



**Sonoma Clean Power Authority**

Board Policies

As of April 3, 2025

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# 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,  
January 1, 2023, December 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](https://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](https://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. If you opt out 60 or more days after SCP service begins, you will be charged a one-time termination fee of \$5 per residential account or \$25 per commercial account. 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 account end 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

**Adopted:** January 8, 2015

**Amended:** February 2, 2017, October 1, 2020 January 1, 2022,  
January 1, 2023, December 1, 2022

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

otherwise stop receiving service from SCP, you will be charged for all SCP electricity used before ending SCP electric service.

**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 30 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 \$5,000 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 to 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 Financial Officer, Senior Risk Manager, Building Operations & IT Manager, and IT Systems Manager 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.

## 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)**

D.12-08-045

R.08-12-009

**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

*Footnote continued on next page*

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 \$250,000 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 \$250,000;
4. The expenditure is in the best interest of Sonoma Clean Power's customers; and,
5. All expenditures in excess of \$250,000 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.

Reserves are defined as unrestricted cash and investments excluding funds designated by the Board of Directors to be invested in income-producing investments with the purpose of offsetting rates over time. Reserves include funds held in the Rate Stabilization Fund.

#### **Reserve Balances**

- Minimum Reserves: 180 days of the annual budgeted operating expenses.
- Target Reserves: 365 days of the annual budgeted operating expenses.
- Rate Stabilization: Any excess revenues above the Target Reserve balance shall be deferred to stabilize rates in subsequent years.

#### **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, May 5, 2022, Oct 3, 2024, Dec. 5, 2024

## **Financial Policy B.3**

Accounts Receivable Reserve

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

**Adopted:** November 7, 2013  
**Retired:** December 1, 2022



## **Financial Policy B.4**

Bad Debt

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

**Adopted:** November 7, 2013  
**Retired:** December 1, 2022

## **Financial Policy B.5 Investments**

### **1. Purpose**

This statement contains guidelines for the prudent management of SCPA's cash, deposit, and investment 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**

Pursuant to California Government Code Section 53600.3, 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) or the Treasurer of SCPA 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 who are registered under the Investment Advisor's Act of 1940 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 180 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**

SCPA's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, SCPA seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take

precedence. Percentage holding limits and minimum credit quality requirements listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

**1. Municipal Securities** include obligations of the SCPA, the State of California and any local agency within the State of California, provided that:

- The securities are rated "A+" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").
- No more than 5% of the portfolio may be invested in any single issuer.
- No more than 30% of the portfolio may be in Municipal Securities.
- The maximum maturity does not exceed five (5) years.

**2. Municipal Securities (Registered treasury notes or bonds)** of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

- The securities are rated "A+" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").
- No more than 5% of the portfolio may be invested in any single issuer.
- No more than 30% of the portfolio may be in Municipal Securities.
- The maximum maturity does not exceed five (5) years.

**3. U.S. Treasuries** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that SCPA may invest in U.S. Treasuries, provided that:

- The maximum maturity is five (5) years.

**4. Federal Agencies** or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that SCPA may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:

- No more than 30% of the portfolio may be invested in any single Agency/GSE issuer.
- The maximum maturity does not exceed five (5) years.

- The maximum percent of Agency callable securities in the portfolio will be 20%.

**5. Banker's Acceptances**, provided that:

- They are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated "A+" or its equivalent or better by at least one NRSRO.
- No more than 40% of the portfolio may be invested in Banker's Acceptances.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 180 days.

**6. Commercial Paper**, provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:

a. **Securities** issued by corporations:

- (i) A corporation organized and operating in the United States with assets more than \$500 million.
- (ii) The securities are rated "A-1" or its equivalent or better by at least one NRSRO.
- (iii) If the issuer has other debt obligations, they must be rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

b. **Securities** issued by other entities:

- (i) The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
- (ii) The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
- (iii) The securities are rated "A-1" or its equivalent or better by at least one NRSRO.

- No more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of SCPA's investment assets under management may be invested in Commercial Paper. Under a provision sunsetting on January 1, 2026, no more than 40% of the portfolio may be invested in Commercial Paper if SCPA's investment assets under management are greater than \$100,000,000.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 270 days.

**7. Negotiable Certificates of Deposit (NCDs)**, issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal

credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated "A+" or its equivalent or better by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in NCDs .
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

**8. Federally Insured Time Deposits** (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:

- The amount per institution is limited to the maximum covered under federal insurance.
- No more than 50% of the portfolio will be invested in a combination of federally insured, collateralized time deposits, and CDARS.
- The maximum maturity does not exceed five (5) years.

**9. Collateralized Time Deposits** (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:

- No more than 50% of the portfolio will be invested in a combination of federally insured, collateralized time deposits, and CDARS.
- The maximum maturity does not exceed five (5) years.

**10. Certificate of Deposit Placement Service (CDARS)**, provided that:

- No more than 50% of the total portfolio may be invested in a combination of Federally Insured and Collateralized Certificates of Deposit, including CDARS.
- The maximum maturity does not exceed five (5) years.

**11. Collateralized Bank Deposits.** SCPA's deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651. There are no limits on the dollar amount or percentage that SCPA may invest in collateralized bank deposits.

**12. Placement Service Deposits:** Funds may be invested in deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Section 53601.8). The full amount of

principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. The combined maximum portfolio exposure to the deposits placed pursuant to this section, Insured Cash Sweep (ICS) and Certificate of Deposit Account Registry Service (CDARS) is limited to 50 percent and the maximum investment maturity will be restricted to five years, unless otherwise prescribed by law.

**13. Repurchase Agreements** collateralized with securities authorized under California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that SCPA may invest, provided that:

- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third-party custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between SCPA and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).
- The maximum maturity does not exceed one (1) year.

**14. State of California Local Agency Investment Fund (LAIF)**, provided that:

- SCPA may invest up to the maximum amount permitted by LAIF.
- LAIF's investments in instruments prohibited by or not specified in SCPA's policy do not exclude the investment in LAIF itself from SCPA's list of allowable investments, provided LAIF's reports allow SCPA's CEO or designee to adequately judge the risk inherent in LAIF's portfolio.

**15. Local Government Investment Pools**

- LGIPs approved by SCPA.
- There is no issuer limitation for Local Government Investment Pools

**16. Corporate Medium Term Notes (MTNs)**, provided that:

- The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- The securities are rated "A+" or its equivalent or better by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in MTNs.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

**17. Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from issuers not defined in sections 3 and 4 of the Authorized Investments section of this policy**, provided that:

- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five (5) years.

**18. Mutual Funds and Money Market Mutual Funds** that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

- a. **Mutual Funds** that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
  - (i) Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  - (ii) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
- No more than 10% of the total portfolio may be invested in shares of any one mutual fund.
- b. **Money Market Mutual Funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
  - (i) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  - (ii) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of \$500 million.
- No more than 20% of the total portfolio may be invested in the shares of any one Money Market Mutual Fund.
- c. No more than 20% of the total portfolio may be invested in these securities.

**19. Supranationals**, provided that:



- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- No more than 30% of the total portfolio may be invested in these securities.
- No more than 10% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

### **Prohibited Investment Vehicles and Practices**

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.
- Agencies that are not Qualified Institutional Buyers (QIB) as defined by the Securities and Exchange Commission are prohibited from purchasing Private Placement Securities. The SEC defines a QIB as having at least \$100,000,000 in securities owned and invested.

### **Investment Pools/Mutual Funds**

SCPA shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. SCPA's CEO or designee shall develop a questionnaire which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?

- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

### **Risk Management and Diversification**

**Mitigating Credit Risk in the Portfolio:** Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Agency will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- SCPA may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or SCPA’s risk preferences.
- If a security owned by SCPA is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:
  - a. Any actions taken related to the downgrade by the investment manager will be communicated to SCPA’s CEO or designee in a timely manner.
  - b. If a decision is made to retain the security, the credit situation will be monitored and reported to the SCPA’s Board.

**Mitigating Market Risk in the Portfolio:** Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. SCPA recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. SCPA will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

SCPA further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. SCPA, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- SCPA will maintain a minimum of two months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by SCPA based on SCPA’s investment objectives, constraints and risk

tolerances

### **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 or Treasurer 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 or Treasurer 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. Additionally, the CEO or Treasurer will report to the Board of Directors each purchase, sale or maturity of any security during a month as soon as is practicable after the end of that month.

### **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**

**Agencies.** Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

**GNMA.** The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

**TVA.** The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

**Asked.** The price at which a seller offers to sell a security.

**Asset Backed Securities.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**Average Life.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**Banker's Acceptance.** A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

**Benchmark.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**Bid.** The price at which a buyer offers to buy a security.

**Broker.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**Callable.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may

receive its principal back when interest rates are lower than when the investment was initially made.

**Certificate of Deposit (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**Certificate of Deposit Account Registry SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

**Collateral.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**Collateralized Mortgage Obligations (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**Commercial Paper.** The short-term unsecured debt of corporations.

**Cost Yield.** The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

**Coupon.** The rate of return at which interest is paid on a bond.

**Credit Risk.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**Current Yield.** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**Dealer.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**Debenture.** A bond secured only by the general credit of the issuer.

**Delivery vs. Payment (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**Derivative.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

**Discount.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have

fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**Diversification.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**Duration.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**Federal Funds Rate.** The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**Federal Open Market Committee.** A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**Leverage.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**Liquidity.** The speed and ease with which an asset can be converted to cash.

**Local Agency Investment Fund (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

**Local Government Investment Pool.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**Make Whole Call.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

**Margin.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**Market Risk.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**Market Value.** The price at which a security can be traded.

**Marking to Market.** The process of posting current market values for securities in a portfolio.

**Maturity.** The final date upon which the principal of a security becomes due and payable.

**Medium Term Notes.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**Modified Duration.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**Money Market.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**Mortgage Pass-Through Securities.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**Municipal Securities.** Securities issued by state and local agencies to finance capital and operating expenses.

**Mutual Fund.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**Nationally Recognized Statistical Rating Organization (NRSRO).**

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

**Negotiable CD.** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**Premium.** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**Prepayment Speed.** A measure of how quickly principal is repaid to investors in mortgage securities.

**Prepayment Window.** The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

**Primary Dealer.** A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

**Prudent Person (Prudent Investor) Rule.** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**Realized Yield.** The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

**Regional Dealer.** A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

**Repurchase Agreement.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**Safekeeping.** A service to bank customers whereby securities are held by the bank in the customer's name.

**Structured Note.** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**Supranational.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

**Total Rate of Return.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. Treasury Obligations.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury Bills.** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**Treasury Notes.** All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**Treasury Bonds.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**Volatility.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**Yield to Maturity.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.



# 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 B.2 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.

### *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 ensure 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 transactions 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 details for specific categories of procurement, and the individuals who are authorized to execute agreements, confirmations, and other documents relating to power procurement. All transaction structures listed below have had counsel review and additional counsel review noted is for specific transaction negotiations.

<b>PROCUREMENT CATEGORY</b>	<b>SIGNATURE REQUIREMENTS</b>	<b>COUNSEL REVIEW REQUIREMENTS</b>
Spot Transactions	The Managing Director 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 Managing Director of Power Procurement and either the CEO or COO. A staff member in Power Procurement may be designated by the CEO in the absence of the Managing Director.	Outside Counsel
Transactions Less Than 10 Years and Notional Value of Equal to or less than \$250,000,000	The Managing Director of Power Procurement and the CEO. A staff member in Power Procurement may be designated by the CEO in the absence of the Managing Director.	Outside Counsel
Transactions of 10 Years or More Duration or Having Notional Value Greater Than \$250,000,000	The Managing Director of Power Procurement, the CEO, and Chair and Vice Chair of the Board of Directors. A staff member in Power Procurement may be designated by the CEO in the absence of the Managing Director.	Outside Counsel

## 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.

## **Purchasing Policy for Local Energy Projects C.5**

Power procurement expenditures are governed by Policy C.1 Energy Risk and all other expenditures are governed by Policy B.1 CEO Spending Authority. For acquiring assets for the development and/or ownership of Sonoma Clean Power local energy projects, the CEO is authorized to make binding offers or bids on assets without prior Board of Directors or Community Advisory Committee review or approval provided that:

1. The investment shall not cause the cumulative total of investments to exceed 33% of the Local Investment Fund balance at the beginning of the fiscal year.
2. The property or asset is located in Sonoma or Mendocino counties;
3. The property or asset is for the purpose of constructing energy generating and/or storage assets;
4. The Board Chair and Vice Chair and the SCP Board Director representing the jurisdiction the parcel is in are consulted prior to making any offer/bid;
5. All offer/bids accepted or not are reported at the next Board meeting.

## **Project Selection Criteria C.6**

### **Adopted April 3, 2025**

Sonoma Clean Power Authority (SCP) exists to provide public benefits, including protecting customers from sudden large changes in costs, lowering energy costs for all customers, reducing greenhouse gas emissions, investing in SCP's local service territory, creating high quality jobs in SCP's service territory, providing community services in SCP's territory, and advocating for improved grid reliability and safety. This project selection methodology adds goals relating to the workforce constructing new energy, capacity and energy storage resources and the community and environmental impacts of those construction projects.

It is the goal of SCP to sustain all of the agency's existing public benefits while seeking to add these new project-related goals. The Board recognizes that adding new project selection criteria could, at times, increase costs and customer rates and therefore seeks to minimize any new costs.

#### **I. DEFINITIONS**

- A. **Energy Offtake Agreement:** Power purchase agreements, energy storage agreements, or resource adequacy only agreements for new-build, in front of the meter, wholesale resources where SCP does not own or construct the resource. Instead, SCP's participation in the project is limited to receiving energy and any applicable attributes at a set price and term. Energy offtake agreements for *existing* resources are not a part of this criteria.
- B. **Journeyperson:** Is a worker who either:
  - 1) Graduated from a California state-approved apprenticeship program for the applicable occupation or, when located outside California, is approved for federal purposes pursuant to apprenticeship regulations adopted by the Secretary of Labor, or
  - 2) Has at least as many hours of on-the-job experience in an applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the California Division of Apprenticeship Standards.
- C. **Local Hire:** Is a worker who is either:
  - 1) A resident within the nearest communities in proximity to the project, as reasonably determined on a project-by-project basis (for example, further distances are allowable for rural projects); or

- 2) Is a resident of Sonoma or Mendocino counties.
- D. **Priority Worker:** means an individual who resides in one of SCP's designated Empower communities or is otherwise designated as a targeted hire or priority worker through a state-certified career training and placement program.
- E. **Small and Local Business:** means a business that meets both of these criteria:
- 1) Has a fixed place of business with a street address in Sonoma or Mendocino Counties and having a valid business license issued by a jurisdiction in Sonoma or Mendocino Counties for at least the past six months; and
  - 2) A business which has been certified to meet the U.S. Small Business Administration (SBA) size standards for its classification, OR meets any other official small business criteria established by Sonoma or Mendocino Counties.
- F. **Targeted Hire Program:** is pipeline program which:
- 1) Partners with a Multi-Craft Core Curriculum (MC3) pre-apprenticeship program or programs, or equivalent industry and state-recognized certificated career training and placement program that recruits, supports and places Priority Workers in skilled construction trades; and
  - 2) Creates opportunities for a Priority Worker to enter registered apprenticeship programs and/or obtain work hours needed to successfully complete their apprenticeship;  
or
  - 3) Recruits and places income-qualified Journeypersons.

## II. PROJECT SELECTION CRITERIA

SCP considers responses to questions relating to the following criteria when selecting resources, while reserving the right to contract for resources that do not provide all requested information.

SCP procurement must comply with the procurement obligations in (A) and must also contribute to SCP's mission in some manner, as delineated in (B). The considerations of which resources to procure that meet both (A) and (B) are then described in no particular order in (C) through (I).

### A. Comply with Procurement Obligations

- 1) SCP's first obligation is to comply with state mandates to



procure energy and related resources.

- 2) SCP's second obligation is to procure resources to fulfill the governing Board of Directors' adopted Integrated Resource Plan.

**B. Contribution to SCP's mission of Affordable, Renewable and Reliable Service**

- 1) Assessment of affordability and value. Assessment of the project's projected revenues and avoided costs across all relevant day-ahead, real-time and ancillary markets, considering the project's expected change in value over the term of the contract, and its ability to manage, shift, or arbitrage existing SCP generation to maximize revenue and achieve SCP's systemwide greenhouse gas reduction goals.
- 2) Assessment of the contribution of the resource to clean grid reliability.
- 3) Assessment of counterparty risk. Assessment and evaluation of the risk that a counterparty will fail to perform, or adequately remedy, its obligations.
- 4) Assessment of development risk. Assessment of the risk that the project is unable to obtain interconnection, deliverability, site control, entitlements, financing, or other necessary development milestones required to deliver the project by the anticipated online date.

**C. Workforce: Energy Offtake Agreements**

SCP will prioritize new Energy Offtake Agreements where the developer is committed to:

- 1) Highest priority projects will commit to a multi-trade project labor agreement. Within this category, projects having the following goals will be ranked higher:
  - i. A goal of 30% of all project labor hours performed by Local Hires for projects not involving transmission upgrades.
  - ii. Participation in a Targeted Hire Program with a goal of 10% of all project labor hours performed by Priority Hires.
- 2) Medium-priority projects will commit to utilization of prevailing hourly wage and benefit rates as determined by the California Department of Industrial Relations for California projects, and the greater of state or federal prevailing wage and benefit rates for out-of-state projects.

- 3) Low-priority projects would fail to meet the previous criteria, but may include other workforce commitments and goals.

**D. Workforce: Large SCP Owned Resources**

For new construction bid solicitations for SCP-owned generation or storage projects of 3 MW or larger, SCP will use commercially reasonable efforts to negotiate a multi-trade project labor agreement. Beginning June 30, 2027, this threshold shall be 1 MW or larger. For all such projects, the following workforce goals apply:

- 1) A goal of 30% of all project labor hours performed by Local Hires.
- 2) Participation in a Targeted Hire Program with a goal of 10% of all project labor hours performed by Priority Hires.
- 3) A commitment to subcontracting with Small and Local Businesses.

**E. Workforce: Small SCP Owned Resources**

For SCP-owned generation and storage projects below the threshold in subsection D, SCP will commit to:

- 1) Utilization of prevailing hourly wage and benefit rates as determined by the California Department of Industrial Relations.
- 2) Utilization of apprentices at the same ratio of apprentice hours to journeyman hours as required for public works projects. Generally, this is one apprentice hour per every five hours of journeywork per craft.
- 3) Demonstrated commitment to Local and Priority Hires:
  - i. A goal of 30% of all project labor hours performed by Local Hires while incenting, through a negotiated contract structure, the contractor or developer to achieve a minimum of 60% of all project labor hours performed by Local Hires, and;
  - ii. A goal of 10% of all labor hours performed by Priority Hires.
- 4) Demonstrated effort to subcontract with Small and Local Businesses.

**F. Innovation**

SCP recognizes that achieving its adopted climate goals will require significant improvements and innovation in geothermal energy, pumped hydropower energy storage, offshore wind, imported wind, long duration battery energy storage, scaling up demand response, transmission and distribution infrastructure and potentially many other technologies that have potential to lower customer costs while also lowering greenhouse gas emissions and air and water pollution.

SCP will prioritize projects that accelerate decarbonization and/or reduce costs for SCP customers while remaining cost competitive with for-profit power providers. Priority will be given to technologies that solve multiple problems and have potential to scale regionally or globally.

**G. Location**

Subject to a careful consideration of systemwide value and ratepayer costs, SCP prioritizes projects in accordance with the following priority order:

- 1) Projects located within Sonoma or Mendocino counties.
- 2) Projects located within the State of California.
- 3) All other projects delivering to the California Independent System Operator.

**H. Environmental Stewardship**

SCP is committed to leading by providing customers with affordable energy that delivers benefits for air, water, the climate and the natural environment.

Without diminishing or interfering with permitting, planning land use, or development requirements of any authority having jurisdiction, including local, state and federal agencies, SCP prioritizes projects that:

- 1) Have the potential to enable the permanent retirement of once-through cooling power plants when sufficient similar projects reach scale in California, or
- 2) Are in urban areas or on previously developed, disturbed, or contaminated land that can be re-purposed, or
- 3) Where the developer and local land use authority have established an enforceable development agreement which, in part, sets forth measures to mitigate impacts to sensitive habitats or environmentally sensitive areas and comply with any adopted habitat conservation plans, or

4) Which provide other specific environmental benefits prioritized by SCP's Board of Directors.

**I. Benefits Accruing to Underserved and Low-Income Communities**

SCP is committed to helping communities overcome barriers to their access to public investments, resources, education, and information about energy service and policy. SCP will prioritize projects that:

- 1) Demonstrate having established contacts with local community organizations and stakeholder groups representing a broad diversity of demographics and interests with which it intends to collaborate with to identify and address benefits and impacts of projects and ensure project benefits are communicated and accessible to the local community.
- 2) Commit to meaningful engagement with local communities throughout the pre-entitlement, entitlement and construction processes to identify and address the impacts of projects and ensure project benefits are communicated and accessible to the local community.

**III. REPORTING**

SCP will assess project proposals in accordance with this Project Selection Methodology and disclose completed procurement efforts to the Board in the next meeting.

**IV. RESERVATION OF AUTHORITY TO WAIVE PROJECT SELECTION METHODOLOGY**

The SCP Board Chair and Vice Chair may waive this Project Selection Methodology, or any portion thereof, to:

- J. Address an emergency or unforeseen situation that jeopardizes the safety or feasibility of a project; or
- K. Comply with a California State or Federal executive or regulatory order or law.

## V. CONSISTENT APPLICATION

SCP staff shall abide by this policy when procuring resources, regardless of whether those resources are procured directly or through a third party.

## **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

#### A. Statement of Policy

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 time including in perpetuity.

The SCPA Director of Internal Operations is authorized by the Board of Directors to serve as the person responsible for overseeing semi-annual review and disposal of obsolete records, and to interpret and implement this policy. The SCPA Director of Internal Operations and their designee is further authorized to do any and all acts necessary to comply with the provisions and intent of this policy and state records retention requirements.

In accordance with Government Code section 60203, all SCPA records required to be kept under the records retention schedule shall be digitized in an accurate and legible format which does not permit additions, deletions, or changes to the original document. A hard copy of a document may be disposed of after digitization in this manner, although a hard copy shall not be destroyed if any page thereof cannot be reproduced digitally with full legibility. For the purposes of this policy, every accurate digital reproduction shall be deemed the original record. However, the following records are required to be retained in original hard copy format for at least two (2) years before being scanned into exclusively electronic format for retention:

- Statements of Economic Interest for Elected Officials (copies of FPPC Form 700). (Total retention is four (4) years)
- Statements of Economic Interest for Non-Elected Officials (originals of FPPC Form 700). (Total retention is seven (7) years)

After two (2) years, the Director of Internal Operations or designee may convert the above document types into electronic format in accordance with this policy and dispose of the hard copy versions. The electronic versions will then become the “original,” pursuant to Government Code sections 60201 and 81009(g).

Further, to the extent the *original* version of any of the documents described in subsection B.4. hereof exist in hard copy, these hard copies shall be retained in in perpetuity or as otherwise required by subsection B.4.

## B. General Guidelines

The following general guidelines apply to all SCPA records:

1. Except where a record is expressly required to be preserved by law or this policy, the Director of Internal Operations or designee may destroy any original obsolete record without retaining a copy of the document, as long as the retention and destruction of said document complies with this policy and the attached records retention schedule.
2. In addition to the retention periods required by the attached records retention schedule, the Director of Internal Operations or designee shall retain original administrative, legal, fiscal, and/or historical record with continued value (*i.e.*, records for long-term transactions and/or special ongoing projects) until all matters pertaining to such records are completely resolved or the time for associated appeals has expired.
3. The Director of Internal Operations or designee may, at any time, discard transitory records that have fulfilled their limited purpose; provided, however, that any transitory records subject to the “Exceptions to Disposal of Obsolete Records” section of this policy may not be discarded and shall be temporarily retained for the necessary period. For purposes of this policy, “transitory records” are defined as those whose value is comparatively short-lived and may be disposed of when they have fulfilled the brief, limited purpose for which they were created. Transitory records include, but are not limited to, preliminary drafts, notes, or inter- or intra-agency memoranda not kept in the ordinary course of business, and the retention of which is not necessary for the discharge of an SCPA officer or employee’s official duties. Specific examples include: transmittal letters, acknowledgments, drafts, rough notes, preliminary calculations, non-substantive follow-up communications or reminders, and similar electronic communications that, based on their content, are not required to be retained for any specific duration under the attached records retention schedule.
4. In accordance with Government Code section 60201 and this policy, the Director of Internal Operations or designee shall not destroy any of the following records:
  - a. Records relating to formation, change of organization, or reorganization of SCPA;
  - b. Records affecting the title to real property in which SCPA has an interest, or liens thereon;
  - c. Court records;
  - d. Records required to be kept by statute;
  - e. Records less than two years old; or



- f. The minutes, ordinances, and/or resolutions of the SCPA Board of directors or any other legislative body established by SCPA;
  - g. Original, final records relating to the execution or amendment of the SCPA Joint Powers Agreement;
  - h. Any records that are the subject of a pending request for records under the California Public Records Act, regardless of whether the document is exempt from disclosure or considered a transitory record, until the request has been granted OR two (2) years have passed from the date the request has been denied by SCPA staff;
  - i. Records relating to any pending construction that SCPA has not accepted or as to which a stop notice claim may legally be presented;
  - j. Records relating to any nondischarged debt of SCPA;
  - k. Records relating to any nondischarged contract to which SCPA is a party;
  - l. Unaccepted bids or proposals, that are less than 2 years old, for the construction or installation of any building, structure, or other public work;
  - m. Records less than 7 years old that specify the amount of compensation or expense reimbursement paid to SCPA employees, officers, or independent contractors.
5. The Director of Internal Operations or designee may dispose of, at any time, any duplicate records, so long as the original (whether in hard copy or electronic format) is retained for the legally required time period.

#### C. Procedures for Disposal of Obsolete Records

1. Pursuant to the resolution approving this policy adopted by the SCPA Board, at least once annually, or more often as deemed appropriate by the Director of Internal Operations or designee, each SCPA department shall review all records in its custody and determine whether any have reached the end of their retention period. All records that have reached the end of their retention period, including electronic records, shall be destroyed by following the procedures described below.
  - a. The department head completes and signs a “Request for Destruction of Obsolete Records” form, listing the date and description of each document to be destroyed. A sample form is attached to this policy as Attachment B. This form shall be submitted to the Director of Internal Operations or designee.

- b. The Director of Internal Operations or designee shall then check the records listed on the submitted form to confirm that each document: (1) is not required to be permanently retained; (2) has been retained for the legally required period of time; and (3) is not subject to an exception requiring continued retention under this Policy (*e.g.*, public records request, subpoena, litigation hold, etc.). The Director of Internal Operations or designee shall also confirm that any applicable reproduction requirements (such as scanning for electronic purposes) for each document have been completed.
- c. The Director of Internal Operations or designee shall then sign off on the Request for Destruction of Obsolete Records form, oversee the destruction process, and submit a copy of the form to SCPA's Board of Directors and General Counsel for review.
- d. The Director of Internal Operations or designee shall retain all original signed forms requesting destruction of obsolete records for at least two (2) years, and shall also retain a permanent record (such as an Excel sheet logging dates and procedures of document destruction, or certificates of destruction), in whatever format the Director of Internal Operations or designee deems appropriate for the purpose, to document the destruction of obsolete records.

#### D. Exceptions to Disposal of Obsolete Records

Disposal of any record, whether an official record that has met or exceeded its retention period, or a transitory record that has fulfilled its limited purpose, must be postponed if the record is responsive to, subject to, or relates in some way to any of the following:

1. A pending Public Records Act request received by SCPA;
2. A subpoena served on SCPA;
3. A Request for Production received by SCPA from an opposing party in litigation;
4. A court order;
5. A litigation hold or request for preservation of evidence received by SCPA;
6. A claim filed against SCPA under the Government Claims Act.

The above exceptions apply to both hard copy and electronic records.

ATTACHMENT A  
RECORDS RETENTION SCHEDULE FOR  
SONOMA CLEAN POWER AUTHORITY

<b>Record Type</b>	<b>Required Retention</b>	<b>Sample Descriptions</b>
Executed Contracts	5 years after termination date of the contract	Power supply contracts, contracts with vendors or consultants
Executed Contracts – Real Property	10 years after the termination date of the contract	Contracts relating to the development of real property, or design, specifications, surveying, planning, supervision, testing, or observation of construction or improvement to real property; may include records of retention releases, retention withheld, change orders, etc.
Invoices from Vendors	2 years after completion of contract	Vendor invoices for payment
Non-Disclosure Agreements	In perpetuity, by statute	NDA with vendor, employee, Board or Committee member or advisor
Board Approved Decisions	In perpetuity, by statute	Resolutions, meeting minutes, and other items approved at regular or special Board meetings
Board and Committee Meeting Materials	In perpetuity, by statute	Agendas, staff reports and other material provided to Board members in preparation for meetings
Board Approved Budgets	In perpetuity, by statute	Final, approved budgets
Drafts of Documents	30 days after final version is approved	Draft of contracts, programs, RFPs, etc.
General Electronic Correspondence	2 years	Email correspondence
Customer-Specific Usage Information and Data	5 years	Electronic information and reporting from Data Manager, bill analyses
Marketing Material	2 years after public distribution	Flyers, brochures, electronic advertisements
General Educational or Informational Material	2 years	Brochures, reports, electronic information

Adopted: November 7, 2013  
Amended: January 8, 2015  
Amended: May 2, 2024

Personnel Information	5 years after employee end date	Offer letter, resume, evaluations
Employee Accident/Illness Reports	Length of Employment + 30 years	Employee medical records and exposure records regarding exposure to toxic substances of harmful physical agents, pursuant to 8 Cal. Code Regs. § 3204(d)(1)(A-B); does <i>not</i> include records of health insurance claims maintained separately from employer's records; first aid records of one-time treatments for minor injuries; or records of employees who worked less than one (1) year, if records are given to employee upon termination
Accidents/Damage to Agency Property	10 years	Documents pertaining to administration of SCPA's risk management program, including claims received under the Government Claims Act
Accounting Records – Permanent Books of Accounts	Permanent	Records showing items of SCPA's gross income, receipts, and disbursements (including inventories, per IRS regulations), pursuant to 26 Code of Fed. Regs. § 1.6001-1(c), (e)
Accounting Records – General Ledger	Until audited + 4 years	SCPA's General Ledger of Accounts
Accounts Payable/Receivable	Until audited + 4 years	Journals, statements, asset inventories, account postings with supporting documents, vouchers, investments, invoices and back-up documents, purchase orders, travel expense reimbursements, petty cash, postage, retirement reports, check requests, etc.; Receipts for deposited checks, coins, currency; checks received, reports, investments, receipt books, cash receipts, cash register tapes, etc.
Agency Report of Consultants (FPPC Form 805)	7 years	Form identifying consultants hired by SCPA who must file a Form 700
Agency Report of Events and Ticket/Pass Distribution (FPPC Form 802)	7 years	Report of tickets/passes received by and distributed by SCPA; identifies persons who received tickets/passes and describes the public purpose for the distribution

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Amended: May 2, 2024

Agency Report of New Positions (FPPC Form 804)	7 years	Identifies new positions that will make or participate in making governmental decisions on behalf of SCPA
Agency Report of Public Official Appointments	7 years	Report of additional compensation received by SCPA officials when appointing themselves to committees, boards, or commissions of other public agencies, special districts, joint powers agencies, or joint powers authorities. <u>Copy of current report must also be posted on SCPA's website</u>
Annual Financial Report	Until audited + 2 years	SCPA's Annual Financial Report, including any independent auditor analysis
Applications for SCPA Boards, Commissions, or Committees	If selected: current term of appointment + 5 years  If not selected: 2 years	Applications by members of the public for appointment to any SCPA board, commission, or committee
Audit Reports	Current + 4 years	Reports of audits of financial services, both internal and external
Bank Account Reconciliations	4 years	Bank statements, receipts, certificates of deposit, etc.
Bids – Successful	4 years	Bids, plans, specifications, notices, and affidavits relating to a successful bid submission
Bids – Unsuccessful	2 years	Unsuccessful bid packages, including plans, specifications, notices, and affidavits
Billing Records	Current + 2 years	Bill stubs submitted to SCPA with payment
Bonds	Upon cancellation, redemption, or maturity + 10 years	Bond authorization, public hearing records, prospectus, proposals, certificates, notices, transcripts, registers, and/or statements
Bonds – Surety	4 years	Bond documentation created and/or received in connection with the performance of work/services for the district
California State Tax Records	6 years	Forms filed annually and quarterly, and any year-end reports

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Campaign Statements and Other Campaign Reports (Originals) – Board of Directors	7 years (can be converted to electronic-only after 2 years)	Original statements of candidates and supporting committees; other original reports and statements relating to Board campaigns
Capital Improvements, Construction	Permanent	Records on planning, design, construction, conversion, or modification of local government-owned facilities, structures and systems
Equal Employment Opportunity Commission Records	3 years	Records and reports showing compliance with federal equal employment requirements (EEO-4 reports, etc.)
Employee Benefits	Life of plan/policy + 6 years	Benefit plans (include “cafeteria” and other plans); health insurance programs; records regarding COBRA – extension of benefits for separated employees, insurance policies (health, vision, dental, deferred compensation, etc.)
Environmental Quality – California Environmental Quality Act (CEQA)	Permanent	When SCPA is the lead or responsible agency – notice of exemptions, environmental impact report, mitigation monitoring, negative declaration, notices of completion and determination, comments, statements of overriding considerations
ERISA Records (Employee Retirement Income Security Act)	6 years	Employee Retirement Income Security Act of 1974 – plan reports, certified information filed
Ethics Training Records	5 years after receipt of training	Records pertaining to state or local ethics training that SCPA staff or officials must receive, including the dates of the training and entity providing training
Family and Medical Leave Act (Federal)	While employed + 3 years	Records of leave taken, SCPA policies relating to leave, notices, communications relating to taking leave
Federal Tax Records	5 years after file date	May include Forms 1096, 1099, W-4, and W-2
Hazardous Materials – Hazardous Waste Disposal and Storage	While current + 10 years	Documents regarding handling and disposal of hazardous waste (Permanent retention of

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		environmentally sensitive materials is recommended)
Insurance Certificates	Current + 2 years	Liability, performance bonds, employee bonds, property insurance certificates filed separately from contracts, including insurance filed by contractors
Lease Agreement	Until terminated + 4 years	Lease for property or equipment
Litigation	Until settled or adjudicated + 2 years	All case files and related documentation
Lobbying or Lobbyist Forms (FPPC forms)	5 years	FPPC Form 602 – Lobbying Firm Activity Authorization; FPPC Form 635 – Report of Lobbyist Employer and Reports of Lobbying Coalition – forms used when employing or contracting with a lobbying firm
Maintenance and Repair Records	Current + 2 years	Equipment maintenance
Oaths of Office	Current + 6 years	Elected and public officials – Board members
Policies of the SCPA/Board	Current + 2 years	All policies and procedures rendered by SCPA or its Board of Directors
Public Records Act Requests	2 years from receipt	Requests from the public to inspect or copy public documents, and SCPA response(s) thereto
Purchasing – RFQs, RFPs	Current + 2 years	Requests for qualifications; requests for proposals regarding goods and services
Purchasing – Requisitions, Purchase Orders	Until audited + 4 years	Originals of requisitions and purchase orders for goods and services
Recordings – Audio or Video	Minimum 30 days	Recordings, for instance of Board meetings or committee meetings
State Controller – Annual Report	2 years	Annual report issued by State Controller
Warrant Register/Check Register	Until audited + 2 years	Record of checks issued/approved by Board (copy is normally retained as part of agenda packet information)
Workers’ Compensation Files	Until settled + 5 years	Work injury claims (including denied claims), claim files, reports, etc.

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ATTACHMENT B

TEMPLATE REQUEST FOR DESTRUCTION OF OBSOLETE RECORDS

SONOMA CLEAN POWER AUTHORITY

To: SCPA Director of Internal Operations

From: (Department Director)

Subject: Request for Destruction of Obsolete Records

I am requesting approval to destroy the obsolete records listed below:

DATE OF RECORD	DESCRIPTION OF RECORD

(If additional space is needed, please attach a second page to this form).

APPROVED

\_\_\_\_\_  
Department Head

\_\_\_\_\_  
Date

I hereby confirm that the obsolete records described above were destroyed under my supervision using the following method, and that such destruction met the requirements of the SCPA records retention policy and applicable state law:

- Shredding       Electronic deletion       Other (specify:\_\_\_\_\_)

\_\_\_\_\_  
Director of Internal Operations

\_\_\_\_\_  
Date

Adopted: November 7, 2013  
Amended: January 8, 2015  
Amended: May 2, 2024



## **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.



## **Administrative and General Policy D.6**

### **Policy on Placing Items on the Board Meeting Agenda**

#### **Purpose:**

This policy outlines the process for adding items to the Board of Directors' meeting agenda.

#### **1. Normal Agenda Process:**

- Staff normally prepares the draft meeting agenda.
- The Chair and Vice Chair review the draft agenda, and the Chair gives final approval.

#### **2. Request by a Board Member:**

- Any Board member may request that an item be placed on a future agenda by contacting the Chair and the CEO. Requests should be made at least 20 days before the meeting date to allow time for review. The Chair will determine whether to include the item on the agenda and the meeting to do so. The Chair, in consultation with staff, will determine the exact timing. The requesting Board member will be informed on the Chair's decision.

#### **3. Response by the Chair:**

- If the Chair decides not to include a requested item on the agenda, they must inform the requesting Board member of this decision.

#### **4. Option to Seek Board Review:**

- If the requesting Board member still wishes to have the item added, they may submit a short letter of request with one other Board member. The letter should be sent to the Chair, CEO and Clerk.
- Once the Chair, CEO and Clerk receive a letter signed by two Board members, the requested consideration of adding the full agenda item must appear on a Board meeting agenda within the next 60 days.
- At that meeting, the Board will vote by simple majority whether to place the full agenda item on a future agenda. Only a brief explanation of the request is allowed at that time; there will be no in-depth discussion of the topic itself during that vote.

## 5. Placing the Item on a Future Agenda:

- If the Board votes to add the full agenda item, the Chair must place it on the agenda of one of the next three Board meetings. The exact timing should be determined in consultation with staff to ensure they are prepared to address the topic effectively.
- If the Board declines to place the item on a future agenda, the same or substantially similar request may not be made for six months. The Board may waive this waiting period in its discretion.