT Security Team (IST) and are responsible for communicating IT policies and standards, helping all personnel achieve compliance with policies and standards, and reporting to management on any non-compliance or areas of risk.

SCPA will make information technology accessible only to authorized employees or designated vendors as needed and such information shall only be used for authorized agency purposes. To ensure protection of information technology, operational guidelines will be in place for employees and designated vendors to follow which adhere to the principles below:

- Follow all SCPA Board of Directors policies.
- Access to specific information technology is to be assigned to SCPA employees or designated vendors with the minimum level of access necessary to perform respective responsibilities.
- Access to information technology will be made available only to the extent necessary to support authorized business functions.
- Security systems are to be structured with multiple layers of security, including physical, network, host, and personnel security measures.
- The degree of information security protection is to be commensurate with the impact of inadvertent or intentional misuse, improper disclosure, damage or loss.
- Adequate controls will divide sensitive duties among more than one individual to provide checks and balances that help ensure operational guidelines are followed.
- Security is not an optional component of operations. All SCPA staff and designated vendors are required to protect information. All staff and designated vendors that use or have access to SCPA information technology are personally responsible for exercising the proper control over information according to the operational guidelines provided to them.

Operational guidelines for treatment of information technology are subject to change as needed to protect SCPA based on any changes in systems, threats, and practices. All substantive changes will be brought back before SCPA's Board of Directors for formal approval.

**Adopted:** February 7, 2019

**Amended:** October 1, 2020

## Customer Service Policy A.5

### Advance Metering Infrastructure (AMI) Data Security Policy

Sonoma Clean Power Authority (SCPA) understands the vital importance of ensuring the privacy and security of AMI data and customer usage information. The California Public Utilities Commission (CPUC or Commission) Decision (Decision) 12-08-045<sup>1</sup> extends privacy protections to customers of community choice aggregators, including SCPA. "Attachment B" of the Decision lists the rules regarding privacy and security protections for energy usage data that SCPA follows.

In compliance with "Attachment B", SCPA shall implement reasonable administrative, technical, and physical safeguards to protect covered information from unauthorized access, destruction, use, modification, or disclosure.

SCPA and all SCPA contractors, consultants and other third parties who obtain access to covered information based on consent from SCPA shall provide reasonable training to all employees and contractors who use, store or process covered information as needed to comply with this Policy and CPUC rules and regulations related to AMI Data Security in accordance with "Attachment B".

Per "Attachment B", SCPA shall collect, store, use, and disclose only as much covered information as is reasonably necessary or as authorized by the Commission to accomplish SCPA's specific primary purpose.

SCPA shall comply with Decision 12-08-045, "Attachment B", including any amendments made by the CPUC. See following pages for a copy of "Attachment B".

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<sup>1</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M026/K531/26531585.PDF>

## **ATTACHMENT B**

**ATTACHMENT B:**

**Rules Regarding Privacy and Security Protections for Energy Usage Data  
Applicable to Community Choice Aggregators or Electrical Service Providers  
(when providing service to residential or small commercial customers)**

**1. DEFINITIONS**

(a) **Covered Entity.** A “covered entity” is (1) any Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers), or any third party that provides services to a Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) under contract, (2) any third party who accesses, collects, stores, uses or discloses covered information pursuant to an order of the Commission, unless specifically exempted, who obtains this information from an electrical corporation, a Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers) or (3) any third party, when authorized by the customer, that accesses, collects, stores, uses, or discloses covered information relating to 11 or more customers who obtains this information from an electrical corporation, a Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers).<sup>1</sup>

(b) **Covered Information.** “Covered information” is any usage information obtained through the use of the capabilities of Advanced Metering Infrastructure when associated with any information that can reasonably be used to identify an individual, family, household, residence, or non-residential customer, except that covered information does not include usage information

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<sup>1</sup> The Commission and its agents, including but not limited to contractors and consultants, are not “covered entities” subject to these rules because the Commission and its agents are subject to separate statutory provisions pertaining to data.

from which identifying information has been removed such that an individual, family, household or residence, or non-residential customer cannot reasonably be identified or re-identified. Covered information, however, does not include information provided to the Commission pursuant to its oversight responsibilities.

(c) **Primary Purposes.** The “primary purposes” for the collection, storage, use or disclosure of covered information are to —

- (1) provide or bill for electrical power or gas,
- (2) provide for system, grid, or operational needs,
- (3) provide services as required by state or federal law or as specifically authorized by an order of the Commission, or
- (4) plan, implement, or evaluate demand response, energy management, or energy efficiency programs under contract with a Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers), under contract with the Commission, or as part of a Commission authorized program conducted by a governmental entity under the supervision of the Commission.

(e) **Secondary Purpose.** “Secondary purpose” means any purpose that is not a primary purpose.

## 2. TRANSPARENCY (NOTICE)

(a) **Generally.** Covered entities shall provide customers with meaningful, clear, accurate, specific, and comprehensive notice regarding the accessing, collection, storage, use, and disclosure of covered information. Provided, however, that covered entities using covered data solely for a primary purpose on behalf of and under contract with utilities are not required to provide notice separate from that provided by the utility.

(b) **When Provided.** Covered entities shall provide written notice when confirming a new customer account and at least once a year shall inform customers how they may obtain a copy of the covered entity’s notice regarding the accessing, collection, storage, use, and disclosure of covered information, and shall



provide a conspicuous link to the notice on the home page of their website, and shall include a link to their notice in all electronic correspondence to customers.

(c) **Form.** The notice shall be labeled Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information and shall —

- (1) be written in easily understandable language, and
- (2) be no longer than is necessary to convey the requisite information.

(d) **Content.** The notice and the posted privacy policy shall state clearly —

- (1) the identity of the covered entity,
- (2) the effective date of the notice or posted privacy policy,
- (3) the covered entity's process for altering the notice or posted privacy policy, including how the customer will be informed of any alterations, and where prior versions will be made available to customers, and
- (4) the title and contact information, including email address, postal address, and telephone number, of an official at the covered entity who can assist the customer with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of covered information.

### 3. PURPOSE SPECIFICATION

The notice required under section 2 shall provide —

- (a) an explicit description of —
  - (1) each category of covered information collected, used, stored or disclosed by the covered entity, and, for each category of covered information, the reasonably specific purposes for which it will be collected, stored, used, or disclosed,
  - (2) each category of covered information that is disclosed to third parties, and, for each such category, (i) the purposes for which it is disclosed, and (ii) the categories of third parties to which it is disclosed, and

- (3) the identities of those third parties to whom data is disclosed for secondary purposes, and the secondary purposes for which the information is disclosed;
- (b) the approximate period of time that covered information will be retained by the covered entity;
- (c) a description of —
  - (1) the means by which customers may view, inquire about, or dispute their covered information, and
  - (2) the means, if any, by which customers may limit the collection, use, storage or disclosure of covered information and the consequences to customers if they exercise such limits.

#### **4. INDIVIDUAL PARTICIPATION (ACCESS AND CONTROL)**

(a) **Access.** Covered entities shall provide to customers upon request convenient and secure access to their covered information —

- (1) in an easily readable format that is at a level no less detailed than that at which the covered entity discloses the data to third parties.
- (2) The Commission shall, by subsequent rule, prescribe what is a reasonable time for responding to customer requests for access.

(b) **Control.** Covered entities shall provide customers with convenient mechanisms for —

- (1) granting and revoking authorization for secondary uses of covered information,
- (2) disputing the accuracy or completeness of covered information that the covered entity is storing or distributing for any primary or secondary purpose, and
- (3) requesting corrections or amendments to covered information that the covered entity is collecting, storing, using, or distributing for any primary or secondary purpose.

(c) **Disclosure Pursuant to Legal Process.**

- (1) Except as otherwise provided in this rule or expressly authorized by state or federal law or by order of the Commission, a covered entity shall not disclose covered information except pursuant to a warrant or other court order naming with specificity the customers whose information is sought. Unless otherwise directed by a court, law, or order of the Commission, covered entities shall treat requests for real-time access to covered information as wiretaps, requiring approval under the federal or state wiretap law as necessary.
- (2) Unless otherwise prohibited by court order, law, or order of the Commission, a covered entity, upon receipt of a subpoena for disclosure of covered information pursuant to legal process, shall, prior to complying, notify the customer in writing and allow the customer 7 days to appear and contest the claim of the person or entity seeking disclosure.
- (3) Nothing in this rule prevents a person or entity seeking covered information from demanding such information from the customer under any applicable legal procedure or authority.
- (4) Nothing in this section prohibits a covered entity from disclosing covered information with the consent of the customer, where the consent is express, in written form, and specific to the purpose and to the person or entity seeking the information.
- (5) Nothing in this rule prevents a covered entity from disclosing, in response to a subpoena, the name, address and other contact information regarding a customer.
- (6) On an annual basis, covered entities shall report to the Commission the number of demands received for disclosure of customer data pursuant to legal process or pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed. Upon request of the Commission, covered entities shall report additional information to the Commission on such disclosures. The Commission may

make such reports publicly available without identifying the affected customers, unless making such reports public is prohibited by state or federal law or by order of the Commission.

**(d) Disclosure of Information in Situations of Imminent Threat to Life or Property.** These rules concerning access, control and disclosure do not apply to information provided to emergency responders in situations involving an imminent threat to life or property. Emergency disclosures, however, remain subject to reporting rule 4(c)(6).

## **5. DATA MINIMIZATION**

**(a) Generally.** Covered entities shall collect, store, use, and disclose only as much covered information as is reasonably necessary or as authorized by the Commission to accomplish a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer.

**(b) Data Retention.** Covered entities shall maintain covered information only for as long as reasonably necessary or as authorized by the Commission to accomplish a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer.

**(c) Data Disclosure.** Covered entities shall not disclose to any third party more covered information than is reasonably necessary or as authorized by the Commission to carry out on behalf of the covered entity a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer.

## **6. USE AND DISCLOSURE LIMITATION**

**(a) Generally.** Covered information shall be used solely for the purposes specified by the covered entity in accordance with section 3.

**(b) Primary Purposes.** A Community Choice Aggregator, an Electrical Service Provider (when providing service to residential

or small commercial customers), a third party acting under contract with the Commission to provide energy efficiency or energy efficiency evaluation services authorized pursuant to an order or resolution of the Commission, or a governmental entity providing energy efficiency or energy efficiency evaluation services pursuant to an order or resolution of the Commission may access, collect, store and use covered information for primary purposes without customer consent. Other covered entities may collect, store and use covered information only with prior customer consent, except as otherwise provided here.

**(c) Disclosures to Third Parties.**

**(1) Initial Disclosure by a Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers).** A Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers) may disclose covered information without customer consent to a third party acting under contract with the Commission for the purpose of providing services authorized pursuant to an order or resolution of the Commission or to a governmental entity for the purpose of providing energy efficiency or energy efficiency evaluation services pursuant to an order or resolution of the Commission. A Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers) may disclose covered information to a third party without customer consent

- a. when explicitly ordered to do so by the Commission; or
- b. for a primary purpose being carried out under contract with and on behalf of the Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) disclosing the data; provided that the covered entity disclosing the data shall, by contract, require the third party to agree to access, collect, store, use, and disclose the covered information under policies, practices and notification requirements no less protective than those under which

the covered entity itself operates as required under this rule, unless otherwise directed by the Commission.

- (2) **Subsequent Disclosures.** Any entity that receives covered information derived initially from a covered entity may disclose such covered information to another entity without customer consent for a primary purpose, provided that the entity disclosing the covered information shall, by contract, require the entity receiving the covered information to use the covered information only for such primary purpose and to agree to store, use, and disclose the covered information under policies, practices and notification requirements no less protective than those under which the covered entity from which the covered information was initially derived operates as required by this rule, unless otherwise directed by the Commission.
- (3) **Terminating Disclosures to Entities Failing to Comply With Their Privacy Assurances.** When a covered entity discloses covered information to a third party under this subsection 6(c), it shall specify by contract, unless otherwise ordered by the Commission, that it shall be considered a material breach if the third party engages in a pattern or practice of accessing, storing, using or disclosing the covered information in violation of the third party's contractual obligations to handle the covered information under policies no less protective than those under which the covered entity from which the covered information was initially derived operates in compliance with this rule.
  - If a covered entity disclosing covered information for a primary purpose being carried out under contract with and on behalf of the entity disclosing the data finds that a third party contractor to which it disclosed covered information is engaged in a pattern or practice of accessing, storing, using or disclosing covered information in violation of the third party's contractual obligations related to handling covered information,

the disclosing entity shall promptly cease disclosing covered information to such third party.

- If a covered entity disclosing covered information to a Commission-authorized or customer-authorized third party receives a customer complaint about the third party's misuse of data or other violation of the privacy rules, the disclosing entity shall, upon customer request or at the Commission's direction, promptly cease disclosing that customer's information to such third party. The disclosing entity shall notify the Commission of any such complaints or suspected violations.

- (4) Nothing in this section shall be construed to impose any liability on a Community Choice Aggregator or an Electrical Service Provider (when providing service to residential or small commercial customers) relating to disclosures of information by a third party when i) the Commission orders the provision of covered data to a third party; or ii) a customer authorizes or discloses covered data to a third party entity that is unaffiliated with and has no other business relationship with the Community Choice Aggregator or the Electrical Service Provider (when providing service to residential or small commercial customers). After a secure transfer, the Community Choice Aggregator or the Electrical Service Provider (when providing service to residential or small commercial customers) shall not be responsible for the security of the covered data or its use or misuse by such third party. This limitation on liability does not apply when a utility has acted recklessly.

(d) **Secondary Purposes.** No covered entity shall use or disclose covered information for any secondary purpose without obtaining the customer's prior, express, written authorization for each type of secondary purpose. This authorization is not required when information is —

- (1) provided pursuant to a legal process as described in 4(c) above;

- (2) provided in situations of imminent threat to life or property as described in 4(d) above; or
- (3) authorized by the Commission pursuant to its jurisdiction and control.

(e) **Customer Authorization.**

- (1) **Authorization.** Separate authorization by each customer must be obtained for all disclosures of covered information except as otherwise provided for herein.
- (2) **Revocation.** Customers have the right to revoke, at any time, any previously granted authorization.
- (3) **Opportunity to Revoke.** The consent of a residential customer shall continue without expiration, but an entity receiving information pursuant to a residential customer's authorization shall contact the customer, at least annually, to inform the customer of the authorization granted and to provide an opportunity for revocation. The consent of a non-residential customer shall continue in the same way, but an entity receiving information pursuant to a non-residential customer's authorization shall contact the customer, to inform the customer of the authorization granted and to provide an opportunity for revocation either upon the termination of the contract, or annually if there is no contract.

(f) **Parity.** Covered entities shall permit customers to cancel authorization for any secondary purpose of their covered information by the same mechanism initially used to grant authorization.

(g) **Availability of Aggregated Usage Data.** Covered entities shall permit the use of aggregated usage data that is removed of all personally-identifiable information to be used for analysis, reporting or program management provided that the release of that data does not disclose or reveal specific customer information because of the size of the group, rate classification, or nature of the information.

## 7. DATA QUALITY AND INTEGRITY



Covered entities shall ensure that covered information they collect, store, use, and disclose is reasonably accurate and complete or otherwise compliant with applicable rules and tariffs regarding the quality of energy usage data.

## **8. DATA SECURITY**

- (a) **Generally.** Covered entities shall implement reasonable administrative, technical, and physical safeguards to protect covered information from unauthorized access, destruction, use, modification, or disclosure.
- (b) **Notification of Breach.** A covered third party shall notify the covered Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) that is the source of the covered data within one week of the detection of a breach. Upon a breach affecting 1,000 or more customers, whether by a covered Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) or by a covered third party, the covered Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) shall notify the Commission's Executive Director of security breaches of covered information within two weeks of the detection of a breach or within one week of notification by a covered third party of such a breach. Upon request by the Commission, Community Choice Aggregators or Electrical Service Providers (when providing service to residential or small commercial customers) shall notify the Commission's Executive Director of security breaches of covered information.
- (c) **Annual Report of Breaches.** In addition, Community Choice Aggregators or Electrical Service Providers (when providing service to residential or small commercial customers) shall file an annual report with the Commission's Executive Director, commencing with the calendar year 2012, that is due within 120 days of the end of the calendar year and notifies the Commission of all security breaches within the calendar year affecting covered information, whether by the covered Community Choice

Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) or by a third party.

## 9. ACCOUNTABILITY AND AUDITING

(a) **Generally.** Covered entities shall be accountable for complying with the requirements herein, and must make available to the Commission upon request or audit –

- (1) the privacy notices that they provide to customers,
- (2) their internal privacy and data security policies,
- (3) the categories of agents, contractors and other third parties to which they disclose covered information for a primary purpose, the identities of agents, contractors and other third parties to which they disclose covered information for a secondary purpose, the purposes for which all such information is disclosed, indicating for each category of disclosure whether it is for a primary purpose or a secondary purpose. (A covered entity shall retain and make available to the Commission upon request information concerning who has received covered information from the covered entity.), and
- (4) copies of any secondary-use authorization forms by which the covered party secures customer authorization for secondary uses of covered data.

(b) **Customer Complaints.** Covered entities shall provide customers with a process for reasonable access to covered information, for correction of inaccurate covered information, and for addressing customer complaints regarding covered information under these rules.

(c) **Training.** Covered entities shall provide reasonable training to all employees and contractors who use, store or process covered information.

(d) **Audits.** Each Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) shall conduct an independent audit of its data privacy and security practices in conjunction every three

years following 2012 and at other times as required by order of the Commission. The audit shall monitor compliance with data privacy and security commitments, and the Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) shall report the findings to the Commission.

(e) **Reporting Requirements.** On an annual basis, each Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) shall disclose to the Commission as part of an annual report required by Rule 8.b, the following information:

- (1) the number of authorized third parties accessing covered information,
- (2) the number of non-compliances with this rule or with contractual provisions required by this rule experienced by the utility, and the number of customers affected by each non-compliance and a detailed description of each non-compliance.

**(END OF ATTACHMENT B)**

**Concurrence of Commissioner Timothy Alan Simon on Item 47  
Decision 12-08-045 Extending Privacy Protections to  
Customers of Gas Corporations and Community Choice Aggregators,  
and to Residential and Small Business Customers  
of Electric Service Providers**

This Decision (D.) 12-08-045 establishes Advanced Metering Infrastructure (AMI) technology privacy protections for gas customers of Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company, similar to those adopted in D.11-07-056 for their electric customers. The Decision also extends privacy protections to the customers of Community Choice Aggregators (CCA) and to the residential and small commercial customers of electric service providers (ESP). These adopted rules are consistent with Senate Bill (SB) 1476 (Padilla, Stats. 2009, ch. 327), as well as California Public Utilities Code § 366.2(c) and § 394.4.<sup>1</sup> Finally, for purposes of this concurrence, D.12-08-045 declines to consolidate the privacy rules into a General Order, in part because of the relative infancy and untested status of the rules. I support this cautious approach to regulating the use of customer data but also have concerns on the potential chilling effects.

“Smart” wired and wireless information technologies are important conservation and market-shaping tools for critical policy objectives including, but not limited to, energy efficiency, demand response, load shifting, renewables and dispatched back-up generation, as well as, stronger protections against outages due to cyber attack or system errors. My concern is that we do not limit access to customer data to the extent that we bar existing or potential market participants who could create better energy products and services based on that analysis of this customer data. It is important to strike a balance. Otherwise, we will find the market largely dominated by a few energy providers and not our envisioned robust, competitive, and liquid market place.

Unprecedented collection of highly granular energy usage data—just short of 3000 data points per month from a smart meter collecting data every quarter-hour—allows anyone with access to that data to observe variations in consumption that can reveal household activities such as whether homes are occupied, which appliances and devices are being used, whether an alarm system is activated, as well as work schedules and traveling patterns. Our challenge is to balance having enough granular data to make it useful for innovation, while protecting individual privacy and public safety. Giving customers’ confidence that their data is secure encourages acceptance of new technologies.

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<sup>1</sup> SB 1476 prohibits electrical and gas corporations from disclosing customer usage data to third parties, except as authorized, and prevents subject utilities, CCAs and ESPs from offering incentives or discounts for allowing access to that data. I commend Senator Padilla for striking a balanced approach to data privacy and competitive markets.

The growth of human behavioral economics, as a method of developing competitive applications, has an amazing future potential in the energy markets. We have seen an early glimpse in advance metering infrastructure and demand response but clearly not to the extent that we could with more competitive access to usage data. Recently in the European Union I experienced direct smart phone marketing leveraging location data improving purchasing power with vendors offering sales at certain slower demand times. This same ingenuity will benefit energy consumers as there data and time of use pricing is aggregated to forecast with other factors energy market demand and capacity. I know from my experience as a banking and securities attorney that in the financial services sector market access to consumer data is executed in omnibus or aggregated forms. These applications can result in more market competition and consumer choice; while protecting the names and other sensitive data points the customers may prefer remain private.

Excessive protection of customer data typically benefits the industry incumbents who possess the data. Our Orwellian fears of Big Brother are relics of the past. Privacy was something we experienced long before we used the various new electronic communications technologies, like credit card payments and airline reservation systems, which establish our locations and reveal our lifestyles. To expect energy markets to be insulated from this reality is anticompetitive.

Similarly, applications and devices to help consumers manage and understand the environmental impacts of their energy use are also ripe for innovation. Bright young companies are aiming to provide not only smart grid software services for utility operations, but smart meter data services using individual customer data. Additionally, new methods for two-way communication between the utility or third party and the customer--home area network (HAN) devices that communicate over the Internet through a web portal or through the utility's advanced metering infrastructure (AMI) network will help customers monitor their usage and alert them to grid shortages. New ways of connecting smart devices directly to the grid through Internet or AMI networks allow customers to analyze their usage by appliance category as well as time of use, and to control them both manually and automatically. New social media applications could allow individuals to compete with online friends to save energy and lower carbon emissions. Companies are already developing online and mobile applications for businesses and consumers that can use "Green Button" data to help consumers choose the most economical rate plan, deliver customized energy-efficiency tips, provide tools to size and finance rooftop solar panels, or conduct virtual energy audits.<sup>2</sup> These new market

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<sup>2</sup> The Obama Administration's Green Button initiative, launched in January, aims to foster innovation in online energy management tools through their "Green Button" initiative. Utilities and electricity suppliers will allow customers to download their own household or building energy-use data in a secure, user-friendly format with a click of an online "Green Button." Participating utilities have agreed to base their Green Buttons on a common technical standard, which will allow software developers and other entrepreneurs to leverage enough users to support the

D.12-08-045

R.08-12-009

entrants will not want to rely on smart meter data provided by utility back offices but will want access the data directly from the customer.

In conclusion, our rules recognize that consumer protection means giving customers control over their data and also allowing them to share it if they choose. D12-08-045 strikes the proper balance between protecting customers' right to privacy and not giving incumbents a competitive advantage. I concur with this Decision as an important step to striking the balance between privacy rights and the need for access to relevant energy data. I also encourage this Commission to look closely at best practices that protect sensitive data while promoting innovative energy products and services that ultimately will benefit consumers with choice.

Dated August 31, 2012, San Francisco, California

/s/ TIMOTHY ALAN SIMON  
Timothy Alan Simon  
Commissioner

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creation of new applications that can help consumers. According to a March 2012 White House press release, companies who are developing applications using the Green Button standard include Belkin, Efficiency 2.0, EnergySavvy, FirstFuel, Honest Buildings, Lucid, Plotwatt, Schneider-Electric, Simple Energy, and Sunrun. Companies who have deployed or who support deployment of Green Buttons include Aclara, Tendril, PG&E, SDG&E, SoCal Edison, Oncor, Itron, OPower, Oracle, and Silver Spring Networks.

## **Customer Service Policy A.6**

### **Emergency Consumer Protection Policy**

#### **Purpose:**

Pursuant to the California Public Utilities Commission (CPUC) directives and advice letters, residential and non-residential customers in areas where a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster that affects utility service are eligible for consumer protection measure(s) under PG&E's Emergency Consumer Protection Plan<sup>1</sup>. Sonoma Clean Power Authority (SCPA) provides additional emergency consumer protections to its customers as described below.

#### **Background:**

SCPA established a series of billing and service modifications, and disaster relief to support customers recovering from the immediate aftermath of the October 2017 Northern California Wildfires. Although not required by law, SCPA implemented the CPUC's Resolution M-4833, Emergency Authorization and Order Directing Utilities to Implement Emergency Consumer Protections to Support Residential Customers of the October 2017 California Wildfires, with the adoption of this policy on October 1, 2020.

#### **Applicability:**

This Policy applies to SCPA Residential Customers and Non-Residential Customers when a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory that:

- a. Results in the loss or disruption of the delivery or receipt of electric utility service; and/or
- b. Results in the degradation of the quality of electric utility service.

#### **Eligibility for Emergency Consumer Protection Plan:**

A customer will be eligible for SCPA's Emergency Consumer Protection Policy if the following criteria have been met:

- a. A state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory;
- b. The customer is a Residential Customer or Non-Residential Customer of SCPA; and
- c. The customer's premise was or is Red Tagged and/or coded by PG&E as DSNT/DSST/DSBR/DSOV, as defined at the end of this Policy.

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<sup>1</sup> PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. [www.pge.com/tariffs/assets/pdf/adviceletter/ELEC\\_5378-E.pdf](http://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf).

**Adopted:** October 1, 2020

**Amended:** December 1, 2022

## Emergency Consumer Protection Plan:

SCPA's Emergency Consumer Protection Plan goes into effect the day a state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory and includes the measures and parameters outlined below:

- a. **Late Payment Notice:** SCPA will stop sending Late Payment Notices to eligible customers for a period of 12 months.
- b. **Pre-Collection Notice for Non-Payment:** SCPA will stop sending Pre-Collection Notices for non-payment of SCPA charges to eligible customers for a period of 12 months.
- c. **Transfer for Non-Payment:** SCPA will not transfer eligible customers to PG&E service for non-payment of SCPA charges for period of 12 months.
- d. **Collections:** SCPA will halt collection activity for eligible customers for a period of 12 months.

SCPA's Board of Directors may change or extend these measures at its sole discretion.

## Definitions:

For purposes of this Policy, the following definitions apply. Customers may also wish to review PG&E's Emergency Consumer Protection Plan<sup>2</sup> for additional information.

- a. **Residential Customer<sup>3</sup>:** Class of customers whose dwellings are single-family units, multi-family units, mobile homes or other similar living establishments. A customer who meets the definition of a Residential Customer will be served under a residential rate schedule if 50% or more of the annual energy use on the meter is for residential end-uses. PG&E's tariff eligibility requirements will determine customer eligibility for this rate class.
- b. **Non-Residential Customer<sup>4</sup>:** Small and medium business customers that take service on a commercial, industrial, or agricultural rate. This definition does not include Non-Residential Customers who are on a fixed usage or unmetered usage rate schedule<sup>5</sup>.
- c. **Red Tag (Unsafe)** - Buildings are damaged and pose an imminent threat to life or safety under expected loads or other unsafe conditions.
- d. **PG&E REF|TD Codes** - PG&E will use the EDI billing codes outlined below to identify impacted SCPA customers per CalFire and/or County assessment(s). The codes allow for near real-time status of impacted customers.
  - i. **Disaster Red Tag Notice (DSNT)** - pending bill relief decision. Stops SA and final/closing bill but will not complete bill - temporary status.
  - ii. **Disaster Red Tag Standard (DSST)** - bill relief not applied. Stops SA, final/closing bill, and completes bill (final status).

<sup>2</sup> PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. [www.pge.com/tariffs/assets/pdf/adviceletter/ELEC\\_5378-E.pdf](http://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf).

<sup>3</sup> PG&E Electric Rule No. 1: Definitions, Sheet 30

<sup>4</sup> PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018.

<sup>5</sup> PG&E Electric Rule No. 1: Definitions, Sheet 31

Adopted: October 1, 2020

Amended: December 1, 2022



- iii. **Disaster Red Tag Bill Relief (DSBR)** – bill relief applied. Stops SA, final/closing bill, completes bill and applies debt reversal adjustment for SA balance (final status).
- iv. **Disaster Red Tag Override (DSOV)** – manual override. Process manually if needed (final status).

## **Customer Service Policy A.6a**

### **2020 Covid-19 Emergency Consumer Protection Policy**

#### **Purpose:**

On March 16, 2020 Governor Newsom issued an Executive Order requesting the California Public Utilities Commission (CPUC) to monitor the consumer protections offered by the utilities in response to COVID-19. The CPUC issued a letter to the investor-owned utilities, including PG&E, on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for customers in natural disasters, such as wildfires, to the COVID-19 pandemic. See CPUC Decision 19-07-015.

Based on Governor Newsom's Executive Order on March 16th, SCPA implemented its internal "COVID-19 Emergency Consumer Protection Policy I.13" for its Residential and Non-Residential Customers experiencing financial hardship due to the COVID-19 pandemic. This Policy is consistent with and continues the policies set forth in Policy I.13.

On February 11, 2021, the CPUC voted to extend consumer protections for all utilities it regulates until June 30, 2021.

On March 4, 2021, SCPA's Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until June 30, 2021 to match PG&E's Emergency Consumer Protection Plan.

#### **Eligibility for COVID-19 Emergency Consumer Protection Plan:**

Due to potential financial hardship from COVID-19, a customer will be eligible for SCPA's 2020 Covid-19 Emergency Consumer Protection Plan if the following criteria has been met:

- a. A state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to the health emergency in SCPA's Service Territory; and
- b. The customer is a Residential Customer or Non-Residential Customer of SCPA.

#### **Background:**

On March 4, 2020, Governor Newsom declared a statewide emergency due to COVID-19. In response, PG&E suspended disconnections and implemented flexible payment plans for all residential and small business customers.

**Ratified:** October 1, 2020

**Amended:** December 3, 2020, March 4, 2021, June 3, 2021, August 5, 2021, December 1, 2022

As adopted, D.19-07-015 requires PG&E to implement the emergency disaster relief program “in the event the Governor of California or a President of the United States declares a state of emergency because a disaster has either resulted in the loss or disruption of the delivery or receipt of utility service and/or resulted in the degradation of the quality of utility service.”

Although COVID-19 has not resulted in the loss or disruption of the delivery or receipt of gas and electrical service and/or in the degradation of the quality of gas and electrical service, SCPA understands that customers may be affected financially, whether diagnosed with the virus or not.

On March 16, 2020 Governor Newsom issued an Executive Order requesting the Commission to monitor the consumer protections offered by the utilities in response to COVID-19. The Commission issued a letter to the investor-owned utilities on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for in D.19-07-015 to Impacted Customers.

Based on Governor Newsom’s Executive Order on March 16th, SCPA implemented its internal “COVID-19 Emergency Consumer Protection Policy I.13” for its Residential and Non-Residential Customers experiencing financial hardship during the COVID-19 pandemic.

On October 1, 2020, the Board of Directors ratified Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy. This policy went into effect the day a state of emergency proclamation has been issued by the California Governor Newsom’s Office until December 31, 2020.

On December 3, 2020, the Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until March 3, 2021 to match PG&E’s Emergency Consumer Protection Plan.

On February 11, 2021, the Commission unanimously voted to extend protections for all utilities it regulates until June 30, 2021.

On March 4, 2021, SCPA’s Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until June 30, 2021 to match PG&E’s Emergency Consumer Protection Plan.

On June 3, 2021, SCPA’s Board of Directors extended the protections under Customer Service Policy A.6 - 2020 COVID-19 Emergency Consumer Protection Policy through January 14, 2022

**Ratified:** October 1, 2020

**Amended:** December 3, 2020, March 4, 2021, June 3, 2021, August 5, 2021, December 1, 2022

On June 24, 2021, the California Public Utilities Commission (CPUC), in ongoing efforts to ensure continued access to essential utility services during the COVID-19 pandemic, suspended disconnections of residential and small business customers for an additional three months, through September 30, 2021. This provides time for energy utilities to notify customers of a new CPUC solution to resolving COVID-19 era utility bill debt, which provides residential customers two years over which to pay off deferred energy bills, with help anticipated to become available in the California state budget. Similar relief was ordered for small businesses.

In September 2021, the California Arrearage Payment Program (2021 CAPP) was created by Governor Newsom and the California Legislature through the 2021 State Budget to be administered by the Department of Community Services and Development (CSD). 2021 CAPP offered financial assistance for California energy utility customers to help reduce past due energy bill balances that increased during the COVID-19 pandemic. The 2021 CAPP program utilized \$1 billion in federal American Rescue Plan Act funding to address Californian's energy debts. During the process of implementation of 2021 CAPP, disconnections were suspended by the terms and conditions of SCPA's participation in 2021 CAPP through summer 2022.

SCPA portion provided nearly \$3.5 million in customer bill credits for past due electricity bill balances for eligible residential customers.

The 2022 State Budget included \$1.2 billion for a 2022 CAPP program to address California's on-going energy debts by providing additional financial assistance for California energy utility customers to help reduce past due energy bill balances accrued during the COVID-19 pandemic. 2022 CAPP funding will be released to energy utilities (including SCPA) by January 31, 2023. During the implementation of 2022 CAPP disconnections continue to be suspended.

### **2020 COVID-19 Emergency Consumer Protection Plan:**

SCPA's Emergency Consumer Protection Plan went into effect March 4, 2020 because a state of emergency proclamation was issued by the California Governor's Office due to the global health pandemic, COVID-19.

#### **Retirement of Policy**

SCPA's Board of Directors authorizes the Chief Executive Officer, or his designee, to retire SCPA's Customer Service Policy A.6a - 2020 Covid-19 Emergency Consumer Protection Policy on or before December 31, 2023. Thus, reinstating SCPA's Customer Service Policy A.3 - Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, & Collections.

### **Definitions:**

For purposes of this Policy, the following definitions apply:

**Ratified:** October 1, 2020

**Amended:** December 3, 2020, March 4, 2021, June 3, 2021, August 5, 2021, December 1, 2022

- a. **Residential Customer<sup>1</sup>:** Class of customers whose dwellings are single-family units, multi-family units, mobile homes or other similar living establishments. A customer who meets the definition of a Residential Customer will be served under a residential rate schedule if 50% or more of the annual energy use on the meter is for residential end-uses. PG&E's tariff eligibility requirements will determine customer eligibility for this rate class.
- b. **Non-Residential Customer<sup>2</sup>:** Small and medium business customers that take service on a commercial, industrial, or agricultural rate. This definition does not include Non-Residential Customers who are on a fixed usage or unmetered usage rate schedule<sup>3</sup>.
- c. **SCPA Service Area:** As defined by SCPA's Joint Powers Agreement<sup>4</sup>.
- d. **Impacted Customers:** Customers that are in located in the area designated by California Governor's Office or the President of the United States as a state of emergency.

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<sup>1</sup> PG&E Electric Rule No. 1: Definitions, Sheet 30

<sup>2</sup> PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018.

<sup>3</sup> PG&E Electric Rule No. 1: Definitions, Sheet 31

<sup>4</sup> Sonoma Clean Power Authority Joint Powers Authority. <https://sonomacleanpower.org/uploads/documents/Third-Amended-JPA-FinalApproved-10-13-16-with-updated-Ex-C.pdf>

**Ratified:** October 1, 2020

**Amended:** December 3, 2020, March 4, 2021, June 3, 2021,  
August 5, 2021, December 1, 2022

## **Financial Policy B.1**

### **CEO Spending Authority**

Power procurement expenditures are governed by Policy C.1 Energy Risk Management. For all other expenditures, the CEO is authorized to make expenditures without prior Board of Directors or Community Advisory Committee review or approval provided that:

1. The total annual dollar amount/cost or the purchase or contract does not exceed \$100,000 AND the expenditure will not result in exceeding the annual amount currently budgeted and approved in the applicable category;
2. The expenditure is consistent with all adopted Board policies;
3. The Board Chair and Vice Chair, and the Community Advisory Committee Chair are notified immediately following any non-power procurement purchases that exceed \$100,000;
4. The expenditure is in the best interest of Sonoma Clean Power's customers; and,
5. All expenditures in excess of \$100,000 are reported at the next Board meeting.

## **Financial Policy B.2**

### **Financial Reserves**

#### **Purpose**

SCP maintains financial reserves to maintain good standing with rating agencies, provide liquidity when current income is insufficient, protect customers from sudden large changes in rates, and to mitigate energy market risks. This policy governs how financial reserves are built, maintained and used.

#### **Reserve Balances**

- Minimum Reserves: 180 days of the annual budgeted operating expenses.
- Target Reserves: 280 days of the annual budgeted operating expenses.
- Excess Reserves: Any reserve balances in excess of the Target Reserves must be returned to customers through lower rates or program incentives in the following year.

#### **Building Reserves and Rate Setting**

During periods when the Minimum Reserve is not met, SCP shall set rates in a manner to reach the required balance within 2 years.

During periods when SCP's reserves are above the Minimum Reserve but below the Target Reserve, SCP shall set rates to reach the Target Reserve balance within 5 years in a manner that best protects customers from unreasonable rates.

#### **Use of Reserves**

The expenditure of reserve funds requires a vote of the Board of Directors. However, the CEO has the authority to use reserves for operating liquidity in emergency situations in consultation with the Board Chair and Vice Chair, and such actions must be noticed to the Board of Directors in the next meeting.

#### **Investing Reserve Balances**

The investment of reserve funds is governed by Financial Policy B.5 Investments.

**Adopted:** June 5, 2014

**Amended:** Jan 8, 2015, Jun 4, 2015, Apr 5, 2018, Apr 2, 2020 and May 5, 2022

## **Financial Policy B.3**

### Accounts Receivable Reserve

Retired Financial Policy B.3 as Accounts Receivables are already required by GAAP accounting.



## **Financial Policy B.4**

### Bad Debt

Retired Financial Policy B.4 as Bad Debt are already required by GAAP accounting.

## Financial Policy B.5

### Investments

#### 1. Purpose

This statement contains guidelines for the prudent investment of SCPA's cash balances in accordance with California Government Code sections 53600, et. seq. The goals of SCPA's Investment Policy are to protect SCPA's cash balances, retain sufficient liquidity, and produce a return on investment to preserve value over time.

#### 2. Standard of Care

The standard of prudence to be used by investment officials will be the "prudent investor" standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

#### 3. Scope

This Investment Policy applies to all funds and investment activities of SCPA. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents.

#### 4. Objectives

The primary objectives, in priority order, of the investment activities of SCPA are:

- **Safety of Principal** - Preservation of principal is the foremost objective of SCPA.
- **Liquidity** - SCPA's portfolio will remain sufficiently liquid to enable SCPA to meet its cash flow requirements. It is important that the portfolio contain investments which provide the ability of being easily sold at any time.
- **Return on Investment** - SCPA's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering SCPA's investment risk constraints and cash flow needs.

#### Delegation of Authority

Pursuant to California Government Code Section 53607, the Chief Executive Officer (and his/her designee, if necessary) is authorized to invest and reinvest money of SCPA, to sell or exchange securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to this investment policy.

SCPA may engage the support services of outside investment advisors regarding its investment program, so long as these services are likely to produce a net financial advantage or necessary financial protection of SCPA's financial resources. Outside investment advisors must be approved by the Chief Executive Officer and the Board of Directors. SCPA CEO (and his/her designee, if necessary) will be responsible for managing the investment advisors.

### **Conflict of Interest**

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

### **Authorized Financial Dealers and Institution**

The purchase by SCPA of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

Should SCPA staff choose to contract with a dealer or institution to manage its investments, the CEO would be responsible for making this decision, conducting the evaluation of all institutions that wish to do business with SCPA, to determine if they are adequately capitalized, staffed by qualified investment professionals, and agree to abide by the conditions set forth in SCPA's Investment Policy and any other guidelines that may be provided. If SCPA does go forward with a dealer or institution, the following action will be taken annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, SCPA's Investment Policy.
2. Submit their most recent audited Financial Statements within 120 days of the institution's fiscal year end.

If SCPA has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of SCPA.

### **Authorized Investments**

The Local Agency Investment Guidelines update for 2021 that was issued by the California Debt and Investment Advisory Commission (CDIAC), FIGURE 1, lists the acceptable investments authorized for local agencies in California. The following is a reproduction of FIGURE 1 from the report that is in force as of January 1, 2021. SCPA will abide by these guidelines and any successors issued by the State.

FIGURE 1

INVESTMENT TYPE	MAXIMUM MATURITY <sup>C</sup>	MAXIMUM SPECIFIED % OF PORTFOLIO <sup>D</sup>	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% <sup>E</sup>	None	53601(g)
Commercial Paper—Non-Pooled Funds <sup>F</sup> (under \$100,000,000 of investments)	270 days or less	25% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(c)
Commercial Paper— Pooled Funds <sup>I</sup>	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% <sup>J</sup>	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% <sup>K</sup>	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% <sup>K</sup>	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days <sup>L</sup>	20% of the base value of the portfolio	None <sup>M</sup>	53601(j)
Medium-Term Notes <sup>N</sup>	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple <sup>P,Q</sup>	53601(l) and 53601.6(b)
Collateralized Bank Deposits <sup>R</sup>	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple <sup>S</sup>	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund <sup>T</sup>	N/A	None	None	16340
Supranational Obligations <sup>U</sup>	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

### **Restriction on Investment Policies and SCPA Constraints**

Section 53600 et. seq. of the State of California Government Code outlines the collateral requirements for certain types of investments and limits the percentage of total investments which can be placed in certain classifications. Investments must meet the time schedules as indicated by the cash flow projections of SCPA. Investments will be purchased with the intent to hold until maturity, however this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, liquidity, credit quality, or enhance the rate of return.

### **Maturity Limit**

State law requires that the maturity of any given instrument should not exceed five years unless specifically approved by the SCPA Board of Directors at least three months before the investment is made.

### **Internal Control**

The CEO is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of SCPA are protected from loss, theft, or misuse. The SCPA CEO or his/her designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board). As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

### **Performance Standards**

SCPA's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs.

### **Reporting Requirements**

The CEO will provide a year-to-date investment summary to the Board of Directors on a quarterly or more frequent basis. The summary will show the type of investment, the average balance of funds invested, and average annual percentage yield.

### **Policy Review**

This Investment Policy will be reviewed at least annually to ensure its consistency with:

1. The California Government Code sections that regulate the investment and reporting of public funds.
2. The overall objectives of preservation of principal, sufficient liquidity, and a market return.

## **Glossary**

**Broker-Dealer** is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

**Collateral** refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

**Commercial Paper** is a short term, unsecured, promissory note issued by a corporation to raise working capital.

**Duration** is a measure of the sensitivity of the price of a security or a portfolio of securities to a change in interest rates, typically stated in years.

**Federal Agency Obligations** are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

**Issuer** means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

**Liquidity** refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

**Local Agency Investment Fund (LAIF)** is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$65 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

**Local Government Investment Pools (LGIP)** are investment tools similar to money market funds that allow public entities to invest funds.

**Maturity** is the date upon which the principal or stated value of an investment becomes due and payable.

**Money Market Fund** is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders. Eligible money market funds must strive to maintain a stable net asset value (NAV) of \$1 per share.

**Net Asset Value (NAV)** is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value. Money Market funds that SCPA is authorized to invest in are required to maintain an NAV of \$1.00 at all times.

**Principal** describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

**Repurchase Agreements** are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

**U.S. Treasury Issues** are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve-month maturities.
2. **Treasury Notes** that have original maturities of one to ten years.
3. **Treasury Bonds** that have original maturities of greater than 10 years.

# Power Services Policy C.1

## SCPA Energy Risk Management Policy

### 1. Introduction

It is the policy of the Sonoma Clean Power Authority (“SCPA”) to operate Sonoma Clean Power (“SCP”) to provide electric energy and energy-related programs to customers consistent with our Board-approved IRP. SCPA also has a duty to make financially sound and timely investments, and to safeguard the Authority against adverse conditions.

This Energy Risk Management Policy (“Policy”) recognizes that there are risks inherent in participating in energy markets, and establishes the key control structures and policies to prudently manage risk:

- Clearly defined segregation of duties and delegation of authority
- Organizational structure for risk management controls
- Policies setting acceptable risk parameters and risk limits
- Procedures for risk reporting
- Permitted transactions and product types

The scope of this Policy addresses SCPA’s electric supply and participation in energy markets. It does not address operational details such as the prudent handling of data, deal entry, settlement validation, accuracy of load and generation forecasts, and myriad other detailed tasks. It also does not address general business risks, insurance, legislative or policy risks.

SCPA recognizes that risks are inherent in the electric energy business. SCPA therefore seeks to use the prudent management of energy market transactions to minimize the risks to SCPA and its customers.

### 2. Energy Risk Management Objectives

The primary objectives of energy risk management activities are to balance the business objectives of (1) providing stable electric rates to customers, (2) maintaining the on-going financial viability of the agency, and (3) managing business processes to allow the staff of SCPA to work efficiently and cost effectively while achieving standards in our Integrated Resource Plan (“IRP”).

#### *2.1. Retail Rate Stability*

Stable rates are of high value to the citizens and businesses in Sonoma and Mendocino Counties, and yet energy commodity market prices are extremely volatile. Therefore, a key objective is to manage the risks inherent in the energy commodity markets to limit customer exposure to large swings in rates. This is done by mitigating both market risk and credit risk. Reserve balances maintained by SCPA per Financial Policy B2 provide financial credit for entering into long-term contracts and financial liquidity for entering into shorter-term contracts and purchases of energy in the spot and forward market as needed to meet the projected load.

**Adopted:** June 3, 2021

[sonomacleanpower.org](https://sonomacleanpower.org)



## *2.2. Maintain Financial Viability of the Agency*

SCPA seeks to: (a) reduce exposure to potential adverse energy price movements; (b) control costs by optimizing SCPA contracts; and (c) offering commodity products that address customer needs and recover costs through rate setting Board adopted financial policies.

## *2.3. Efficient and Cost-Effective Business Processes*

SCPA staff will utilize business practices and controls that are sufficient to identify, evaluate, and manage risks, and are designed to streamline recording, analysis and reporting requirements. Staff will strive to improve the risk management procedures to enhance productivity, reduce the cost of conducting risk management activities, and maintain transparency and value of the risk management process.

# 3. General Transacting Policy

## *3.1. Anti-speculation*

Speculative buying and selling of energy products are prohibited. SCPA will not speculate in the energy market. Purchases of power products are only allowed where there is expectation of receiving delivery/utilizing the financial product. Selling of products is only allowed when SCPA owns the underlying products. Financial transactions that financially protect SCPA from major swings in market pricing are allowed.

## *3.2. Consistency with Integrated Resource Plan*

Any transaction that is not consistent with the Board's most recently adopted Integrated Resource Plan must be reported by the CEO at the next Board meeting together with the reasons for the transaction.

## *3.3. Open and Competitive Process*

Whenever possible, SCPA will seek to obtain multiple bids when making a purchase or sale transaction and select the best value transaction consistent with SCPA's Board-adopted IRP.

## *3.4. Adherence to all Required Registrations and Certifications*

Note: The following may be updated by staff periodically to reflect changing requirements:

SCPA aims to comply with all applicable compliance regulations. For instances where SCPA does not meet compliance obligations, the nature of the action will be presented to the Board along with any resulting penalties or consequences.

### *a) California Public Utilities Commission (CPUC)*

SCPA shall maintain its certification to operate a CCA through an Implementation Plan and maintain a functional relationship for customer billing with a CPUC-certified Service Agreement between SCPA and the investor-owned utility.

*b) California Independent System Operator (CAISO)*

SCPA is a Market Participant in the CAISO Federal Energy Regulatory Commission filed tariff, which includes Scheduling Coordination, energy imbalance settlement, congestion revenue rights, settlements and other rights and responsibilities as determined by CAISO. SCPA's market participation shall strictly comply with the laws, rules and regulations governing CAISO operation, including but not limited to, the FERC approved CAISO Tariff, CAISO Business Practice Manuals, and any successors; be consistent with SCPA Board adopted Policies; and continuously seek the lowest cost, least risk impact to SCPA customers.

*c) Western Renewable Energy Generation Information System (WREGIS)*

SCPA is a WREGIS account holder where SCPA has the right to purchase, transfer and retire certificates. WREGIS certificates are required for compliance with state requirements for renewable energy.

*d) California Energy Commission (CEC)*

SCPA engages with the California Energy Commission to ensure compliance in areas including adhering to renewable energy mandates, Resource Adequacy load forecasting, Integrated Energy Policy Report and power content reporting.

*e) California Air Resources Board (CARB)*

SCPA engages with CARB to ensure compliance in areas including Low Carbon Fuel Credits.

### *3.5. Operational Risk Assessment*

The Board has directed staff to ensure that standard procedures are maintained to address portfolio valuation risk, counterparty credit and default risk, risks associated with forecasting error, risks of overconcentration on technologies, location or specific counterparties, and other related market risks as determined by the Risk Oversight Committee ("ROC").

## 4. Oversight Bodies

### *4.1. Sonoma Clean Power Authority Board of Directors*

The SCPA Board of Directors has the primary oversight responsibility, governing SCPA's preferred resources through the Integrated Resource Plan, selecting customer programs, establishing customer rates and ensuring SCPA is responsibly managed by hiring, reviewing and potentially terminating its CEO. The Board receives advice from its Community Advisory Committee and the public. The Board also establishes and reviews this policy from time to time and reviews staff reports on risk.

#### *4.2. Chief Executive Officer*

The CEO has responsibility for executing and ensuring compliance with policies adopted by the Board of Directors. The CEO shall establish a staff “ROC” which shall consist of the CEO, COO, Director of Regulatory Affairs, Managing Director of Power Procurement and Senior Risk Officer. The CEO shall report annually to the Board regarding energy risk management activities. The CEO shall maintain clear delegations of energy market contracting authority for each type of transaction and each staff position within SCPA.

#### *4.3. Risk Oversight Committee (ROC)*

The ROC shall advise the CEO on prudent risk management and aid in ensuring compliance with this and other Board policies. Any transaction or activity requiring the approval of the CEO or SCPA’s Board Chair or Vice Chair shall first be reviewed by the ROC.

The ROC shall serve in an oversight and advisory role which governs and ensures adherence to the Policy. The ROC is responsible for making recommendations to approve or reject transactions based on the Policy, reviewing hedge tolerance bands, seeking input on recommended transactions prior to seeking Board approval to execute, reviewing PPA and long-term transactions including seeking input on RFOs prior to issuance, reviewing RFOs, verifying term sheets details and confirming final contracts prior to execution.

The ROC will define internal controls, strategies and processes for managing market risks such as those incurred through wholesale trading, retail marketing, long-term contracting, Congestion Revenue Rights (“CRR”) trading and load and generation scheduling.

In addition to the above-mentioned responsibilities, the ROC will evaluate energy market transactions for consistency with SCPA’s procurement strategy and targets (i.e. Renewable Portfolio Standard (“RPS”), Greenhouse Gas (“GHG”), Resource Adequacy (“RA”), energy storage) and established risk tolerances. The ROC will also validate that risk management controls and practices are sufficient to monitor and manage SCPA’s risk exposure.

The ROC also approves counterparties based on Section 5 of this Policy.

The ROC reviews risk management reports provided by the Power Services Team’s Middle Office including SCPA’s Net Open Position (“NOP”), market exposure, credit exposure, counterparty credit ratings, transaction compliance, and other relevant market data and portfolio parameters.

The ROC shall recommend updates to the Board for this Policy as needed. At a minimum, this Policy will be reviewed and updated by the ROC at least every two years.

#### *4.4. Management Responsibility*

Risk management oversight is accomplished through supervisory review and approval and appropriate separation of duties as follows:

*f) Front Office – Planning and Procurement*

The Front Office is primarily responsible for resource planning and procuring energy supplies and services. The Front Office management responsibility is accomplished through supervisory review and using appropriate transaction approval processes.

*g) Middle Office – Controls and Reporting*

The Middle Office provides the primary independent management responsibility. The Middle Office oversees all risk management activities including portfolio exposure, credit and counterparty exposure, and compliance. The Middle Office responsibilities provides checks and balances while monitoring SCPA's risk exposures and ensuring compliance with policies, guidelines, and procedures. The functions of the Middle Office can be broadly defined as risk analysis, compliance tracking and review, credit analysis, and management reporting.

*i. Risk Analysis*

The Middle Office performs rigorous risk analysis to evaluate the risk exposure on both a transaction and portfolio basis.

*ii. Confirmations*

Confirmations ensures transactions have gone through appropriate approval, legal review and proper signing authority for execution.

*iii. Compliance Tracking and Review*

The Middle Office monitors all compliance obligations and transactions to ensure compliance of transactions with SCPA policies and state regulations.

*iv. Credit Analytics*

The Middle Office monitors and analyzes counterparty creditworthiness. The Middle Office objectively measures and monitors credit limits and credit histories, and may temporarily or permanently halt trading, upon recommendation of the ROC. Credit will provide guidelines and transaction limitations and actively monitor counterparty risk to minimize the potential adverse financial impacts on SCPA in the event of a defaulting counterparty. Credit will implement a mechanism to monitor and report on supply portfolio related counterparty credit exposures. Counterparty credit exposures and transaction volumes relative to the established limits are to be monitored on an ongoing basis and reported to the ROC by the Middle Office. Credit will also analyze and track exposure to margin call, collateral tracking, Letters of Credit and anything related to SCPA's financial exposure for credit purposes.

*v. Management Reporting*

The Middle Office administers reports to the ROC related to risk management.

*h) Back Office – Settlement and Recording*

The Back Office is primarily responsible for counterparty checkouts, settlement of invoices, bookkeeping and accounting, and contract administration. The Back Office roles in oversight are ensuring that invoices reflect purchases or sales, independently monitoring transactions in the tracking database, and verifying and reporting on compliance with procedures. Back Office is responsible for compliance reporting functions including but not limited to WREGIS retirement, RPS retirement reporting, retail sales, and LCFS.

## 5. Authorized Forms of Agreement

The Board authorizes the CEO to develop and maintain such standard forms of agreement necessary to fulfill SCPA's compliance obligations and generally supply all of SCPA's energy and energy-related services. The CEO shall utilize legal counsel with specific expertise in each type of agreement in the development of the standard forms and in reviewing any potential exceptions. The Middle Office and SCPA's General Counsel maintains the authorized forms of agreement and ensures that exceptions are reviewed by expert counsel prior to execution.

## 6. Authorized Transacting Products

Products allowed for electric transactions include energy, capacity, transmission, financial hedges and ancillary services. All transactions must:

1. be committed to by authorized transacting personnel;

2. be with approved counterparties;
3. use an authorized form of agreement;
4. be committed over recorded phone lines, via electronic mail or in writing;
5. be recorded into SCPA's deal book within 24 hours of execution; and
6. be consistent with this Policy.

Failure to observe the above minimum requirements when executing energy transaction is a violation of this Policy and is subject to disciplinary action.

## 7. Transacting Authority

The CEO is authorized to make all necessary energy product expenditures which meet all of the following criteria:

1. In the best interest of SCPA's customers;
2. Consistent with this Policy and all other Board policies;
3. Less than 10 years in duration;
4. Less than \$250 million in notional value.

The table below shows further detail for specific categories of procurement, and the individuals who are authorized to execute agreements, confirmations, and other documents relating to the procurement.

PROCUREMENT CATEGORY	SIGNATURE REQUIREMENTS	COUNSEL REVIEW REQUIREMENTS
Spot Transactions	The current head of Power Procurement and one additional staff member in Power Procurement as designated by the CEO.	None
Non-Spot Transactions of Duration Less Than 3 Years and Having Notional Value Equal to or Less Than \$5,000,000	The current head of Power Procurement and either the CEO or COO.	Outside Counsel
Transactions Less Than 10 Years and Notional Value of Equal to or less than \$250,000,000	The current head of Power Procurement and the CEO.	Outside Counsel

Transactions of 10 Years or More Duration or Having Notional Value Greater Than \$250,000,000	The current head of Power Procurement, the CEO, and Chair and Vice Chair of Board of Directors	Outside Counsel
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## 8. Conflict of Interest

In accordance with the Municipal Code and California law, personnel involved in transacting and oversight of SCPA's supply resources may not engage in financial conflicts of interest, unless SCPA is duly informed, and it elects to waive such conflicts. Certain conflicts cannot be waived, including conflicts related to the Political Reform Act and Government Code Section 1090. All personnel in procuring or selecting counterparties for contracting or transacting are required to complete, on an annual basis, the Form 700 Disclosure forms and submit these forms to the Clerk.

## C.2 California Independent System Operator

This policy was superseded by Power Services and CEO Spending Policy C.1 - SCPA Energy Risk Management Policy as of June 3, 2021.

See C.1 for current policies related to the California Independent System Operator.



### C.3 Procurement Criteria, Policies, and Signature Authority

This policy was superseded by Power Services and CEO Spending Policy C.1 - SCPA Energy Risk Management Policy as of June 3, 2021.

See C.1 for current policies related to the Procurement Criteria, Policies, and Signature Authority.

## **Power Services Policy C.4**

### **SCPA Policy Governing Preferred Resources for Serving Multiple SCP Customers During Public Safety Power Shutoffs**

The Governing Board of the Sonoma Clean Power Authority (SCPA) establishes the following requirements for electric energy resources serving more than one SCP customer account in microgrids and any situation where customers are disconnected or islanded from transmission and/or distribution service.

**1. Short-term.** Any backup power options that will be in use for less than 3 years are recognized as transitional. SCP creates no additional requirements for these transitional resources beyond the requirements provided by federal and state agencies.

**2. Minimize the Need and Cost for Local Generation and Storage.**

a. The IOU should create a baseline schedule and budget for fully repairing and hardening the transmission grid before any consideration of local generating or storage resources is made. SCP finds it unacceptable to assume that high-voltage transmission lines will be shutoff for any appreciable frequency or duration in PSPS events for a period lasting more than 3 years.

b. The IOU should minimize the number of customers affected by PSPS events through circuit segmentation, substation reconductoring, targeted undergrounding, tree management, and all other practical means before any consideration of local generating or storage resources is made.

**3. Use the State's Adopted Loading Order.** When using the CPUC and CAISO's adopted loading order for microgrids, some resources are naturally excluded, such as large hydropower, coal and nuclear power due to an inability to locate in the distribution grid. The remaining resources are listed here in order:

- a. Demand Response and Energy Efficiency is first. In the case of microgrids, this should also prioritize essential loads ahead of flexible loads. Electric vehicle charging and heat pump water heating are examples of flexible loads under SCP dispatch.
- b. Renewable Portfolio Standard (RPS) eligible resources are next. This includes solar, wind, small hydropower, geothermal, biomass and biogas. Note that SCP's governing board does not allow biomethane offsets of local natural gas use in this category.
- c. Batteries and other means of storing electricity is next.
- d. Combined Heat & Power (CHP) is next. This category is the first that

allows the use of a fossil energy resource (usually natural gas), but with the condition that waste heat is captured and put to a valuable use and that all local natural gas use is offset with biomethane.

- e. Finally, other forms of natural gas power may be considered to meet any remaining residual need. Biomethane offsets of local natural gas are prioritized above projects that do not offset local natural gas use.

For both 3(d) and 3(e), SCP's governing board makes an additional requirement. The IOU should provide detailed information about the likely number, duration and scope of PSPS events if no local natural gas powered systems were installed. In the case that the remaining shutoffs are likely to be infrequent, short in duration and otherwise cause minimal harm, SCP's governing board reserves the right to seek input from the affected community and make a determination of the best pathway.

## **Administrative and General Policy D.1**

### Prohibition Against Dissemination of Untrue or Misleading Information

*Pursuant to California Public Utilities Code Section 396.5:*

Dissemination by Sonoma Clean Power Authority (SCPA) (i.e. Board and Committee Members, and/or SCPA Staff, and/or SCPA representatives acting under authorized SCPA direction) of any statement relating to Sonoma Clean Power's (SCP's) rates or terms and conditions of service that is untrue or misleading, and that is known, or that, by the exercise of reasonable care, should be known, to be untrue or misleading is strictly prohibited. Individuals who violate this Administrative and General Policy D.1 may be, as determined by the Board, subject to corrective action.

## **Administrative and General Policy D.2**

### **Records Retention**

Whenever possible, Sonoma Clean Power Authority (SCPA) records shall be retained in searchable, electronic format. Records shall be kept, at a minimum, for the period required by law or regulation. If no law or regulation is applicable, or if other compelling reasons are established, records may be retained for longer period of times including in perpetuity.

## **Administrative and General Policy D.3**

### Process for Amending and Adopting Policies

All newly proposed Sonoma Clean Power Authority (SCPA) policies, or substantive proposed amendments to existing SCPA policies, shall be presented to the Community Advisory Committee for review, comment and recommendation, and subsequently presented to the Board for approval by motion.

A current copy of SCPA policies shall be posted on the Sonoma Clean Power website at all times. On at least an annual basis, a thorough review of the SCPA policies shall be conducted. Ministerial updates required to keep the SCPA policies current shall be made under the approval of the CEO and General Counsel, with an email notice containing a link to the updated policies sent to all Board and Committee members.

## **Administrative and General Policy D.4**

### **New Customer Communities**

Whereas, the Sonoma Clean Power Authority's (SCPA) purposes include:

- Reducing greenhouse gas emissions related to the use of power in Sonoma County and neighboring regions;
- Providing electric power and other forms of energy to customers at a competitive cost;
- Carrying out programs to reduce energy consumption;
- Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
- Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources; and

Whereas, creating opportunities for new communities to benefit from community choice aggregation programs may allow SCPA to further progress towards these purposes; and

Whereas, SCPA's default CleanStart service reduces greenhouse gas emissions when compared to the incumbent utility's default service; and

Whereas, the addition of new communities to SCPA's service territory will accelerate progress toward SCPA's and the State of California's goals on renewable energy and greenhouse gas reductions;

Therefore, in light of these considerations, it is SCPA's policy to consider providing electric service in new communities to further SCPA's goals, consistent with the criteria set forth below.

Applications to serve new communities will be considered if all of the following criteria are met:

1. The community is relatively close to existing SCPA service territory, so that regular meeting attendance and community engagement is practical.
2. The community agrees to abide by the SCPA Joint Powers Agreement, all existing SCPA adopted policies, and any conditions of service proscribed by SCPA's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the SCP program, with governance representation determined by the existing SCPA Board of Directors.
3. The SCPA Board of Directors finds that service to the new region:
  - a. will decrease greenhouse gas emissions;
  - b. will not increase costs or financial risks to existing SCP customers;
  - c. will be consistent with SCPA's purposes of promoting renewable energy, energy efficiency and conservation

4. There should be significant political and public alignment of values between existing and proposed participants, so that fundamental conflicts over key underlying issues are less likely. This would be important, for example, in determining the balance of environmental and economic goals.
5. The addition of the new community is likely to increase the voice of SCPA in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and other relevant venues.
6. The addition of the new community will not harm SCPA's autonomy over its portfolio of power sources, customer programs, and its ability to serve local, community interests.
7. The addition of the new community will not harm the quality of service to existing SCPA customers and will not give rise to operational risks that could significantly harm SCPA's existing functions.

An applicant community that initially appears to meet the above criteria may be referred by the SCPA Board of Directors to SCPA staff for a more detailed analysis of the applicability of above criteria, and any other relevant issues, following the New Customer Community Application Procedure set forth below.



Sonoma Clean Power  
New Customer Community Application Procedure

- Step 1      Governing body of applicant community submits letter to SCP requesting consideration for service.
- Step 2      Staff evaluates timing of request to determine if internal resources are available to consider request, and to ensure no impact to core agency functions.
- Step 3      Staff submits request to SCPA Board of Directors along with staff's initial opinion, and the Board determines whether a full analysis is warranted. If so, staff sends a letter of acknowledgement to the applicant region.
- Step 4      Staff executes contract with governing body of new community to fund costs of membership analysis and other SCPA costs relating to adding community (e.g., cost of updating Implementation Plan). These costs would be deducted from program funding that normally would flow to the new territory until startup costs are reimbursed to SCPA's operating fund. Staff undertakes and completes a full analysis.
- Step 5      Results of membership analysis presented to governing body of new community and to SCPA Board of Directors. SCPA Board determines whether providing service to new community is consistent with Policy D-4, whether new community will be offered representation on the Board, and what other conditions will apply to new service.
- Step 6      A 60-day period will be provided for SCPA Board members to request a presentation by SCPA staff before their city or town councils or county board of supervisors, and to allow adequate time for city/town and county staff to evaluate the proposed extension of service.
- Step 7      SCPA Board of Directors votes on whether to extend a formal offer for service.
- Step 8      Governing body of new community approves resolution requesting membership and ordinance authorizing community choice aggregation service through SCPA, and takes any other actions required by the SCPA Board of Directors as a condition of service.
- Step 9      SCPA Board of Directors adopts resolution authorizing membership of the additional community, and staff submits updated Implementation Plan to CPUC.

Step 10      SCPA Staff develops service plan and schedule, begins buying additional energy, and starts community outreach.

## **Administrative and General Policy D.5**

### Legislative Policy

#### Purpose

SCP regularly engages in legislative matters, including running legislation and taking positions on pending bills. As such, SCP recognizes a need for flexibility with regard to timely communications with members of the State legislature and their staff.

The ultimate authority to take positions on legislation lies with the SCPA Board of Directors, and to the extent possible positions should be taken by the Board at regular meetings, where staff can be directed to relay positions appropriately to the legislature.

However, given the time constraints for consideration of legislation that is often developed and considered in the legislature under compressed timeframes, the Board is adopting this policy to provide avenues for the Board and staff to take timely positions.

#### General Process for Legislative Relations

The Board directs staff to conduct general legislative affairs (those not impacted by time constraints) as follows:

1. Staff informs the Board of pending legislation at regular Board meetings.
2. Following discussion, the Board provides direction to staff on what, if any position, it wishes to take in support of or in opposition to pending legislation. The Board may also delegate authority to the CEO to negotiate a position.
3. All legislative affairs correspondence (e.g. letters to legislative members, other associations, etc.) will be provided to Board members at regular board meetings.
4. The Board will review annually the Legislative Platform.

## Process for Expeditious Legislative Relations

The Board directs staff to conduct legislative affairs activities subject to the following:

When the required timing of a response precludes the full Board from considering pending legislation at a regular meeting, the CEO is authorized to take positions, including in writing, consistent with the Board's adopted Legislative Policy. When the Chair and Vice Chair can be reached in a timely manner, the CEO will provide a recommended action and receive direction from the Chair and Vice Chair prior to taking a new position.

SCPA Legislative Platform (*as adopted by the SCPA Board January 4, 2022*)

Sonoma Clean Power supports legislation that protects and supports CCAs and their customers within the State of California. Sonoma Clean Power's legislative efforts are guided by the following principles:

- 1. Customer Equity, Rates and Nonbypassable Charges**  
Support legislation that provides transparency into the PCIA and all nonbypassable charges, fairly allocates costs among customer classes, and minimizes total customer costs.
- 2. Procurement Obligation and Local Government Oversight**  
Defend the obligations and authority of CCA's local governing Boards of Directors to make decisions about sources of electricity, resource adequacy, customer programs, and distributed energy resources.
- 3. Climate and Renewable Sources**  
Support the decrease in use of fossil fuel sources of electricity by all available means, including through increasing use of renewable power, energy efficiency, load management, storage and improved reliance on existing hydropower. Support accurate reporting and labeling of greenhouse gas emissions, and oppose efforts to mischaracterize emissions.
- 4. Strong Markets and Local Power**  
Support strong energy markets to ensure customers have access to the least cost clean energy available. Support legislation that properly values local resources, such as customer-owned renewable generation and batteries.

## **5. Electrification and Efficiency of Buildings**

Support fuel shifting from natural gas, propane and wood to electricity in buildings. Support building standards and retrofit funding for targeted energy efficiency to reduce building energy usage, particularly at times-of-day and seasons when emissions or costs are high. Support efforts to go beyond “zero net energy” and refocus energy code requirements on emissions.

## **6. Transportation Electrification**

Support legislation that provides incentives for electric vehicles and funding for charging stations, CCA access to low-carbon fuel standard credits, CCA management of infrastructure funds in cooperation with other local agencies, and the promotion of electric vehicles and electric transit.

## **7. Operational Efficiency and Customer Transparency**

Support legislation which makes operating CCAs simpler and less expensive, and oppose unnecessary administrative burdens on CCAs. Support legislation that enhances customer access to accurate information, and oppose legislation which confuses or misleads customers.

## **8. Energy Resilience**

Support legislation that reduces the risk and severity of grid-started fires, reduces the need for large-scale and long-term public safety power shutoffs, removes impediments to the development of local clean power microgrids, supports customer and public entity rights to build and operate microgrids and supports microgrid financing, grants and streamlined authorizations and permitting. Advocate for clean energy backup power systems, and for solutions that safeguard our local economy from blackouts and which prioritize solutions for medical facilities, schools, government operations and vulnerable populations.