



**COMMUNITY CHOICE
AGGREGATION
IMPLEMENTATION PLAN AND
STATEMENT OF INTENT**

August 2013

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CHAPTER 1 – Introduction

The Sonoma Clean Power Authority (“SCP”) is a public agency located within the geographic boundaries of Sonoma County, formed for the purposes of implementing a community choice aggregation (“CCA”) program (the “SCP Program”). Member Agencies of SCP include the County of Sonoma and the Sonoma County Water Agency (“Members” or “Member Agencies”), and certain municipalities within Sonoma County (“Participants” or “Participating Cities”) have elected to allow SCP to provide service within their jurisdictions. This Implementation Plan and Statement of Intent (“Implementation Plan”) describes SCP’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of its Member Agencies and Participating Cities that currently take bundled electric service from Pacific Gas and Electric Company (“PG&E”). The SCP Program will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. The planned start date for the Program is May 1, 2014. All current PG&E customers within the SCP service area will receive information describing the SCP Program and will have multiple opportunities to express their desire to remain full requirement customers of PG&E, in which case they will not be enrolled. Thus, participation in the SCP Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled unless they affirmatively elect to opt out.

Implementation of SCP will enable customers within SCP’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. SCP’s primary objectives in implementing this Program are to provide cost competitive electric services; stimulate and sustain the local economy by developing local jobs in renewable energy and energy efficiency; reduce greenhouse gas emissions related to use of power in Sonoma County; implement energy efficiency and demand reduction programs; and develop long-term rate stability and energy reliability for residents through local control. The prospective benefits to consumers include a substantial increase in renewable energy supply, stable and competitive electric rates, public participation in determining which technologies are utilized to meet local electricity needs, and local/regional economic benefits.

To ensure successful operation of the Program, SCP will receive assistance from experienced energy suppliers and contractors in providing energy services to Program customers. Following a competitive solicitation process and subsequent contract negotiations, four qualified firms were selected for consideration as SCP’s initial primary energy services provider and scheduling coordinator. Information regarding the four shortlisted companies is contained in Chapter 10. The final supplier selection is anticipated to be made by the SCPA Board in October or November of 2013.

SCP’s Implementation Plan reflects a collaborative effort among SCP, its Members and Participants, and the private sector to bring the benefits of competition and choice to Member

and Participant residents and businesses. By exercising its legal right to form a CCA Program, SCP will enable its Members' and Participants' constituents to access the competitive market for energy services and obtain access to increased renewable energy supplies and resultant reductions in GHG emissions. Absent action by SCP and its individual Members and Participants, most customers would have no ability to choose an electric supplier and would remain captive customers of the incumbent utility.

The California Public Utilities Code provides the relevant legal authority for SCP to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the SCP Program. The CPUC also has responsibility for registering SCP as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On August 15, 2013, SCP, at a duly noticed public hearing, considered and adopted this Implementation Plan, through SCP Resolution No. 2013-0005 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E now has approved tariffs for imposition of the cost recovery mechanism. Finally, each of SCP's Members has adopted an ordinance to implement a CCA program through its participation in the SCP, and each of the Participants has adopted a resolution permitting SCP to provide service within its jurisdiction.¹ With each of these milestones having been accomplished, SCP now submits this Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this Implementation Plan and resolution of any outstanding issues, SCP will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides SCP's statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and

¹ Copies of individual ordinances adopted by SCP's Members and individual resolutions adopted by SCP Participants are included as Appendix A.

- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: Startup Plan and Funding
Chapter 5: Program Phase-In
Chapter 6: Load Forecast and Resource Plan
Chapter 7: Financial Plan
Chapter 8: Ratesetting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination
Appendix A: SCP Resolution Approving Implementation Plan and Member and Participant Ordinances
Appendix B: Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan and Funding Chapter 7: Financial Plan
Ratesetting and other costs to participants	Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2010, the Sonoma County Water Agency, the County of Sonoma (“County”) and Sonoma County municipalities began investigating formation of a CCA Program, pursuant to California state law, with the following primary objectives: 1) provide cost competitive electric services; 2) stimulate and sustain the local economy by developing local jobs in renewable energy; 3) reduce greenhouse gas emissions related to use of power in Sonoma County; and 4) develop long-term rate stability and energy reliability for residents through local control. A feasibility study for a CCA Program serving the region and an independent review of the study were both completed in October 2011.

After nearly a year of collaborative work by representatives of the participating municipalities, independent consultants, local experts and stakeholders, the participating municipalities released a draft Implementation Plan in October 2012, which described the planned organization, governance and operation of the CCA Program. Consistent with the Implementation Plan’s described organizational structure, SCP was formed on December 4, 2012 to implement the SCP Program.

The SCP Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within Sonoma County. SCP plans to expand the energy choices available to eligible customers through creation of innovative new programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, customized pricing options for large energy users, and support of local renewable energy projects through offering a standardized power purchasing agreement or “feed-in-tariff”.

Process of Aggregation

Before customers are enrolled in the Program, customers will receive two written notices in the mail, from SCP, that will provide information needed to understand the Program’s terms and conditions of service and explain how customers can opt out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date at least thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to the first phase of customers in February 2014. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by SCP’s Board of Directors. These notices will be sent to customers in subsequent phases beginning 90

to 105 days prior to commencement of service (or twice within 60 days of automatic enrollment).

Customers enrolled in the SCP Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by SCP as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt out of the SCP Program without penalty and return to the distribution utility (PG&E). SCP customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by SCP but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the SCP Program and to have agreed to the SCP Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

SCP Customers will pay the generation charges set by SCP and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

SCP's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). SCP will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by SCP's governing board.

Initial SCP Program rates will be established following approval of SCP's inaugural program budget, reflecting final costs from the SCP Program's energy supplier(s). SCP's rate policies and procedures are detailed in Chapter 7. Information regarding final SCP Program rates will be disclosed along with other terms and conditions of service in the enrollment notices sent to potential customers.

Once SCP gives definitive notice to PG&E that it will commence service, SCP customers will generally not be responsible for costs associated with PG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to

CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers.²

Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet a minimum of 33 percent of the SCP Program's electricity needs for all enrolled customers, increasing to greater than 50 percent by 2018. SCP customers may also voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose SCP's 100 percent renewable energy option, the renewable content of SCP's power supply will be even greater. Initially, this renewable energy will be met contractually, but may be complemented, at an indeterminate point in the future, by the development of new renewable generation resources by or for SCP, subject to then-current considerations (such as development costs, regulatory requirements and other concerns). SCP will emphasize procurement from locally situated renewable energy projects to the greatest extent practical.

Energy Efficiency Impacts

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of SCP forming the SCP Program. CCA customers will continue to pay the public benefits surcharges to the distribution utility which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the SCP Program, as described in Chapter 5, will be in addition to the level of investment that would continue in the absence of the SCP Program. Thus, the SCP Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs. As planned, SCP will apply for administration of requisite program funding from the CPUC to independently administer energy efficiency programs within its jurisdiction.

² For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in PG&E's tariffs as separate rate charges paid by all customers (with limited exceptions).

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of SCP and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of SCP are outlined and discussed below.

Organizational Overview

The SCP Program will have a governing board that establishes SCP Program policies and objectives; management that is responsible for operating the SCP Program in accordance with such policies, and contractors that will provide energy and other specialized services necessary for SCP Program operations.

Governance

The SCP Program would be governed by SCP's Board of Directors ("Board"), appointed by the SCP Members. SCP is a joint powers agency created on December 4, 2014 and formed under California law. The County of Sonoma and the Sonoma County Water Agency are Members of SCP, and certain municipalities within Sonoma County have elected to allow SCP to provide CCA service within their jurisdictions. SCP is the CCA entity that will register with the CPUC, and it is responsible for implementing and managing the program pursuant to SCP's Joint Powers Agreement ("JPA Agreement"). The SCPA Board is comprised of representatives appointed by the County of Sonoma, the Sonoma County Water Agency, and Participants in accordance with the JPA agreement. The SCP Program will be operated under the direction of a Chief Executive Officer appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties will be to establish program policies, approve rates and provide policy direction to the Chief Executive Officer, who will have general responsibility for program operations, consistent with the policies established by the Board. The Board will establish a Chairman and other officers from among its membership and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or contracts). SCP will also establish a Business Operations Committee and a Ratepayer Advisory Committee formed of Board-selected designees. These committees would have responsibility for evaluating various issues that may affect SCP and its customers, including rate-related issues, and would provide analytical support and recommendations to the Board in these regards.

Management

The Chief Executive Officer may be a person or an operating entity. The Chief Executive Officer could be an employee of SCP, an individual under contract with SCP, a public agency, a private entity, or any other person or organization so designated by the Board. The Board will be responsible for evaluating and managing the Chief Executive Officer's performance.

The Chief Executive Officer will have management responsibilities over the functional areas of Resource Planning, Electric Supply, Local Energy Programs, Finance and Rates, Customer Services and Regulatory Affairs. In performing his or her obligations to SCP, the Chief Executive Officer may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, will be performed initially by experienced third-party contractors.

Major SCP functions that will be managed by the Chief Executive Officer are summarized below.

Resource Planning

SCP must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives. The Chief Executive Officer will oversee development of long term resource plans under the policy guidance provided by the Board and in compliance with California Law and other requirements of California regulatory bodies.

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. SCP will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. SCP integrated resource planning will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. The SCP Program will require an independent planning function even if the day-to-day electric supply operations are contracted to a third party energy supplier. Resource plans will be updated and adopted by the Board on an annual basis.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

SCP will initially contract with an experienced and financially sound third party energy services company to perform most of the electric supply operations for the SCP Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading. Longer term energy procurement and generation project development will be managed by the Chief Executive Officer.

Local Energy Programs

A key focus of the SCP Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. The Chief Executive Officer will be responsible for further development of these programs, as these are likely to be implemented on a phased basis during the first several years of operations. Within the first year of operations, the Board of Directors of SCP will develop a long-term strategic plan for the evaluation and funding of local renewable energy projects. During the development of this strategic plan, the Board of Directors will consider whether to require a dedicated funding source for each renewable energy program, and consider whether prevailing wages and project labor agreements will be required with respect to renewable energy projects.

SCP will administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-side resources while supporting the local economy. SCP will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by SCP customers.

Finance and Rates

The Chief Executive Officer will be responsible for managing the financial affairs of SCP, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary and other financial tools.

The Board of Directors has the ultimate responsibility for approving the electric generation rates for the SCP Program's customers. The Chief Executive Officer, in cooperation with staff and appropriate advisors, consultants and committees of the Board will be responsible for developing proposed rates and options for the Board to consider before finalization. The final approved rates must, at a minimum, meet the annual budgetary revenue requirement developed by the Chief Executive Officer, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. The Board will have the flexibility to consider rate adjustments within certain ranges, provided that the overall revenue requirement is achieved. SCP will administer a standardized set of electric rates and

may offer optional rates to encourage policy goals such as economic development or low income subsidy programs.

SCP may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly large business users – with a greater range of power options than currently available to them.

SCP's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the SCP Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, SCP will be able to take appropriate action, as would be provided for in the electric supply agreement(s). The Finance function establishes general credit policies that the SCP Program must follow.

Communications and Customer Services

The customer services function includes general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. SCP will conduct program marketing to raise consumer awareness of SCP and to establish the SCP "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the SCP Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance SCP's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. SCP will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the SCP Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and SCP, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with SCP credit policies.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. SCP will initially contract with a third party, who has demonstrated the necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions.

Legal and Regulatory Representation

The SCP Program will require ongoing regulatory representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that will impact SCP, its Members, Participants and customers. SCP will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator and, as necessary, the Federal Energy Regulatory Commission and the California legislature.

Under the direction of the General Counsel, SCP will retain outside legal services, as necessary, to administer SCP, review contracts, and provide overall legal support to the activities of SCP.

CHAPTER 4 – Startup Plan and Funding

This Chapter presents SCP's plans for the start-up period, including the necessary expenses and capital outlays, which will commence once the CPUC certifies its receipt of this Implementation Plan. As described in the previous Chapter, SCP may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Negotiate supplier contracts
 - Electric supplier
 - Data management provider (if separate from energy supply)
- Define and execute communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the SCP Program will be the responsibility of the SCP Program's contractors. These include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of SCP staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements would include a Chief Executive Officer, a General Counsel, and other personnel needed to support regulatory, procurement, finance, legal and communications activities.

For budgetary purposes, it is assumed that eight full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will be retained to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

Capital Requirements

The Start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) program initiation; and (3) working capital. Each of these functions and associated capital requirements are discussed below. The finance plan in Chapter 7 provides a more detailed discussion of the capital requirements and Program finances.

Staffing and contractor costs during startup are estimated to be approximately \$1.8 million, including direct costs related to public relations support, technical support, and customer communications. Actual costs may vary depending upon how SCP manages its start-up activities and the degree to which some or most of these start-up activities are performed by the selected energy services provider rather than by SCP.

Program initiation costs include administrative and general expenses of SCP as well as the distribution utility fees charged by PG&E for initiating the SCP Program. Administrative and general expenses are estimated to be approximately \$200,000, and the distribution utility fees, which include CCA Bond requirements and a service deposit, are estimated to be approximately \$115,000.

Operating revenues from sales of electricity will be remitted to SCP beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30 day payment/collections cycle. SCP will need working capital to support electricity procurement and costs related to program management, which will be included in the financing program associated with start-up funding. As discussed in Chapter 7, the initial working capital requirement is estimated at \$4 million.

Therefore, the total staffing, contractor, program initiation costs and working capital costs are expected to be approximately \$6 million. These are costs that ultimately will be collected through SCP Program rates; however, some of these costs will be incurred prior to SCP selling its first kWh of electricity and will require financing.

Financing Plan

The initial start-up funding will be provided to SCP via a bank credit facility that can be drawn upon as needed to cover expenditures. SCP will recover the principal and interest costs associated with the start-up funding via retail rates. It is anticipated that the start-up costs will be fully recovered through rates within the first several years of operations.

CHAPTER 5 – Program Phase-In

SCP will roll out its service offering to customers over the course of three or more phases:

- Phase 1. A subset of residential and commercial accounts.
- Phase 2. Additional residential, street lighting and agricultural accounts.
- Phase 3. All remaining accounts.

This approach provides SCP with the ability to initiate its program with sufficient economic scale and with a manageable number of accounts served, before gradually building to full program integration for an expected customer base of approximately 135,000 accounts. This approach also allows SCP and its energy supplier(s) to address all system requirements (billing, collections, payments) under a phase-in approach to minimize potential customer service challenges as well as exposure to uncertainty and financial risk.

SCP will offer service to all customers on a phased basis expected to be completed within twenty four months of initial service to Phase 1 customers. Phase 1 of the Program is targeted to begin on or about May 1, 2014, subject to a decision to proceed by the Board. During Phase 1, SCP anticipates serving approximately 20,000 accounts totaling nearly 660 GWh of annual energy sales. SCP is currently analyzing the potential composition of Phase 1 accounts in consideration of opportunities for maximizing energy efficiency and renewable energy impacts, synergies with local ordinances and other customer programs such as a municipally financed solar program, cost of service and customer load characteristics, and other operational considerations. Specific accounts to be included in Phase 1 will approximate 40 percent of SCP's total customer load and will be specifically defined after further analysis and consideration of the Board.

Phase 2 of the Program will commence following successful operation of the SCP Program over a minimum 8-month term. It is anticipated that approximately 60,000 residential, street lighting and agricultural customers will be included in Phase 2, with annual energy consumption of approximately 430 GWh.

Following this initial operating period, expected to continue for no more than 24 months, the Board will commence the process of completing the roll out to all remaining customers in Phase 3. This phase is expected to comprise the remaining residential accounts within SCP's service territory. Phase 3 is expected to total approximately 60,000 accounts with annual energy consumption of approximately 420 GWh.

No municipal accounts of the City of Santa Rosa will be included in Phase 1. In addition, if the City of Santa Rosa provides at least 180 days' notice, the City of Santa Rosa may elect to defer the inclusion of some or all of its municipal accounts to Phase 3.

The Board may evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

Introduction

This Chapter describes the planned mix of electric resources and demand reduction programs that will meet the energy demands of SCP's customers using a highly renewable, diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key policies are as follows:

- SCP will seek to increase use of renewable energy resources and reduce reliance on fossil-fueled electric generation.
- SCP will benefit the area's economy through investment in local infrastructure, projects and energy programs.
- SCP will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- SCP will help customers reduce energy costs through investment in and administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.

SCP's initial resource mix will include a renewable energy content of at least 33%. As the SCP Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the SCP Program to achieve a renewable energy content of at least 50%. This 50% renewable energy goal is expected to be achieved by 2018. SCP's aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators, purchases of renewable energy from third party suppliers and the purchase of Renewable Energy Certificates ("RECs") from the market.

SCP will seek to supply the program with local renewable resources to the greatest extent technically and economically feasible. Specific objectives will be identified in resource plans and other planning documents prepared by SCP.

The resource plan also sets forth ambitious targets for improving customer side energy efficiency.

The plan described in this section would accomplish the following:

- Procure energy needed to offer two generation rate tariffs: 100 percent renewable and 33 percent renewable through one or more contracts with experienced, financially stable energy suppliers.
- Continue increasing minimum renewable energy supplies to 50% or greater based on resource availability and economic goals of the program.

- Administer customer programs to reduce net electricity purchases by 1%-2% annually.
- Encourage distributed renewable generation in the local area through the offering of a standardized power purchase agreement or “Feed-In Tariff”; a net energy metering tariff; and a solar cooperative program for customers lacking feasible on-site solar applications.

SCP will be responsible to comply with regulatory rules applicable to California load serving entities. SCP will arrange for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its customers. SCP will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve SCP’s customers, even if there were a need for the SCP Program to cease operations and return customers to PG&E. In addition, SCP will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (currently 20% renewable energy supply and increasing to 33% by 2020). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet SCP’s objectives and satisfy the applicable regulatory requirements pertaining to SCP’s status as a California load serving entity, SCP’s resource plan includes a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of SCP’s resource plan is to minimize customer energy consumption and maximize use of renewable resources, particularly local resources, subject to economic and operational constraints. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by SCP.

Once the SCP Program demonstrates it can operate successfully, SCP may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by SCP or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of SCP’s electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the SCP Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, SCP may consider partnering with an experienced public power developer (the Northern California Power Agency, for example) and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the SCP Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be preferable to SCP as it works to achieve increasing levels of renewable energy supply to its customers.

SCP's resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, SCP will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

SCP's proposed resource plan for the years 2014 through 2023 is summarized in the following table:

Sonoma Clean Power Proposed Resource Plan (GWh) 2014 to 2023										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SCP Demand (GWh)										
Retail Demand	-396	-1,065	-1,486	-1,512	-1,513	-1,516	-1,519	-1,522	-1,525	-1,528
Distributed Generation	6	18	25	28	29	30	30	31	32	33
Energy Efficiency	0	5	21	23	24	26	27	29	31	32
Losses and UFE	-23	-63	-86	-88	-88	-88	-88	-88	-88	-88
Total Demand	-414	-1,104	-1,526	-1,549	-1,548	-1,548	-1,549	-1,549	-1,550	-1,550
SCP Supply (GWh)										
<u>Renewable Resources</u>										
Generation	0	0	0	0	17	34	52	94	94	94
Power Purchase Contracts	129	378	602	690	749	747	745	717	732	747
Total Renewable Resources	129	378	602	690	766	781	796	811	826	841
<u>Conventional Resources</u>										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	285	726	924	859	781	767	752	738	724	709
Total Conventional Resources	285	726	924	859	781	767	752	738	724	709
Total Supply	414	1,104	1,526	1,549	1,548	1,548	1,549	1,549	1,550	1,550
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

Supply Requirements

The starting point for SCP's resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program's "load profile". The electric sales forecast and load profile will be affected by SCP's plan to introduce the SCP Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods.

SCP's phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the SCP Program unless they opt out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. SCP anticipates an overall customer participation rate of approximately 75 to 80 percent of PG&E bundled service customers, based on reported opt-out rates for the Marin Clean Energy CCA program. It is assumed that customers taking direct access service from a competitive electricity provider will elect to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that SCP will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as SCP's public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by SCP on their regularly scheduled meter read date over an approximately thirty day period. Approximately 650 service accounts per day will be switched over during the first month of service. For Phases 2 and 3, the number of accounts switched over to SCP service will increase to about 2,000 accounts per day. The number of accounts served by SCP at the end of each phase is shown in the table below.

**Sonoma Clean Power
Enrolled Retail Service Accounts
Phase-In Period (End of Month)**

	<u>May-14</u>	<u>Jan-15</u>	<u>Jan-16</u>
Customers			
Residential	5,636	59,859	120,335
Small Commercial	12,292	12,546	12,571
Medium Commercial	1,208	1,216	1,218
Large Commercial	289	304	305
Industrial	7	8	8
Street Lighting & Traffic	-	1,677	1,681
Ag & Pump.	-	2,338	2,343
Total	19,432	77,947	138,461

SCP assumes that SCP customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.2% annual growth) over the noted planning horizon. Because CCA in California has a relatively short history, it is very difficult to anticipate with any precision the actual levels of customer participation within the SCP Program. SCP believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Sonoma County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by SCP for each of the next ten years is shown in the following table:

Sonoma Clean Power
Retail Service Accounts (End of Year)
2014 to 2023

	2014	2015	2016	2018	2019	2020	2021	2022	2023
Customers									
Residential	5,636	59,859	120,335	120,817	121,058	121,301	121,543	121,786	122,030
Small Commercial	12,292	12,546	12,571	12,621	12,647	12,672	12,697	12,723	12,748
Medium Commercial	1,208	1,216	1,218	1,223	1,225	1,228	1,230	1,233	1,235
Large Commercial	289	304	305	306	307	307	308	309	309
Industrial	7	8	8	8	8	8	8	8	8
Street Lighting & Traffic	-	1,677	1,681	1,688	1,691	1,694	1,698	1,701	1,705
Ag & Pump.	-	2,338	2,343	2,352	2,357	2,362	2,367	2,371	2,376
Total	19,432	77,947	138,461	139,015	139,293	139,572	139,851	140,131	140,411

Sales Forecast

SCP's forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve SCP's retail customers increases from over 400 GWh in 2014 to approximately 1,500 GWh at full roll-out. Annual energy requirements are shown below.

Sonoma Clean Power
Energy Requirements
(GWH)
2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Demand (GWh)										
Retail Demand	396	1,065	1,486	1,512	1,513	1,516	1,519	1,522	1,525	1,528
Distributed Generation	-6	-18	-25	-28	-29	-30	-30	-31	-32	-33
Energy Efficiency	0	-5	-21	-23	-24	-26	-27	-29	-31	-32
Losses and UFE	23	63	86	88	88	88	88	88	88	88
Total Load Requirement	414	1,104	1,526	1,549	1,548	1,548	1,549	1,549	1,550	1,550

Capacity Requirements

The CPUC's resource adequacy standards applicable to SCP require a demonstration one year in advance that SCP has secured physical capacity for 90 percent of its projected peak loads for

each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, SCP must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of SCP's capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater Bay Area. SCP would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on SCP's forecasted peak load. SCP must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

Beginning with the 2015 compliance year, SCP will be required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO's flexible resource adequacy framework.

The forward resource adequacy requirements for 2014 through 2016 are shown in the following tables:

Sonoma Clean Power
Forward Capacity and Reserve Requirements
(MW)
2014 to 2016

Month	2014	2015	2016
January	-	184	273
February	-	195	284
March	-	167	243
April	-	183	250
May	127	192	256
June	143	228	312
July	131	204	276
August	137	215	294
September	146	214	285
October	134	188	263
November	125	191	278
December	117	188	274

SCP's plan ensures that sufficient reserves will be procured to meet its peak load at all times. SCP's projected annual capacity requirements are shown in the following table:

**Sonoma Clean Power
Capacity Requirements
(MW)
2014 to 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Demand (MW)										
Retail Demand	123	198	274	275	276	276	277	277	278	278
Distributed Generation	(3)	(10)	(14)	(16)	(16)	(17)	(17)	(18)	(18)	(19)
Energy Efficiency	-	(1)	(4)	(5)	(5)	(5)	(6)	(6)	(6)	(7)
Losses and UFE	7	11	15	15	15	15	15	15	15	15
Total Net Peak Demand	127	198	271	270	269	269	269	268	268	268
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	19	30	41	40	40	40	40	40	40	40
Capacity Requirement Including Reserve	146	228	312	310	310	309	309	309	308	308

Local capacity requirements are a function of the PG&E area resource adequacy requirements and SCP's projected peak demand. SCP will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate SCP's monthly local capacity requirement. A preliminary estimate of SCP's annual local capacity requirement for the ten year planning period ranges from approximately 37 MW to 121 MW as shown in the following table:

**Sonoma Clean Power
Local Capacity Requirements
(MW)
2014 to 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SCP Area Peak (MW)	127	198	271	270	269	269	269	268	268	268
Local Capacity Requirement (% of Peak)	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Greater Bay Area Share of Local Capacity Requirement (%)	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%
Other PG&E Areas Share of Local Capacity Requirement (%)	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%
SCP Local Capacity Requirement Greater Bay (MW)	28	43	59	59	59	58	58	58	58	58
SCP Local Capacity Requirement Other PG&E (MW)	30	47	64	63	63	63	63	63	63	63
SCP Local Capacity Requirement, Total (MW)	57	90	123	122	122	122	122	122	121	121

SCP will coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to SCP during 2014-2016. For system resource adequacy requirements, SCP will make month-ahead showings for each month that SCP plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. SCP will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations for 2014 - 2016 through its agreement with its chosen electric supplier.

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, SCP will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources.

For purposes of determining SCP's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to SCP.

California's RPS program is currently undergoing reform. On April 12, 2011, Governor Brown signed SB x1 2, requiring public and private utilities as well as community choice aggregators to obtain 33 percent of their electricity from renewable energy sources by December 31, 2020. SCP's resource plan complies with California's new RPS, including certain procurement quantity requirements identified in D.11-12-020 (December 1, 2011).

SCP's Renewables Portfolio Standards Requirement

SCP's annual RPS requirements are shown in the table below. When reviewing this table, it is important to note that SCP projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.

Sonoma Clean Power RPS Requirements (MWh) 2014 to 2023										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Retail Sales	390,113	1,041,893	1,439,845	1,461,025	1,459,980	1,460,579	1,461,153	1,461,699	1,462,218	1,462,709
Baseline	-	84,655	242,761	359,961	394,477	423,394	452,780	482,180	482,361	482,532
Incremental Procurement Target	84,655	158,107	117,200	34,516	28,917	29,385	29,401	180	171	162
Annual Procurement Target	84,655	242,761	359,961	394,477	423,394	452,780	482,180	482,361	482,532	482,694
% of Current Year Retail Sales	22%	23%	25%	27%	29%	31%	33%	33%	33%	33%

Based on planned renewable energy procurement objectives, SCP anticipates that it will significantly exceed the minimum RPS requirements as shown below.

Sonoma Clean Power RPS Requirements and Program Renewable Energy Targets (MWh) 2014 to 2023										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Retail Sales (MWh)	390,113	1,041,893	1,439,845	1,461,025	1,459,980	1,460,579	1,461,153	1,461,699	1,462,218	1,462,709
Annual RPS Target (Minimum MWh)	84,655	242,761	359,961	394,477	423,394	452,780	482,180	482,361	482,532	482,694
Program Target (% of Retail Sales)	33%	36%	42%	47%	53%	54%	55%	56%	57%	58%
Program Renewable Target (MWh)	128,737	378,207	601,855	689,604	766,490	781,410	796,328	811,243	826,153	841,057
Surplus In Excess of RPS (MWh)	44,083	135,446	241,894	295,127	343,095	328,630	314,148	328,882	343,621	358,364
Annual Increase (MWh)	128,737	249,470	223,648	87,749	76,886	14,920	14,918	14,915	14,910	14,904

Purchased Power

Power purchased from utilities, power marketers, public agencies, and/or generators will be a significant source of supply during the first several years. SCP will initially contract to obtain all of its electricity from a third party electric provider under a power supply agreement, and the supplier will be responsible for procuring a mix of power purchase contracts, including specified renewable energy targets, to provide a stable and cost-effective resource portfolio for the Program. Based on terms established in this third-party contract, SCP will be able to substitute electric energy generated by SCP-owned/controlled renewable resources for contract quantities in the event that such resources become operational during the delivery period. Initially, the Program's third party electric supplier will be responsible for managing the overall supply portfolio.

Renewable Resources

SCP will initially secure necessary renewable power supply from its third party electric supplier(s). SCP may supplement the renewable energy provided under the initial full requirements contract with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by SCP. At this point in time, it is not possible to predict what projects might be proposed in response to SCP's future solicitations for renewable energy or that may stem from discussions with other public agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered (with a preference for local projects) as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by SCP's Board of Directors. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of SCP's load zone, as defined by the CAISO.

Renewable Energy Certificates/Credits

Load serving entities ("LSEs"), including SCP, have a certain level of discretion when procuring renewable energy to satisfy California's RPS and voluntary "green" pricing programs that may be offered to their customers. Key concerns, including cost (as well as related ratepayer impacts) and operational feasibility, must be balanced by LSEs to achieve an effective portfolio of renewable energy resources. Central to this discussion is the use of unbundled Renewable Energy Certificates/Credits, or RECs, which promote renewable project development while ensuring operational flexibility and reduced overall renewable energy procurement costs for the LSE – this strategy has been endorsed by the U.S. Environmental Protection Agency³ and has been employed by a range of California utilities when administering voluntary green pricing programs, including Marin Clean Energy's Deep Green (100 percent renewable energy) service option and the Sacramento Municipal Utility District's Greenergy® program. The state of California has also incorporated these considerations when developing renewable energy

³ Discussion paper: "EPA's Green Power Partnership: The Environmental Value of Purchasing Renewable Energy Certificates Voluntarily," October 2010.

policy, including Senate Bill x1 2 (April 2011), which allows the limited use of unbundled RECs for purposes of compliance with the RPS.

In practical terms, a REC represents the legal rights or title to the environmental benefits associated with the generation of renewable energy. A REC is necessary to track renewable energy generation following delivery to the grid where electrons become indistinguishable from one another. One REC, or certificate, is created for each megawatt-hour of renewable electricity that is generated and delivered to the grid. After a REC is created, it is tracked much like a certificate of stock. RECs can be held in accounts or transferred to others as a result of purchase/sale transactions; RECs can also be “retired” to demonstrate compliance with applicable regulations or voluntary renewable energy procurement targets. Once retired, a REC is removed from the market and can no longer be transferred to another entity. In the Western U.S., the accounting framework that is used to create, deposit, transfer and retire RECs is the Western Renewable Energy Generation Information System, or WREGIS. Prior to the commencement of service, SCP will need to register with WREGIS and establish accounts that will allow for the transfer/receipt of RECs associated with various renewable energy transactions.

Owners of renewable generating facilities often sell RECs produced by such facilities to generate supplemental revenue streams (in addition to revenue streams derived from the sale of electricity produced by the facility). RECs can be “bundled” with the electric energy produced by the generator and sold as a single product; or RECs can be “unbundled” from the associated electric energy, creating two distinct products and related revenue streams. Despite the vast network of electric transmission and distribution facilities throughout the U.S., it is often impractical and/or extremely costly to arrange for the delivery of renewable energy across significant distances – buyers and sellers of renewable energy are often located in disparate regions which would require power to be moved across several utility service areas (and, potentially, hundreds of miles), resulting in substantially increased transaction costs. To accommodate these circumstances, unbundled RECs are commonly used to promote the development of renewable energy resources without the need for co-location of the transacting parties or costly delivery arrangements. The additional revenues associated with such REC sales can improve the economics of renewable energy projects, which may increase the competitiveness of these facilities with conventional generators that consume fossil fuels, including coal and natural gas.

The environmental impacts of REC procurement are also significant, as each megawatt-hour of renewable energy reduces the need for one megawatt-hour of conventional electricity, thereby avoiding the greenhouse gas emissions and other adverse environmental impacts typically related to conventional electricity generation. An organization which holds a REC can claim responsibility for the environmental benefits associated with reduced conventional generation, which may promote the achievement of certain environmental goals and objectives and/or compliance with applicable mandates/regulations.

SCP will use unbundled RECs to augment its bundled renewable energy purchases in order to achieve its overall renewable energy content objective and to supply a 100% renewable energy product under the voluntary tariff. Initially, unbundled RECs will supply the difference between the RPS requirements and the overall renewable energy content. SCP anticipates use of unbundled RECs will decline as new renewable energy projects are developed to serve the SCP program.

Energy Efficiency

SCP's energy efficiency goals will reflect a strong commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E's programs. SCP will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace SCP's need for traditional electric procurement activities.

Forecast energy efficiency savings equal to 1 percent of SCP's projected energy sales appears to be a reasonable baseline for the demand-side portion of SCP's resource plan. For example, the National Action Plan for Energy Efficiency states among its key findings "consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales."⁴ The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs that an energy efficiency goal of one percent, as a percentage of energy sales, is a reasonable level to target.⁵ These savings would be in addition to the savings achieved by PG&E administered programs. Achieving this goal would mean at least a doubling of energy savings relative to the status quo (without the SCP program). SCP programs will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is actually achieved.

SCP will develop specific energy efficiency programs and seek requisite program funding from the CPUC to administer these energy efficiency programs. Additional details of SCP's energy efficiency plan will be developed once the first phase of the SCP Program is underway.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., SCP), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win

⁴ National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

⁵ Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be allowed to count for local capacity requirements. This resource plan anticipates that SCP's demand response programs would partially offset its local capacity requirements beginning in 2015.

PG&E offers several demand response programs to its customers, and SCP intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by SCP.⁶ The goal for this resource plan is to meet 5 percent of the SCP Program's total capacity requirements through dispatchable demand response programs that qualify to meet local resource adequacy requirements. This goal translates into approximately 15 MW of peak demand enrolled in SCP's demand response programs. Achievement of this goal would displace approximately 24 percent of SCP's local capacity requirement within the "Other PG&E" Local Reliability Area.⁷

<p style="text-align: center;">Sonoma Clean Power Demand Response Goals (MW) 2014 to 2023</p>										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Capacity Requirement (MW)	146	228	312	310	310	309	309	309	308	308
Demand Response Target	-	3	4	4	12	15	15	15	15	15
Percentage of Local Capacity Requirement	0%	6%	6%	6%	18%	24%	24%	24%	24%	24%

SCP will adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high. The level of customer payments should be related to the cost of local capacity that can be avoided as a result of the customer's willingness to curtail usage upon request.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in SCP's demand response program design. It will also be important to establish a reasonable

⁶ These utility programs include the Base Interruptible Program (E-BIP), the Demand Bidding Program (E-DBP), Critical Peak Pricing (E-CPP), Optional Binding Mandatory Curtailment Plan (E-OBMC), the Scheduled Load Reduction Program (E-SLRP), and the Capacity Bidding Program (E-CBP). SCP plans to develop its own demand response programs, which may be similar to those currently administered by the incumbent utility.

⁷ The California Public Utilities Commission has defined five local Resource Adequacy areas, including the "Other PG&E" local area (which represents an aggregation of various locations within the PG&E service territory), which have been designated as transmission-constrained. Load serving entities, including SCP, must procure a certain portion of their respective resource adequacy obligations from resources located within these transmission-constrained areas. However, demand response programs may be used to directly reduce local resource adequacy obligations; SCP plans to reduce such obligations through the implementation of effective demand response programs.

measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. SCP will likely utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with SCP's environmental policies and the state's Energy Action Plan, clean distributed generation is a significant component of the integrated resource plan. SCP will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within SCP's jurisdiction, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. SCP will also implement an aggressive net energy metering program and a feed-in-tariff to promote local investment in distributed generation.

There are significant environmental benefits and strong customer interest in distributed PV systems. SCP may provide direct financial incentives from revenues funded by customer rates to further support use of solar power within the local area. Finally, SCP plans to provide direct incentives for PV by offering a net metering rate to customers who install PV systems so that customers are able to sell excess energy to SCP. Such a program would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including PG&E. However, SCP may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within Sonoma County. To the extent that SCP incentives improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.

SCP's CCA customers will contribute funds to the California Solar Initiative (CSI) through the public benefits surcharges collected by PG&E, and will be eligible for the incentives provided under that program for installation of PV systems. The California Solar Initiative provides \$2.2 billion of funding to target installation of 1,940 MW of solar systems within the investor owned utility service areas by 2017. All electric customers of PG&E, SCE, and SDG&E are eligible to apply for incentives. Approximately 44 percent of program funding is allocated to the PG&E service territory. Assuming solar deployment would be proportionate to funding, the program is intended to yield approximately 775 MW of solar within the PG&E service area. A minimum of 16 MW should be deployed within the SCP customer base within the next several years.

SCP will work to ensure that customers within its jurisdiction take full advantage of this solar incentive and will develop programs of its own with the goal of accelerating solar deployment and increasing the installed PV system capacity in the local area.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the SCP Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including the necessary expenses and capital outlays which will commence once the CPUC has certified its receipt of the Implementation Plan submitted by SCP. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

SCP's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the SCP Program's monthly costs and revenues and specifically accounts for the phased enrollment of SCP Customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that SCP charges a standard, default electricity tariff similar to the generation rates of the existing distribution utility for each customer class and an optional 100% renewable energy tariff at a premium reflective of

incremental renewable power costs. SCP rate increases of 3.5% annually, the approximate long-run average increase in California electric utility rates, would support the cash flows presented herein.⁸ More detail on SCP's rates can be found in Chapter 8.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for SCP to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by SCP, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between payments received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, is approximately \$6.5 million. Of this total, approximately \$2.5 million would be needed during the startup period prior to the time Phase 1 customers are enrolled. Working capital requirements peak soon after enrollment of the Phase 1 customers.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to get SCP through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following table. Under these assumptions, over the entire phase-in period the CCA program is projected to accrue a reserve account balance of approximately \$11 million.

⁸ According to the California Energy Commission Utility-wide Weighted Average Electric Utility Prices report, PG&E average electric rates have increased by an average of 4.6% per year since 2000 and 3.4% annually since 2005.

Sonoma Clean Power
Summary of CCA Program Phase-In⁹
(January 2013 through December 2017)

Sonoma Clean Power
Summary of CCA Program Startup and Phase-In
(January 2013 through December 2017)

CATEGORY	2013	2014	2015	2016	2017	TOTAL
I. REVENUES FROM OPERATIONS (\$)						
ELECTRIC SALES REVENUE	-	35,148,930	86,519,086	123,416,706	129,913,823	374,998,545
LESS UNCOLLECTIBLE ACCOUNTS	-	(105,447)	(259,557)	(370,250)	(389,741)	(1,124,996)
TOTAL REVENUES	-	35,043,483	86,259,529	123,046,456	129,524,081	373,873,549
II. COST OF OPERATIONS (\$)						
(A) OPERATIONS AND ADMINISTRATIVE (O&A)						
STAFFING & PROFESSIONAL SERVICES	912,000	2,736,000	4,054,080	4,175,702	4,300,973	16,178,756
DATA MANAGEMENT SERVICES	-	450,197	1,996,879	3,260,652	3,263,932	8,971,660
IOU FEES (INCLUDING BILLING)	-	115,312	681,089	1,237,816	1,269,282	3,303,500
OTHER ADMINISTRATIVE & GENERAL	100,000	300,000	988,800	1,018,464	1,049,018	3,456,282
SUBTOTAL O&A	1,012,000	3,601,509	7,720,849	9,692,635	9,883,206	31,910,198
(B) COST OF ENERGY	-	27,609,616	74,567,728	107,829,911	114,820,832	324,828,086
(C) DEBT SERVICE	33,333	265,000	581,907	2,027,772	2,335,123	5,243,135
(D) DEPOSITS AND OTHER USES	115,000	-	300,000	300,000	300,000	1,015,000
TOTAL COST OF OPERATION	1,160,333	31,476,124	83,170,483	119,850,317	127,339,161	362,996,419
CCA PROGRAM SURPLUS/(DEFICIT)	(1,160,333)	3,567,359	3,089,046	3,196,138	2,184,920	10,877,130

The surpluses achieved during the phase-in period serve to build SCP's net worth and credit profile and to provide operating reserves for SCP in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

SCP Financings

It is anticipated that four financings may be necessary in support of the SCP Program during the first several years. The anticipated financings are described below.

⁹ Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the SCP Program are \$6 million. This amount is dependent upon the amount of load initially served by SCP, actual energy prices, payment terms established with the third-party supplier and program rates. This figure would be refined during the startup period as these variables become known. Once the SCP Program is up and running, these costs would be recovered from SCP customers through retail rates.

It is assumed that this financing will be via a short term loan or letter of credit, which would allow SCP to draw cash as required. This financing would need to commence in the third quarter of 2013.

Phases 2 and 3 Working Capital

The next potential financing would be working capital for Phase 2. It is currently estimated that Phases 2 and 3 can be financed with internally generated cash. If external financing were needed, it could be an extension (increase) of the letter of credit for the SCP Program's start-up capital or a new short term credit facility. This financing would need to commence prior to the Phase 2 customer enrollments. A smaller short-term credit facility could be used to support the Phase 3 customer enrollments, if necessary (see table below).

Renewable Resource Project Financing

SCP may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful SCP Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. SCP's ability to directly finance projects will likely require a track record of two to three years of successful program operations demonstrating strong underlying credit to support the financing; direct financing undertaken by SCP would not be expected to occur sooner than 2017.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of SCP.

The following table summarizes the potential financings in support of the SCP Program:

SCP Program Financing Summary

Proposed Financing	Estimated Total Amount	Estimated Term	Estimated Issuance
1. Start-Up	\$6.5 million	5 years	Third Quarter 2013
2. Phase 2 Working Capital	\$0 million	5 years	Early 2015, if needed
3. Phase 3 Working Capital	\$0 million	5 years	Early 2016, if needed
4. Potential Renewable Resource Project Financings	\$TBD	20-30 years	TBD

CHAPTER 8 - Ratesetting and Program Terms and Conditions

Introduction

This Chapter describes the initial policies proposed for SCP in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board. The Board would retain authority to modify program policies from time to time at its discretion.

Rate Policies

SCP will establish rates sufficient to recover all costs related to operation of the SCP Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Board. As a general policy, rates will be uniform for all similarly situated customers enrolled in the SCP Program throughout the service area of SCP.

The primary objectives of the ratesetting plan are to set rates that achieve the following:

- 100 percent renewable energy supply option;
- Rate competitive tariff option;
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The goal is to offer competitive rates for the electric services SCP would provide to participating customers. For participants in SCP's standard Tariff, the goal would be for SCP's rates to be generally equivalent to (potentially less than) the generation rates offered by PG&E. For participants in SCP's 100 percent renewable energy Tariff, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium relative to the standard SCP tariff of approximately 10 percent.

Competitive rates will be critical to attracting and retaining key customers. In order for SCP to be successful, the combination of price and value provided by SCP to its customers must be perceived as superior when compared to the bundled utility service alternative. The value provided by SCP will include a higher renewable energy content for its electric supply, enhanced energy efficiency and customer programs, community focus and investment, local

control, and the benefits that derive from SCP's mission to serve its customers rather than the interests of utility shareholders.

As previously discussed, the SCP Program will significantly increase renewable energy supply to program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for SCP Program customers will be the standard Tariff, which will maximize renewable energy supply while maintaining generation rates that are comparable to PG&E's. The initial renewable energy content provided under the standard Tariff will be at least 33%, and SCP will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. SCP will also offer its customers a voluntary 100% renewable energy Tariff, which will supply participating customers with 100 percent renewable energy at rates that reflect SCP's cost for procuring necessary energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

Rate Stability

SCP will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent SCP Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and may result in differences from the general rate-related targets initially established for the SCP Program. SCP will attempt to maintain general rate parity with PG&E to ensure that SCP rates are not drastically different from the competitive alternative.

Equity among Customer Classes

SCP's initial rates will be set based on cost-of-service considerations with reference to the rates customers would otherwise pay to PG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to SCP's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

SCP's rates must collect sufficient revenue from participating customers to fully fund SCP's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of SCP's costs, subject to the disclosure and due process policies described later in this chapter.

Rate Design

SCP will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in SCP's program. SCP may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within SCP's service area.

SCP's initial rates are projected to average 7.6 cents per KWh on an annualized basis, which is below PG&E's reported average generation rate.¹⁰ SCP customers' electric bills may increase somewhat due to PG&E's collection of its excess power supply costs through the surcharge known as the Power Charge Indifference Adjustment ("PCIA"). PG&E will add the PCIA to SCP customers' monthly electric bills along with other utility service charges. The PCIA is identified in each of PG&E's rate schedules and is expected to decline over time.

Custom Pricing Options

SCP will work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. SCP may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from SCP. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net metering tariff (E-NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. The objective is that SCP's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's

¹⁰ PG&E's reported system average generation rate for 2013 is 8.2 cents per kWh. See Table 3 of PG&E Advice Letter 4096-E. For comparability, the SCP average rate is calculated using twelve months of energy usage for the entire SCP customer base without regard to phasing. The PCIA currently averages approximately 0.6 cents per kWh for the entire SCP customer base.

portion of the bill. SCP will pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the SCPA Board.

SCP may also implement tariff and financing programs to provide incentives to residents and businesses to maximize the size of photovoltaic and other renewable energy systems in order to increase the amount of locally-produced renewable power. Current tariffs create an incentive for residents and businesses considering new PV or renewable systems to limit the size of those systems so that annual generation matches annual on-site load. By implementing tariffs and programs to provide an incentive to maximize the output of such systems, SCP can help to increase the amount of local PV and renewable generation with minimal impact on the environment or existing infrastructure.

Retail Solar Cooperative

SCP may offer a Retail Solar Cooperative program to further promote local renewable energy projects. The retail solar cooperative concept may provide an opportunity for SCP to promote additional, locally developed photovoltaic solar projects that would be voluntarily supported by interested customers. Such programs typically feature one or more PV arrays, or “solar farms”, of up to one megawatt each with electric output from these facilities serving as the basis for various retail pricing options. Retail solar cooperatives play a key role in addressing fundamental issues related to residential and commercial scale PV project development, which may prevent interested customers from completing such projects. Some of the issues addressed by retail solar cooperatives include:

- Non-optimal siting characteristics
 - Predominant shade over/around the dwelling or business
 - Lack of available roof space
 - Orientation of dwelling (related to solar exposure)
- Ownership status (which likely prevent renters from pursuing traditional solar installations)
- Multi-family living arrangements
- Planned relocation
- Aversion to up-front capital costs

The availability of retail solar cooperative programs addresses and/or alleviates these issues by creating participatory options that would not otherwise be available to customers affected by the aforementioned issues.

In the case of the Sacramento Municipal Utility District’s SolarSharesSM program, participating customers incur fixed monthly charges in exchange for “ownership” shares in a locally situated solar farm. The monthly cost is dependent upon the number of shares “owned” by the customer – shares can be purchased in various increments at a cost approximating \$33 per kilowatt/month; participation can be scaled at the customer’s discretion, depending on typical electric use and rate-related objectives. When energy is produced by the underlying solar farm,

it is proportionately allocated to participating customers based on the number of shares that have been purchased. This energy becomes the basis for a virtual net energy metering arrangement – quantities of energy from the solar project that have been allocated to each customer are netted against monthly use, thereby reducing energy consumption and related monthly charges for electricity. Over time, the monthly fixed charge remains unchanged but energy production will vary on a seasonal basis, as is the case with any PV generator. Through this program, customers receive the benefits of PV project ownership without the need to install such projects on their homes or businesses.

Tucson Electric has implemented a similar program, “Bright Tucson”, which applies a different pricing mechanism. In this case, Tucson Electric sells participating customers “blocks”, or fixed monthly quantities, of energy produced by a locally based solar farm at fixed price premiums approximating two cents per kilowatt-hour. Under this program structure, customers are able to offset a portion (or the entirety) of conventional, non-renewable energy purchases with local PV production without the variability of a virtual net energy metering arrangement. An alternative to this approach would be for SCP to consider selling similar energy blocks at a fixed energy rate (which would include the price for such energy as well as any premium related thereto). Such an alternative could be used to provide cost certainty to participating customers, which may be viewed as a valuable attribute when completing planning and budgeting efforts.

Specific elements, including timing, projects and pricing, of a similar program that may be implemented by SCP have yet to be discussed. As SCP advances through program implementation and gauges customer interest in such programs, it will be able to determine the most suitable terms and conditions for its customers.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by the Board of Directors following the establishment of the first year’s operating budget prior to initiating the customer notification process. Subsequently, the Chief Executive Officer, with support of appropriate staff, advisors and committees, will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board of Directors. The rates will be approved at a public meeting of the Board of Directors no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

Within forty-five days after submitting an application to increase any rate, SCP will furnish notice of its application to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will provide a summary of the proposed rate increase and include a link to the SPC website where information will be posted regarding the amount of the proposed increase (expressed in both dollar and percentage terms), a brief statement of the reasons the increase is required or sought, and the mailing address of SCP to which any customer inquiries relative to the proposed increase, including a request by the

customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt out of the SCP Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the SCPA Board from time to time.

By adopting this Implementation Plan, the SCPA Board will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. SCP will likely use its own mailing service for requisite enrollment notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying SCP using SCP's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they should be transferred to SCP's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, a third enrollment notice will be mailed to customers, and a fourth and final enrollment notice will be mailed 30 days after automatic enrollment. Opt-out requests made on or before the sixtieth day following start of SCP service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by SCP during the time the customer took service from the SCP Program, but will otherwise not be subject to any penalty or transfer fee from SCP.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the SCP Program and will have sixty days from the start of SCP service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing SCP's privacy policy regarding customer usage information. SCP's Board of Directors will have the authority to implement entry fees for customers that initially opt out of the

Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the SCP Program's customer base.

Termination Fee

Customers that are automatically enrolled in the SCP Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation subject to payment of a Termination Fee. The Termination Fee will apply to all SCP customers that elect to return to bundled utility service or elect to take "direct access" service from an energy services provider. Customers that relocate within the SCP service territory would have their CCA service continued at the new address. If a customer relocating to an address within the SCP service territory elected to cancel CCA service, the Termination Fee will apply. Program customers that move out of the SCP service territory would not be subject to the Termination Fee.

PG&E will collect the Termination Fee from returning customers as part of the final bill to the customer from the CCA Program.

The Termination Fee would vary by customer class as set forth in the table below, subject to adjustment by the SCPA Board as described below.

SCP Fee for Service Termination

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

The Termination Fee will be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could be changed prospectively by SCP's Board of Directors, subject to SCP's customer noticing requirements; provided, however, that in no event will any Termination Fee in excess of the amounts set forth above be imposed on any customer leaving before January 1, 2016, except for terminating customers participating in a voluntary tariff. As previously noted, customers that opt out during the statutorily mandated notification period will not pay the Termination Fee that may be imposed by SCP.

Customers electing to terminate service after the initial notification period (that provided them with at least four enrollment notices) would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by PG&E and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs. Customers electing to terminate service after the initial notification period and later wish to reinstitute service with SCP will be subject to a one-year minimum service period and will be prohibited from terminating SCP service during that time.

Customer Confidentiality

SCP will establish policies covering confidentiality of customer data that are fully compliant with the California Public Utilities Commission's required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. SCP will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct SCP's business or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable SCP to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. SCP will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at SCP's discretion. SCP will handle customer energy usage information in a manner that is fully compliant with the California Public Utility Commission's required privacy protections for customers of Community Choice Aggregators, as defined in Decision 12-08-045.

Responsibility for Payment

Customers will be obligated to pay SCP charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, SCP will not be able to direct that electricity service be shut off for failure to pay SCP's bill. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Customers may be required to post a deposit equal to two months' estimated bills for SCP's charges to obtain service from the SCP Program under certain circumstances. A deposit would be required for an applicant who previously has been a customer of PG&E or SCP and whose electric service has been discontinued by PG&E or SCP during the last twelve months of that prior service because of nonpayment of bills. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and

Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment¹¹. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

¹¹ A customer whose service is discontinued by SCP is returned to PG&E generation service.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes SCP's initial procurement policies and the key third party service agreements by which SCP will obtain operational services for the SCP Program. By adopting this Implementation Plan, SPC's Board of Directors will have approved the general procurement policies contained herein to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

SCP will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated SCP will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

SCP will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of SCP's Chief Executive Officer or Board of Directors.

The Chief Executive Officer will be required to periodically report (e.g., quarterly) to the Board a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into such agreements.

Key Contracts

Electric Supply Contract

SCP will initiate service using a multi-year electricity supply contract with a qualified provider. The third party provider will supply electricity and related services to customers under a contract between the provider and SCP. SCP may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. SCP would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

Under the initial supply contract, the supplier commits to serve the composite electrical loads of customers in the Program. The supplier is responsible for ensuring that a certified Scheduling Coordinator schedules the loads of all customers in the SCP Program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy and ancillary services. The supplier is responsible for SCP's day-to-day energy supply operations and for managing the predominant supply risks for the term of the contract. The supplier must meet the Program's renewable energy goals and comply with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

SCP anticipates executing the electric supply contract for Phase 1 loads in the fall of 2013. The contract for Phase 2 and Phase 3 loads will be executed approximately four months prior to commencement of service to these customers.

Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract may be separate from the electric supply contract. A single contractor will be selected to perform all of the data management functions.¹²

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements; and
- Settlement quality meter data reporting
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the data management contract from the energy supply contract gives SCP greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

¹² The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

It is anticipated that SCP will execute a contract for data management services in early-2013.

Electric Supply Procurement Process

SCP issued a request for proposals for shaped energy, renewable energy and resource adequacy capacity as part of a competitive solicitation process. SCP selected four energy suppliers, described below, for the short list of firms who may provide electricity for the Program under an initial energy services contract. The short list of potential energy suppliers selected as a result of this process reflected a highly qualified pool of suppliers for further negotiations, which will be completed prior to initiation of CCA service. Final supplier selection is anticipated to be made by the SCPA Board in October or November 2013.

Constellation/Exelon Generation Company LLC

Constellation is a leading competitive energy supplier in the United States, and is the customer-facing business of Exelon. Constellation is headquartered in Baltimore, MD and has been a leader in the competitive energy business since the advent of open U.S. electricity markets. In 1995, Constellation began serving retail energy customers in the newly competitive electricity market and has been active in the Load Response market since 2001. Today Constellation has teams of commercial, regulatory and legislative energy professionals in each of the geographic markets that it serves, helping to shape energy markets throughout North America.

Constellation helps customers across the United States buy, manage and use their energy. Constellation's retail and wholesale customers enjoy a wide range of innovative and integrated solutions from electricity, natural gas, and renewable energy supply to energy management solutions including load response, real-time energy management, energy efficiency projects, and utility scale renewable energy development. Its retail energy supply business has one of the largest commercial, industrial and residential customer bases in the United States including approximately 100,000 business and public sector customers, as well as approximately one million residential customers across 46 states, the District of Columbia, and Canada. Constellation's wholesale electricity supply business provides power to utilities and municipal co-ops nationwide. Constellation and its affiliates together served approximately 164 million MWh of electric supply to customers throughout the United States in 2011. Exelon is now the top competitive power generator in the nation, owning nearly 35,000 MW of merchant generating capacity.

Constellation is an active participant in almost all facets of the California electric market, including serving retail load as an ESP registered with the CPUC, providing wholesale power to utilities and municipal entities, and acting as a certified Scheduling Coordinator with the CAISO. Constellation has sited and permitted generation resources in California and maintains 24/7 energy trading operations to help manage and optimize its load serving obligations, including importing and exporting power to/from California. Constellation is also an active participant in ongoing regulatory proceedings and legislative affairs that affect the structure and operation of wholesale and retail load serving services.

Exelon Generation Company, LLC is rated BBB by S&P and Baa2 by Moody's.

Consolidated Edison Solutions

CES is a leading energy services company that provides cost-effective energy solutions to commercial, industrial, residential and government customers. Based in Valhalla, New York, the company delivers a broad range of commodity, consulting, demand-side management, and performance contracting services. In 2012, CES served approximately 14 million MWH of load in the Connecticut, Delaware, Illinois, Maine, Massachusetts, New Hampshire, New York, New Jersey, Maryland, Pennsylvania, Rhode Island, Texas, and Washington, D.C. markets, representing annual estimated revenue of approximately \$1.2 billion dollars. CES is accredited as an Energy Services Provider (ESP) by the National Association of Energy Service Companies (NAESCO). CES is a subsidiary of Consolidated Edison, Inc., one of the nation's largest investor-owned energy companies, with approximately \$12 billion in annual revenues and \$41 billion in assets.

CES is an experienced provider of energy products and services to municipal aggregations. CES is currently, or has previously been the supplier to, the following community choice aggregation programs:

Cape Light Compact, MA: 230 MW, 140,000 customers. Comprised of twenty-one towns and two counties located on Cape Cod and Martha's Vineyard, CES has served this large aggregation since 2005 and has an existing agreement in place through 2013.

City of Marlborough, MA: 35 MW, 17,000 customers. CES served this large aggregation from December 2007 through November 2012.

Town of Ashland, MA: 15 MW, 7,000. Served by CES from January 2011 to December 2012.

Town of Lunenburg, MA: 10 MW, 5,000. Served by CES from January 2011 to December 2012.

Town of Plumsted, NJ: 7 MW, 2000 customers, served by CES since January 2013.

Village of Lena, IL: 3 MW, 1000 customers, served by CES since October 2012.

CEI's parent company, Consolidated Edison, is rated BBB+ by S&P and Baa1 by Moody's.

Direct Energy

Direct Energy is one of North America's largest competitive energy suppliers of electricity, natural gas and related services. Direct Energy operates in 46 US states, the District of Columbia and 10 Canadian provinces serving over 6 million customers. Headquartered in Houston TX, Direct Energy has regional offices in California, Ohio, Pennsylvania, Florida and in the Alberta and Ontario Canadian provinces. Direct's customers include residential, commercial, industrial, public institution, government and national account customers. Direct Energy has been a certified scheduling coordinator serving retail load in California since 1999.

Direct Energy is wholly-owned by Centrica plc, one of the world's leading integrated energy companies. In 2012, Centrica served over 30 million customers on both sides of the Atlantic, operated in seven countries with 38642 employees.

Direct Energy's parent company, Centrica plc, is rated A- by S&P.

NRG Energy, Inc.

NRG Energy, Inc. (NYSE: NRG) is a Fortune 300 and S&P 500 independent power producer (IPP) with both traditional and renewable generation assets located in strategic markets throughout the United States. NRG's business focus encompasses both wholesale generation and the sale of retail electricity. For the year ended December 31, 2012, NRG's financial statements reflected operating revenue of over \$8 billion, \$1.175 billion of adjusted cash flow from operations, total assets of approximately \$35.1 billion, and over \$3.6 billion in total liquidity. NRG has over \$5.5 billion in market capitalization, along with a \$2.3 billion corporate credit line with 18 global banks.

NRG has a combined operating portfolio of more than 47,000 MW making it one of the largest competitive power generation companies in the country. NRG has extensive experience in developing and constructing large-scale power generation facilities as well as distributed generation facilities. With 460 MW in operation, 1,000 MW in construction and another 1,000 MW in development, NRG is one of the largest solar developers in the U.S.

NRG's retail businesses include Reliant, Green Mountain, Compassion Energy and Pennywise. Reliant was purchased by NRG in 2009 and is currently the largest business electricity provider in Texas based on volume sold. NRG's retail subsidiaries served 2.2 million customers and satisfied over 61 TWh of retail obligations in 2012, making it one of the largest retail electricity providers in the U.S.

NRG is rated BB- by S&P and Ba3 by Moody's.

CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of SCP Program termination. By adopting the original Implementation Plan, SPC's Board of Directors will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that SCP would terminate the SCP Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. The Board retains authority to modify program policies from time to time at its discretion.

Termination by SCP

SCP will offer services for the long term with no planned Program termination date. In the unanticipated event that the majority of the Member's governing bodies (County Board of Supervisors and/or City/Town Councils) decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to SCP consistent with the terms set forth in the JPA Agreement. Following such notice, SCP would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that the Board affirmatively votes to proceed with JPA termination, the Board would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and SCP would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

SCP will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned

for default or because its contract has expired. SCP will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

CHAPTER 12 – Appendices

Appendix A: SCP Resolution Adopting Implementation Plan and Member and Participant Ordinances

Appendix B: Sonoma Clean Power Joint Powers Agreement

Appendix A: SCP Resolution Approving Implementation Plan and Member and Participant Ordinances

RESOLUTION NO. 2013-0005

RESOLUTION APPROVING AND ADOPTING THE IMPLEMENTATION PLAN FOR THE SONOMA CLEAN POWER COMMUNITY CHOICE AGGREGATION PROGRAM, AND AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER TO SUBMIT THE PLAN TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND TO TAKE ALL STEPS NECESSARY TO OBTAIN CPUC APPROVAL OF THE PLAN

WHEREAS, in order to implement the Sonoma Clean Power Authority community choice aggregation program, California law requires the Board to consider and approve an Implementation Plan at a duly noticed public hearing, and submit the Implementation Plan for approval to the California Public Utilities Commission; and

WHEREAS, the Board held a duly noticed public hearing at its meeting of August 15, 2013 to consider adoption of an Implementation Plan; and

WHEREAS, the Implementation Plan as presented to the Board describes the organizational structure of the program, its operations, and funding, rate setting and other costs to participants, disclosure and due process in setting rates and allocating costs among participants, methods for entering and terminating agreements with other entities, the rights and responsibilities of program participants, including, but not limited to, information about financial, technical, and operational capabilities, and meets the requirements of California law;

NOW, THEREFORE, BE IT RESOLVED THAT:

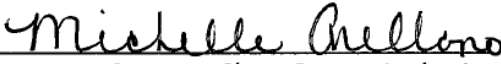
1. The foregoing recitals are true and correct.
2. The Board approves and adopts the Implementation Plan for the Sonoma Clean Power community choice aggregation program, and authorizes and directs the Chief Executive Officer to submit the Implementation Plan to the California Public Utilities Commission, and to take all steps necessary to obtain approval of the plan by the California Public Utilities Commission.
3. The Chief Executive Officer is authorized to make minor, non-substantive, technical changes to the Implementation Plan, following review and approval by Authority Counsel, as may be necessary to obtain CPUC approval of the Implementation Plan.

ADOPTED AND APPROVED by the Board of Directors of the Sonoma Clean Power Authority this 15th day of August, 2013, by the following vote:

Director	Aye	No	Absent/Abstain
Gorin	X		
McGuire (alternate for Zane)	X		
Okrepkie	X		
Landman	X		
Kyes	X		
Barbose	X		
Ours	X		
Swinth	X		


Chair, Sonoma Clean Power Authority

Attest:


Secretary, Sonoma Clean Power Authority

COUNTY OF SONOMA ORDINANCE NO. 6016

SONOMA COUNTY WATER AGENCY ORDINANCE NO. 6016

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA, AND AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY WATER AGENCY, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM.

The Board of Supervisors of the County of Sonoma, State of California, and the Board of Directors of the Sonoma County Water Agency, hereby ordain as follows:

SECTION I. The County of Sonoma ("County") and the Sonoma County Water Agency ("Water Agency") have been investigating options to provide electric services to constituents within its service areas with the intent of achieving greater local involvement over the provisions of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs.

SECTION II. Assembly Bill 117, codified as Public Utilities Code §366.2, authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency, and to this end the County and the Water Agency have been participating since 2010 in the evaluation of a CCA program for the County and Water Agency and the cities and towns within their service areas. Both the County and the Water Agency have the authority to implement and operate a CCA program under California law.

SECTION III. To assist in the evaluation of a CCA program within Sonoma County, the County and Water Agency created a Steering Committee composed of elected representatives of the County, Water Agency, and cities within Sonoma County; County and Water Agency staff; city and town managers from cities within Sonoma County; representatives of interested non-profit organizations; labor representatives; representatives of Sonoma County businesses; and representatives from the Sonoma County Taxpayers Association. The Steering Committee had input into, oversaw, and received reports on the analysis conducted by consultants hired by the Water Agency to evaluate the feasibility of implementing a CCA program. Water Agency staff also made multiple presentations about the potential CCA program to city and town councils and interested community organizations.

SECTION IV. The Water Agency prepared a Feasibility Study and a draft Implementation Plan for the CCA program. The Feasibility Study and draft Implementation Plan show that implementing a CCA program in Sonoma County would provide multiple benefits, including

- Increased local control and involvement in and collaboration on energy rates and other energy-related matters;
- More stable long-term electric rates that are competitive with those provided by the incumbent utility;

- Reductions in greenhouse gas emissions arising from electricity use within Sonoma County;
- Increased local renewable generation capacity;
- Increased energy conservation and efficiency projects and programs;
- Increased regional energy self-sufficiency; and
- Improvements to the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects.

SECTION V. Public Utilities Code §366.2 allows a CCA program to be carried out under a joint powers agreement entered into by entities that each have the capacity to implement a CCA program individually. The joint power agreement structure reduces the risks of implementing a CCA program by immunizing the financial assets of participants.

SECTION VI. In order to obtain more specific information about the costs of the CCA program, the County and Water Agency approved executing a Joint Powers Agreement on December 4, 2012, creating the "Sonoma Clean Power Authority." The Joint Powers Agreement contemplates that cities and towns within Sonoma County may participate in the CCA program by adopting the ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement.

SECTION VII. Based upon all of the above, the Board of Supervisors and the Board of Directors elect to implement a Community Choice Aggregation program within the County's and Water Agency's jurisdictions by and through the County's and Water Agency's participation in the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the County's and the Water Agency's right to forego the actual implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

SECTION VIII. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors and the Board of Directors hereby declare that they would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION IV. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage and shall be published once before the expiration of fifteen (15) days after said passage, with the names of the Supervisors and Directors voting for or against the same, in the Sonoma County Press Democrat, a newspaper of general circulation published in the County of Sonoma, State of California.

In regular session of the Board of Supervisors of the County of Sonoma and the Board of Directors of the Sonoma County Water Agency introduced on the 4th day of December, 2012,

Ordinance #6016

Date: 2/11/2012

Page 3

and finally passed and adopted this 11th day of December, 2012, on regular roll call of the members of said Boards by the following vote:

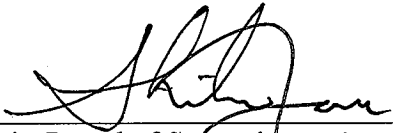
Supervisors/Directors:

Brown: Aye Rabbitt: Aye McGuire: Aye Carrillo: Aye Zane: aye

Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

WHEREUPON, the Chair declared the above and foregoing ordinance duly adopted and

SO ORDERED.



Chair, Board of Supervisors, County of Sonoma
Chair, Board of Directors, Sonoma County Water Agency

ATTEST:



Clerk of the Board of Supervisors by 

RESOLUTION NO. 2999-13

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WINDSOR REQUESTING THAT THE SONOMA CLEAN POWER AUTHORITY ACT AS COMMUNITY CHOICE AGGREGATOR ON BEHALF OF THE TOWN AND IMPLEMENT THE SONOMA CLEAN POWER COMMUNITY CHOICE AGGREGATION PROGRAM WITHIN THE TOWN

WHEREAS, the Town of Windsor has investigated options to provide electric services to customers within the Town, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs; and

WHEREAS, the Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2; and

WHEREAS, the Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

WHEREAS, on December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”), and under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2; and

WHEREAS, cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement; and

WHEREAS, the Authority solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable, and has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E); and

WHEREAS, under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility, so that Town residents and businesses who wish to continue to receive service from the incumbent utility will be able to do so.

NOW, THEREFORE, BE IT RESOLVED, THAT THE TOWN COUNCIL OF THE TOWN OF WINDSOR FINDS AND RESOLVES AS FOLLOWS:

1. The foregoing recitals are true and correct.
2. The Town of Windsor hereby requests that the Sonoma Clean Power Authority act as Community Choice Aggregator on its behalf within the jurisdiction of the Town, and authorizes the Authority to implement and carry out within the Town the community choice aggregation program as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.
3. This Resolution shall be effective immediately.

PASSED, APPROVED AND ADOPTED this 15th day of May 2013, by the following vote:

AYES: COUNCILMEMBERS FUDGE, OKREPKIE AND SALMON
NOES: COUNCILMEMBER ALLEN AND MAYOR GOBLE
ABSTAIN: NONE
ABSENT: NONE



ROBIN GOBLE, MAYOR

ATTEST:



MARIA DE LA O, TOWN CLERK

ORDINANCE NO. 2013-279

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF WINDSOR AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

**THE TOWN COUNCIL OF THE TOWN OF WINDSOR HEREBY ORDAINS AS
FOLLOWS:**

SECTION I. The Town of Windsor has investigated options to provide electric services to customers within the Town, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs.

SECTION II. The Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2. The Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects.

SECTION III. On December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”). Under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement.

SECTION IV. The Authority has solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable. From those bids, the Authority has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E).

SECTION V. Under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to continue to receive service from the incumbent utility will be able to do so.

SECTION VI. Based upon the forgoing, and in order to provide business and residents within the Town of Windsor with a choice of power providers and with the benefits described above, the Council hereby affirmatively elects to implement a community choice aggregation program within the jurisdiction of the Town of Windsor by participating as a group with the County of Sonoma, the Sonoma County Water Agency, and other cities in Sonoma County in the Community Choice Aggregation program of the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

SECTION VII. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Town Council hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION VIII. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage and shall be published once before the expiration of fifteen (15) days after said passage, with the names of the Councilmembers voting for or against the same, in a newspaper of general circulation published in the County of Sonoma, State of California.

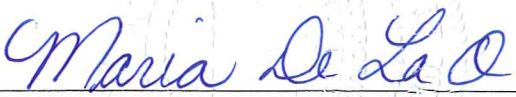
PASSED, APPROVED, AND ADOPTED this 19th day of June 2013, by vote as follows:

AYES: COUNCILMEMBERS FUDGE, OKREPKIE AND SALMON
NOES: COUNCILMEMBER ALLEN AND MAYOR GOBLE
ABSTAIN: NONE
ABSENT: NONE



ROBIN GOBLE, MAYOR

ATTEST:



MARIA DE LA O, TOWN CLERK

CITY OF SONOMA

RESOLUTION NO. 30 - 2013

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA
REQUESTING THAT THE SONOMA CLEAN POWER AUTHORITY
ACT AS COMMUNITY CHOICE AGGREGATOR ON BEHALF OF
THE CITY AND IMPLEMENT THE SONOMA CLEAN POWER
COMMUNITY CHOICE AGGREGATION PROGRAM
IN THE CITY OF SONOMA AND RESINDING RESOLUTION NO 23-1013**

WHEREAS, the City of Sonoma has investigated options to provide electric services to customers within the City, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs; and

WHEREAS, the Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation ("CCA") program in Sonoma County under the provisions of Public Utilities Code §366.2; and

WHEREAS, the Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

WHEREAS, on December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority ("the Authority"), and under the Joint Powers Agreement (the "JPA"), cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2; and

WHEREAS, in response to comments from the City and others, Sonoma County and the Sonoma County Water Agency have advised the City that they intend to amend the JPA in a manner that is acceptable to the City Council. Said amendment to the JPA is intended to occur at the on or before June 25. However, the Authority has requested the City adopt the resolution in June and given that the City's last meeting in June is June 17, the City, in order to accommodate the Authority is adopting this resolution in advance of said amendments to the JPA, in reliance on the representation that the JPA will be amended in a manner that is acceptable to the City; and

WHEREAS, cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement; and

WHEREAS, the Authority solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable, and has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E); and

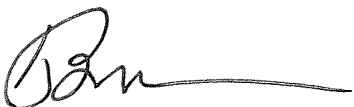
WHEREAS, under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility, so that City residents and businesses who wish to continue to receive service from the incumbent utility will be able to do so;

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Sonoma finds and resolves as follows:

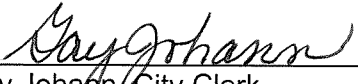
1. The foregoing recitals are true and correct.
2. The City of Sonoma hereby requests that the Sonoma Clean Power Authority act as Community Choice Aggregator on its behalf within the jurisdiction of the City, and authorizes the Authority to implement and carry out within the City the community choice aggregation program as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.
3. The City hereby designates and appoints Councilmember Steve Barbose to serve as the representative of the City on the Board of Directors of the Sonoma Clean Power Authority.
4. This Resolution shall be effective immediately.
5. Resolution No. 23-2013 is hereby rescinded and replaced by this resolution including the naming of a City representative.

PASSED, APPROVED AND ADOPTED this 15th day of July 2013 by the following vote:

AYES:	Barbose, Rouse, Brown, Cook
NOES:	None
ABSENT:	Gallian



Ken Brown, Mayor

ATTEST:


Gay Johann, City Clerk

CITY OF SONOMA

ORDINANCE NO. 03 – 2013

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SONOMA AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

The City Council of the City of Sonoma does ordain as follows:

SECTION 1. The City of Sonoma has investigated options to provide electric services to customers within the City, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs.

SECTION 2. The Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2. The Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects.

SECTION 3. On December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”). Under the Joint Powers Agreement (the “JPA”), cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement.

SECTION 4. In response to comments from the City and others, Sonoma County and the Sonoma County Water Agency have advised the City that they intend to amend the JPA in a manner that is acceptable to the City Council. Said amendment to the JPA is intended to occur at the on or before June 25. However, the Authority has requested the City adopt this ordinance in June and given that the City’s last meeting in June is June 17, the City, in order to accommodate the Authority is adopting this ordinance in advance of said amendments to the JPA, in reliance on the representation that the JPA will be amended in a manner that is acceptable to the City.

SECTION 5. The Authority has solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable. From those bids, the Authority has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E).

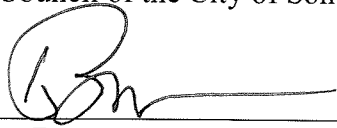
SECTION 6. Under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to continue to receive service from the incumbent utility will be able to do so.

SECTION 7. Based upon the forgoing, and in order to provide business and residents within the City of Sonoma with a choice of power providers and with the benefits described above, the Council hereby affirmatively elects to implement a community choice aggregation program within the jurisdiction of the City of Sonoma by participating as a group with the County of Sonoma, the Sonoma County Water Agency, and other cities in Sonoma County in the Community Choice Aggregation program of the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

SECTION 8. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The City Council hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION 9. Effective Date. This Ordinance shall become effective thirty (30) days from and after the date of its passage.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Sonoma this 15th day of July 2013.


Ken Brown, Mayor

ATTEST:


Gay Johann, City Clerk

State of California)
County of Sonoma)
City of Sonoma)

I, Gay Johann, City Clerk of the City of Sonoma, do hereby certify that the foregoing ordinance was adopted on July 15, 2013 by the following vote:

AYES: Barbose, Rouse, Brown, Cook
NOES: None
ABSENT: Gallian



Gay Johann, City Clerk

RESOLUTION NO. 28315

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA REQUESTING THAT THE SONOMA CLEAN POWER AUTHORITY ACT AS COMMUNITY CHOICE AGGREGATOR ON BEHALF OF THE CITY AND IMPLEMENT THE SONOMA CLEAN POWER COMMUNITY CHOICE AGGREGATION PROGRAM WITHIN THE CITY OF SANTA ROSA

WHEREAS, the Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2; and

WHEREAS, the Feasibility Study and draft Implementation Plan states that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

WHEREAS, on December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”), and under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2; and

WHEREAS, cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement; and

WHEREAS, the Authority solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable, and has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E); and

WHEREAS, under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility, so that City residents and businesses who wish to continue to receive service from the incumbent utility will be able to do so.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby requests that the Sonoma Clean Power Authority act as Community Choice Aggregator on its behalf within the jurisdiction of the City, and authorizes the Authority to implement and carry out within the City the community choice aggregation program as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission and provided that the following changes are made in writing to Joint Powers Agreement and Draft Implementation Plan:

- A. Section 4.7.6 of the Joint Powers Agreement is amended to provide that Santa Rosa shall have an equal number of Directors as the County regardless of the number of participants and provide for the appointment of alternates to attend in the absence of the Director;
- B. That Section 4.7 of the Joint Powers Agreement be amended to provide that the following actions shall require the specified vote of the Board of Directors as follows:
 1. Amendment of the Joint Powers Agreement shall require a sixty-six percent (66%) vote of the Directors and of the weighted vote of members and participants.
 2. Exercise of Eminent Domain power to acquire property other than Easements shall require a seventy five percent (75%) vote of the Board of Directors;
 3. Any requirement that Participant make contributions or pledge assets as a condition of continued participation in the CCA shall require a seventy-five percent (75%) vote of the Directors and shall also require the approval of the governing board of those asked to make such pledge or contribution.
- C. That the Joint Powers Agreement be amended to specify that meetings of the Authority, any committee appointed by the Authority including but not limited to the Ratepayer Committee and the Business Advisory Committee and any subsidiary or independent company established by the Authority shall comply with the provisions of the Ralph M. Brown Act in the conduct of any of its meetings.
- D. That Section 4.5.2.1 of the Joint Powers Agreement be amended to provide that the Ratepayer Advisory Committee "shall" instead of "may" recommend to the Board that any rates or charges proposed to be imposed by the Authority be approved, approved as amended or disapproved and delete language that the ratepayer committee can decline to make a recommendation; and that Section 4.5.3.4 be amended to provide that the Board of Directors may authorize an amount to exceed those expenditure limits of it finds and determine it is reasonable and necessary to do so.

- E. That Section 4.5.1 of the Joint Powers Agreement be amended to provide that removal of a member of the Ratepayer Advisory Committee shall require a two-thirds vote of the Directors.
- F. That the Joint Powers Agreement be amended to provide that the Board shall be required to approve any contract between the Authority and one of its Members or Participants if the total amount of the contract(s) in any fiscal year are in excess of \$50,000.
- G. That the Joint Powers Agreement be amended to clarify the Withdrawal Provisions in Sections 7.1 and 8.14 in terms of the notice requirements after an amendment and the scope of the liability of a withdrawing participant. In addition, the language in Section 7.3 should be amended to define a standard for the deposit requirements upon withdrawal that is not so ambiguous or arbitrary.
- H. That the Draft Implementation Plan be amended to provide that the Board shall develop within the first year a long term strategic plan for the funding and evaluation of local renewable and energy efficiency projects which shall include consideration by the board of requirements for a dedicated funding source, prevailing wage requirements, and project labor agreements and consider limitations on use of nuclear power.
- I. That the Draft Implementation Plan be amended to provide that the City of Santa Rosa's municipal accounts shall not be included until Phase II of the Implementation plan and that with 180 days prior notice, the City may elect to defer Implementation of some or all of its accounts until Phase III.
- J. That the Draft Implementation Plan be amended to remove the Cost Recovery Charge imposed on customers who terminate their account with Sonoma Clean Power and that provisions be added that require any customer who previously terminated their service must agree to at least a twelve month service period to initiate new service with Sonoma Clean Power.

BE IT FURTHER RESOLVED that this resolution shall be effective immediately.

BE IT FURTHER RESOLVED that upon satisfaction of the above conditions, the Council shall adopt an ordinance implementing the Community Choice Aggregation Program. If the conditions are not satisfied within thirty (30) days then this resolution shall become null and void.

IN COUNCIL DULY PASSED this 16th day of July, 2013.

AYES: (6) Mayor Olivares, Council Members Combs, Olivares, Ours, Swinth, Wysocky

NOES: (0)

ABSENT: (1) Vice Mayor Carlstrom

ABSTAIN: (0)

ATTEST: Stephanie Williams
Deputy City Clerk

APPROVED: Don P. Barth
Mayor

APPROVED AS TO FORM:

P&C CL7
City Attorney

ORDINANCE NO. 4009

ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA ROSA AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

THE PEOPLE OF THE CITY OF SANTA ROSA DO ENACT AS FOLLOWS:

Section 1. The Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2. The Feasibility Study and draft Implementation Plan state that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing stable long-term electric rates;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

Section 2. On December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”). Under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement.

Section 3. The Authority has solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable. From those bids, the Authority has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E).

Section 4. Under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to continue to receive service from the incumbent utility will be able to do so.

Section 5. Based upon the forgoing, and in order to provide business and residents within the City of Santa Rosa with a choice of power providers and with the benefits described above,

the Council hereby affirmatively elects to implement a community choice aggregation program within the jurisdiction of the City of Santa Rosa by participating as a group with the County of Sonoma, the Sonoma County Water Agency, and other cities in Sonoma County in the Community Choice Aggregation program of the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

Section 6. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

Section 7. Environmental Determination The City finds that the action approving Sonoma Power is within the scope of the Supplemental Environmental Impact Report of the Santa Rosa Climate Action Plan adopted on June 5, 2012, and further that any future projects in connection with Sonoma Clean Power will be subject to future environmental review consistent with the requirements of CEQA

Section 8. Effective Date. This ordinance shall take effect on the 31st day following its adoption.

IN COUNCIL DULY PASSED this 30th day of July, 2013.

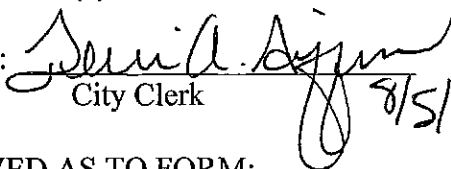
AYES: (6) Mayor Bartley, Council Members Combs, Ours, Olivares, Swinth, Wysocky

NOES: (0)

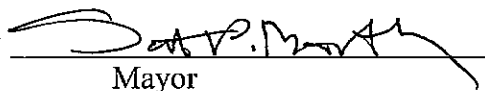
ABSENT: (1) Vice Mayor Carlstrom

ABSTAIN: (0)

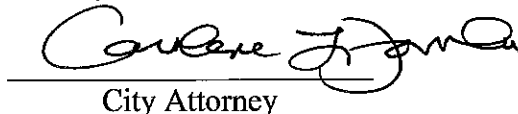
ATTEST:


City Clerk

APPROVED:


Mayor

APPROVED AS TO FORM:


City Attorney

RESOLUTION NO. **5942**

A Resolution of the City Council of the City of Sebastopol Requesting that the Sonoma Clean Power Authority Act as Community Choice Aggregator on behalf of the City and Implement the Sonoma Clean Power Community Choice Aggregation Program within the City of Sebastopol

Whereas, the City of Sebastopol has investigated options to provide electric services to customers within the City, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs; and

Whereas, the Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2; and

Whereas, the Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

Whereas, on December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”), and under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2; and

Whereas, cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement; and

Whereas, the Authority solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable, and has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E); and

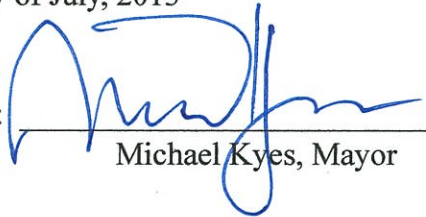
Whereas, under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility, so that City residents and businesses who wish to continue to receive service from the incumbent utility will be able to do so.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEBASTOPOL FINDS AND RESOLVES AS FOLLOWS:

1. The foregoing recitals are true and correct.
2. The City of Sebastopol hereby requests that the Sonoma Clean Power Authority act as Community Choice Aggregator on its behalf within the jurisdiction of the City, and authorizes the Authority to implement and carry out within the City the community choice aggregation program as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.
3. This Resolution shall be effective immediately.

IN COUNCIL DULY PASSED this 2nd day of July, 2013

APPROVED:


Michael Kyes, Mayor

VOTE:

AYES: Councilmembers Gurney, Slayter, Vice Mayor Jacob and Mayor Kyes

NOES: Councilmember Eder


ABSTAIN: None

ABSENT: None

ATTEST:


Mary Gourley, City Clerk

Approved as to Form:


Larry McLaughlin, City Attorney

SECOND READING AND ADOPTION

Chapter 3.66

City of Sebastopol City Council Ordinance No. **1061**

An Ordinance of the City Council of the City of Sebastopol Authorizing the Implementation of a Community Choice Aggregation Program

THE CITY COUNCIL OF THE CITY OF SEBASTOPOL HEREBY ORDAINS AS FOLLOWS:

SECTION I. The City of Sebastopol has investigated options to provide electric services to customers within the City, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs.

SECTION II. The Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2. The Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects.

SECTION III. On December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”). Under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA program will have

membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement.

SECTION IV. The Authority has solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable. From those bids, the Authority has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E).

SECTION V. Under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to continue to receive service from the incumbent utility will be able to do so.

SECTION VI. Based upon the forgoing, and in order to provide business and residents within the City of Sebastopol with a choice of power providers and with the benefits described above, the Council hereby affirmatively elects to implement a community choice aggregation program within the jurisdiction of the City of Sebastopol by participating as a group with the County of Sonoma, the Sonoma County Water Agency, and other cities in Sonoma County in the Community Choice Aggregation program of the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

SECTION VII. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The City/Town Council hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION VIII. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage and shall be published once before the expiration of fifteen (15) days after said passage, with the names of the Councilmembers voting for or against the same, in the Sonoma County Press Democrat, a newspaper of general circulation published in the County of Sonoma, State of California.

IN COUNCIL DULY APPROVED FOR INTRODUCTION AND FIRST READING on the 2nd day of July 2013.

IN COUNCIL DULY APPROVED FOR SECOND READING AND ADOPTION on the 16th day of July, 2013.

APPROVED:


Michael Kyes, Mayor

VOTE:

AYES: Councilmembers Gurney, Slayter, Vice Mayor Jacob and Mayor Kyes
NOES: None
ABSTAIN: None
ABSENT: Councilmember Eder

ATTEST:


Mary Gourley, City Clerk

Approved as to Form:


Larry McLaughlin, City Attorney

ORDINANCE NO. 839

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COTATI ADDING CHAPTER 13.50 (COMMUNITY CHOICE AGGREGATION) TO TITLE 13 (WATER, SEWERS AND ELECTRICAL)

WHEREAS, the City of Cotati (“City”) has investigated options to provide electric services to customers within the City, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs; and

WHEREAS, assembly Bill 117, codified as Public Utilities Code §366.2, authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency; and

WHEREAS, The Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2. The Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

WHEREAS, Public Utilities Code §366.2 allows a CCA program to be carried out under a joint powers agreement entered into by entities that each have the capacity to implement a CCA program individually. The joint power agreement structure reduces the risks of implementing a CCA program by immunizing the financial assets of participants; and

WHEREAS, On December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”). Under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2. Cities and towns choosing to participate in the CCA

program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement; and

WHEREAS, the Authority has solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable. From those bids, the Authority has determined that a CCA program in Sonoma County could provide power to residents and businesses at rates that are competitive with those of the incumbent utility (PG&E); and

WHEREAS, Under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to continue to receive service from the incumbent utility will be able to do so.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COTATI DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 13.50 (Community Choice Aggregation) and Section 13.50.010 (Sonoma Clean Power) is added to the Cotati Municipal Code under Part III (Other Utility Regulations) to read as follows:

13.50.010 Sonoma Clean Power

A. In order to provide business and residents within the City of Cotati with a choice of power providers, the Council hereby affirmatively elects to implement a community choice aggregation program within the jurisdiction of the City of Cotati by participating as a group with the County of Sonoma, the Sonoma County Water Agency, and other cities in Sonoma County in the Community Choice Aggregation program of the Sonoma Clean Power Authority, as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.

SECTION 2: Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors and the Board of Directors hereby declare that they would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION 3: Effective Date. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage and shall be published once before the expiration of fifteen (15) days after said passage, with the names of

the City Council members voting for or against the same, in the Sonoma County Press Democrat, a newspaper of general circulation published in the County of Sonoma, State of California.

IT IS HEREBY CERTIFIED that the foregoing ordinance was duly introduced at a regular meeting of the City Council of the City of Cotati held on the 26th day of June, 2013 and legally adopted at a regular meeting of the City Council of the City of Cotati held on the 10th day of July, 2013 by the following vote, to wit:

LANDMAN	<u>Yes</u>
DELL'OSSO	<u>Yes</u>
HARVEY	<u>Yes</u>
MOORE	<u>Yes</u>
SKILLMAN	<u>Yes</u>

Approved: _____

Mark Landman, Mayor

Attest: _____

Tamara Taylor, CMC
Deputy City Clerk

Approved as to form:

Robin Paige Donoghue
Robin Donoghue, City Attorney

RESOLUTION NO. 2013-41

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COTATI REQUESTING THAT THE SONOMA CLEAN POWER AUTHORITY ACT AS COMMUNITY CHOICE AGGREGATOR ON BEHALF OF THE CITY AND IMPLEMENT THE SONOMA CLEAN POWER COMMUNITY CHOICE AGGREGATION PROGRAM WITHIN THE CITY OF COTATI

WHEREAS, the City of Cotati has investigated options to provide electric services to customers within the City, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs; and

WHEREAS, the Sonoma County Water Agency prepared a Feasibility Study and a draft Implementation Plan for a community choice aggregation (“CCA”) program in Sonoma County under the provisions of Public Utilities Code §366.2; and

WHEREAS, the Feasibility Study and draft Implementation Plan show that implementing a community choice aggregation program could provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within Sonoma County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency; and
- Improving the local economy resulting from the implementation of local renewable energy and energy conservation and efficiency projects; and

WHEREAS, on December 4, 2012, the County of Sonoma and the Sonoma County Water Agency approved a Joint Powers Agreement creating the Sonoma Clean Power Authority (“the Authority”), and under the Joint Powers Agreement, cities and towns within Sonoma County may participate in the Sonoma Clean Power CCA program by adopting the resolution and ordinance required by Public Utilities Code §366.2; and

WHEREAS, cities and towns choosing to participate in the CCA program will have membership on the Board of Directors of the Sonoma Clean Power Authority as provided in the joint powers agreement; and

WHEREAS, the Authority solicited bids from electric power suppliers and other service providers, in order to determine whether implementation of a CCA program in Sonoma County is financially viable, and has determined that a CCA program in Sonoma County could

provide power to residents and businesses at rates that are competitive with those of the incumbent utility.

WHEREAS, under Public Utilities Code §366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility, so that City residents and businesses who wish to continue to receive service from the incumbent utility will be able to do so;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cotati:

1. The City of Cotati hereby requests that the Sonoma Clean Power Authority act as Community Choice Aggregator on its behalf within the jurisdiction of the City, and authorizes the Authority to implement and carry out within the City the community choice aggregation program as generally described in the draft Implementation Plan, subject to the Authority's right to forego the implementation of a Community Choice Aggregation program in the event that the Board of Directors of the Sonoma Clean Power Authority determines not to finalize and approve an Implementation Plan for submission to the California Public Utilities Commission.
2. The City will select a representative for the Sonoma Clean Power Authority Board of Directors concurrent with adoption of the ordinance.
3. This Resolution shall be effective immediately.

IT IS HEREBY CERTIFIED that the foregoing resolution was duly introduced and legally adopted at a regular meeting of the City Council of the City of Cotati held on the 26th day of June, 2013 by the following vote, to wit:

LANDMAN	<u>Yes</u>
DELL'OSSO	<u>Yes</u>
HARVEY	<u>Yes</u>
MOORE	<u>Yes</u>
SKILLMAN	<u>Yes</u>

Approved: _____

Mark Landman, Mayor

Attest: _____

Tami Tayor, CMC
Deputy City Clerk

Approved as to form:

Robin Donoghue

Robin Donoghue, City Attorney

Appendix B: Sonoma Clean Power Joint Powers Agreement

On December 4, 2012, the SCPA Board of Directors adopted a joint powers agreement, which was amended and restated by the Board of Directors on July 25, 2013. The joint powers agreement begins on the following page.

Second Amended and Restated Joint Powers Agreement

Relating to and Creating the

Sonoma Clean Power Authority

By and Among

The County of Sonoma and
The Sonoma County Water Agency

This Second Amended and Restated Joint Powers Agreement (“Agreement”), effective as of July 25, 2013, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”), and supersedes the original Joint Powers Agreement dated December 4, 2012 and the First Amended and Restated Joint Powers Agreement dated June 25, 2013.

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.
- B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.
- C. The purposes for the entering into this Agreement include
 - a. Reducing greenhouse gas emissions related to the use of power in Sonoma County and neighboring regions;
 - b. Providing electric power and other forms of energy to customers at a competitive cost;
 - c. Carrying out programs to reduce energy consumption;
 - d. Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
 - e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.
- D. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to

solar, wind, and biomass energy production. The purchase of renewable power and use of renewable energy credits is intended only as a transitional method to decrease regional greenhouse gas emissions; local renewable projects are the preferred method.

- E. The Parties desire to establish a separate public agency, known as the Sonoma Clean Power Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
- F. The Parties anticipate adopting an ordinance electing to implement through the Authority a common Community Choice Aggregation program, an electric service enterprise available to cities, counties, and the Sonoma County Water Agency pursuant to California Public Utilities Code Sections 331.1(c) and 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions

Exhibit B: List of the Parties and Participants

Exhibit C: Annual Energy Use

Exhibit D: Voting Shares

ARTICLE 2: FORMATION OF SONOMA CLEAN POWER AUTHORITY

2.1 Effective Date and Term. This Agreement shall become effective and Sonoma Clean Power Authority shall exist as a separate public agency on the date this Agreement is executed by the Parties. The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.

2.2 Formation. There is formed as of the Effective Date a public agency named the Sonoma Clean Power Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability

or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties and Participants are authorized to participate in the CCA Program, as further described in Section 5.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCA Program and any other energy programs approved by the Authority.

2.4 Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 4.7 through 4.7.6:

2.4.1 to make and enter into contracts;

2.4.2 to employ agents and employees, including but not limited to a Chief Executive Officer;

2.4.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.4.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;

2.4.5 to lease any property;

2.4.6 to sue and be sued in its own name;

2.4.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;

2.4.8 to form subsidiary or independent corporations or entities, if necessary to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;

2.4.9 to issue revenue bonds and other forms of indebtedness;

2.4.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;

2.4.11 to submit documentation and notices, register, and comply with orders, tariffs and

agreements for the establishment and implementation of the CCA Program and other energy programs;

2.4.12 to adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and

2.4.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.

2.5 Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the Sonoma County Water Agency.

2.6 Compliance with Local Zoning and Building Laws and CEQA. Unless state or federal law provides otherwise, any facilities, buildings or structures located, constructed, or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act (CEQA).

ARTICLE 3: AUTHORITY PARTICIPATION

3.1 Participation in CCA Program. The Parties may participate in the CCA Program upon the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12). Other incorporated municipalities and counties (“Participants”) may participate in the CCA Program upon (a) the adoption of a resolution by the governing body of such incorporated municipality or such county requesting that the incorporated municipality or county, as the case may be, become a participant in the CCA Program, (b) the adoption, by an affirmative vote of the Board satisfying the requirements described in Section 4.7.3 (or, if demanded by any Director, 4.7.4), of a resolution authorizing the participation of the additional incorporated municipality or county, specifying the participation payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning, and other pre-existing expenditures, and describing additional conditions, if any, associated with participation, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of any necessary program agreements by the incorporated municipality or county, (d) payment of the membership payment, if any, and (e) satisfaction of any conditions established by the Board.

3.2 Continuing Participation. The Parties acknowledge that participation in the CCA Program may change by the addition or withdrawal or termination of Participants. The Parties agree to participate with such other Participants as may later be added, as described in Section 3.1. The Parties also agree that the withdrawal or termination of a Participant shall not affect this Agreement or the remaining Parties’ or Participants’ continuing obligations under this Agreement.

3.3 Participants Not Liable for Authority Debts. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Participants unless the

governing board of a Participant agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Participant who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties and Participants agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 3.3 may not be amended unless such amendment is approved by the governing board of each Participant.

ARTICLE 4: GOVERNANCE AND INTERNAL ORGANIZATION

4.1 Board of Directors. The governing body of the Authority shall be a Board of Directors ("Board"). The Board shall initially consist of five directors appointed by the Sonoma County Board of Supervisors, and shall upon the addition of additional Participants be comprised as set forth in Section 4.7. Each Director shall serve at the pleasure of the governing board of the Party or Participant who appointed such Director, and may be removed as Director by such governing board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 90 days of the date that such position becomes vacant. Directors may be (but need not be) members of the Board of Supervisors or members of the governing board of any municipality or county electing to participate in the CCA Program.

4.2 Quorum. A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

4.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of the Authority, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCA Program. The Board shall be required to approve any of the following actions:

- a. The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.
- b. The hiring of a Chief Executive Officer and General Counsel.
- c. The appointment or removal of an officer.
- d. The adoption of the Annual Budget.
- e. The adoption of an ordinance.
- f. The initiation of litigation where the Authority will be the plaintiff, petitioner, cross complainant or cross petitioner, or intervenor; provided, however, that the Chief Executive Officer or General Counsel, on behalf of the Authority, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board.
- g. The setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority.
- h. Termination of the CCA Program.

4.4 Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may exercise all powers of the Authority, except the powers specifically set forth in Section 4.3 or those powers which by law must be exercised by the Board of Directors. The Board of Directors shall approve any agreement between the Authority and any Party or Participant if the total amount payable under the agreement and other agreements with the Party or Participant is more than \$50,000 in any fiscal year.

4.5 Commissions, Boards, and Committees. The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement which shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, including the Ratepayer Advisory Committee and the Business Operations Committee, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

4.5.1 Ratepayer Advisory Committee. The Board shall establish a Ratepayer Advisory Committee consisting of seven members, none of whom may be members of the Board. Three members of the Ratepayer Advisory Committee shall be commercial or industrial customers and four members shall be residential customers (one of whom shall be a tenant). Committee members shall represent the interests of the ratepayers. The Board shall publicize the opportunity to serve on the Ratepayer Advisory Committee, and shall appoint members of the Ratepayer Advisory Committee from those individuals expressing interest in serving. Members of the Ratepayer Advisory Committee shall serve staggered four-year terms (the first term of three of the members [one commercial/business, two residential] shall be two years, and four years thereafter), which may be renewed. A member of the Ratepayer Advisory Committee may only be removed by the Board of Directors by a two-thirds vote as provided in Section 4.7.5. Each member of the Ratepayer Advisory Committee shall have one vote; a majority of members shall constitute a quorum; and a majority of a quorum is sufficient for committee action.

4.5.2 Duties and Powers of Ratepayer Advisory Committee. The Ratepayer Advisory Committee shall have the following duties and powers:

4.5.2.1 Review of Budget and Rates. The proposed annual budget of the CCA Program and any rates or charges proposed to be imposed by the Authority for CCA Program power or services shall be submitted to the Ratepayer Advisory Committee for review and comment. Following review by the Ratepayer Advisory Committee of any such matter, the committee shall recommend to the Board that the matter be approved, approved as amended, or disapproved by the Board. The recommendation of the Ratepayer Advisory Committee shall be communicated to the Board and noted on the agenda for the meeting at which the Board considers the matter. The Board may impose a reasonable deadline for action on the Ratepayer Advisory Committee as necessary to ensure the timely setting of rates by the Authority.

4.5.2.2 Reports to the Board. The Ratepayer Advisory Committee may prepare or cause to be prepared for presentation to the Board any reports, investigations, studies, or analyses relating to the Authority or the CCA Program.

4.5.2.3 Placing Matters on Board's Agenda. The Ratepayer Advisory Committee may place any matter relating to the Authority or the CCA Program on the Board's agenda for consideration and possible action.

4.5.2.4 Support for Ratepayer Advisory Board. The Board shall provide reasonable and necessary administrative assistance to the Ratepayer Advisory Committee. The Ratepayer Advisory Committee may enter into contracts as reasonably necessary to carry out its duties and powers; provided, however, that (a) the amount payable under any contract cannot exceed \$20,000 per year, (b) the total amount payable under all contracts cannot exceed \$50,000 per year, and (c) the contracts are in a form acceptable to the Authority's Chief Executive Officer and General Counsel. The Board of Directors may authorize an amount in excess of these expenditure limits if it finds and determines that it is reasonable and necessary to do so for the Ratepayer Advisory Committee to perform its obligations.

4.5.3 Business Operations Committee. The Board shall establish a Business Operations Committee to oversee and assist the Chief Executive Officer in implementing the CCA Program. The Business Operations Committee shall consist of five members appointed by the Board of Directors, having expertise in one or more of the areas of management, administration, finance, public contracts, infrastructure development, renewable power generation, power sales and marketing, or energy conservation. The Business Operations Committee shall meet no less frequently than bi-monthly. Committee members shall be appointed to staggered four-year terms (the first term of two of the members shall be two years, and four years thereafter), which may be renewed. A member of the Business Operations Committee may be removed by the Board of Directors by majority vote. Each member of the Business Operations Committee shall have one vote; a majority of members shall constitute a quorum; and a majority of a quorum is sufficient for committee action. The Board of Directors shall determine whether the Committee members shall be compensated or entitled to reimbursement for expenses.

4.5.3.1 Duties of Business Operations Committee. The Business Operations Committee shall review the operations of the CCA Program. The Business Operations Committee may request that the Chief Executive Officer provide information reasonably necessary to such review. The Business Operations Committee may make recommendations with respect to the operations of the Authority to the Chief Executive Officer or to the Chair of the Board of Directors.

4.5.3.2 Chief Executive Officer Reports to Business Operations Committee. The Chief Executive Officer shall prepare, no later than the 20th day of each first month of each fiscal quarter, a report to the Business Operations Committee on the operations of the Authority during the preceding fiscal quarter. The report shall contain information regarding the financial performance of the Authority during the preceding quarter, the number of accounts served, the amount of power

delivered, and a narrative description of energy efficiency, energy conservation, renewable power generation, and other programs carried out by the Authority.

4.5.3.3 Review of Major Contracts and Capital Projects. The Chief Executive Officer shall submit all proposed contracts and capital projects having a value in excess of \$250,000 to the Business Operations Committee for review and comment prior to submission to the Board for approval. This requirement shall not apply if the Chief Executive Officer determines, following consultation with the General Counsel, that an unforeseen or emergency situation exists such that execution of a major contract is required before it is feasible to hold a meeting of the Business Operations Committee to consider the contract.

4.5.3.4 Other Delegated Powers. The Board of Directors may delegate such other and further powers and duties to the Business Operations Committee as it shall determine in its sole discretion.

4.6 Director Compensation. Directors shall serve without compensation from the Authority. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by the Authority of expenses incurred by Directors.

4.7 Board of Directors Composition upon Participation by Cities or Counties in CCA Program Under Section 3.1. Except as provided in Section 4.7.6, upon the approval of the Board of the participation of any other incorporated municipality or county (the “Participant” or “Additional Participant”) in the CCA Program pursuant to Section 3.1, the Additional Participant shall be entitled to appoint one additional member to the Board of Directors. Each Party or Participant may appoint an alternate(s) to serve in the absence of its Director(s). Upon such appointment, the voting shares of Directors and approval requirements for actions of the Board shall be as follows:

4.7.1. Voting Shares.

Each Director shall have a voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where

(a) “Annual Energy Use” means, (i) with respect to the first year following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s or Participant’s respective jurisdiction and (ii) with respect to the period after the anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by the Authority; and

(b) “Total Annual Energy” means the sum of all Parties’ and Participants’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C, and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year.

(c) The combined voting share of all Directors representing the County of Sonoma and the Sonoma County Water Agency shall be based upon the annual

electricity usage within the unincorporated area of Sonoma County.

For purposes of Weighted Voting, if a Party or Participant has more than one director, then the voting shares allocated to the entity shall be equally divided amongst its directors.

4.7.2. Exhibit Showing Voting Shares. The initial voting shares are set forth in Exhibit D. Exhibit D shall be revised no less than annually as necessary to account for changes in the number of Parties or Participants and changes in the Parties' and Participants' Annual Energy Use.

4.7.3. Approval Requirements Relating to CCA Program. Except as provided in Sections 4.7.4 and 4.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.

4.7.4. Option for Approval by Voting Shares. Notwithstanding Section 4.7.3, any Director present at a meeting may demand that approval of any matter related to the CCA Program be determined on the basis of voting shares and by the affirmative vote of a majority of Directors present at the meeting. If a Director makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares, as determined by Section 4.7.1 except as provided in Section 4.7.5.

4.7.5. Special Voting Requirements for Certain Matters.

A. Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 4.5.1, 7.2, and 8.4. Action of the Board on the matters set forth in Section 4.5.1 (removal of member of Ratepayer Advisory Committee), Section 7.2 (involuntary termination of a Party or Participant), or Section 8.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors; provided, however, that (a) notwithstanding the foregoing, any Director present at the meeting may demand that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, and if a Director makes such a demand, then approval shall require the affirmative vote of at least two-thirds of Directors and the affirmative vote of Directors having at least two-thirds of the voting shares, as determined by Section 4.7.1; (b) when a Director has demanded that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, if any individual Party or Participant's voting share exceeds 33 and the Director(s) for that Party or Participant votes in the negative or abstains or is absent from the meeting, then at least one other Director representing a different Party or Participant shall be required to vote in the negative, or the matter shall be deemed approved; and (c) for votes to involuntarily terminate a Party or Participant under Section 7.2, the Director(s) for the Party or Participant subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and weighted vote of each Party or Participant, shall be recalculated as if the Party or Participant subject to possible termination were not a Party or Participant.

B. Seventy Five Percent Special Voting Requirements for Eminent Domain and Participant Contributions or Pledge of Assets.

(i) A decision to exercise the power of eminent domain on behalf of the Authority to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors.

(ii) The imposition on any Party or Participant of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program shall require a vote of at least 75% of all Directors and the approval of the governing boards of the Parties and Participants who are being asked to make such contribution or pledge.

(iii) Notwithstanding the foregoing, any Director present at the meeting may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if a Director makes such a demand, then approval shall require the affirmative vote of at least 75% of Directors and the affirmative vote of Directors having at least 75% of the voting shares, as determined by Section 4.7.1, and when a Director has demanded that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, if any individual Party or Participant's voting share exceeds 25% and the Director(s) for that Party or Participant votes in the negative or abstains or is absent from the meeting, then at least one other Director representing a different Party or Participant shall be required to vote in the negative, or the matter shall be deemed approved. For purposes of this section, "imposition on any Party or Participant of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program" does not include any liabilities or obligations of a withdrawing or terminated party imposed under Section 7.3.

4.7.6. Reduction in Number of Members Appointed by County of Sonoma and Sonoma County Water Agency. Upon the approval of the Board of Directors of Additional Participants in the CCA Program pursuant to Section 3.1, the number of members of the Board of Directors appointed to represent the County of Sonoma and the Sonoma County Water Agency shall be reduced as set forth below:

Total Number of Additional Participants	Number of Sonoma County/SCWA Directors
1	4
2	3
3-5	2
6 or more	1

Notwithstanding anything in Section 4.7 or Section 4.7.6 to the contrary, however, in the event that the City of Santa Rosa is one of the Additional Participants, then the City of Santa Rosa shall be entitled to the same number of Directors on the Board as the County of Sonoma and the Sonoma County Water Agency.

4.8 Meetings and Special Meetings of the Board. The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board, the Ratepayer Advisory Committee, the Business Operations Committee, or the governing body of any subsidiary entity or independent corporation established by the Authority shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

4.9 Selection of Board Officers.

4.9.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.9.3 Treasurer and Auditor. The Sonoma County Auditor-Controller-Treasurer-Tax Collector shall act as the Treasurer and the Auditor for the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

4.10 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of a written agreement between the Authority and the appointed

administrative services provider or providers (an “Administrative Services Agreement”). The appointed administrative services provider may be one of the Parties. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program.

ARTICLE 5 IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

5.1 Preliminary Implementation of the CCA Program.

5.1.1 Enabling Ordinance. Except as otherwise provided by Section 3.1, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

5.1.2 Implementation Plan. The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.7.3.

5.1.3 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

5.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties’ right to withdraw from the Authority as described in Article 7.

ARTICLE 6 FINANCIAL PROVISIONS

6.1 Fiscal Year. The Authority’s fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 Depository.

6.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or Participant or any other person or entity.

6.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly

during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties and Participants at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

6.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 Budget and Recovery of Costs.

6.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be approved by the Board in accordance with the Operating Rules and Regulations.

6.3.2 Funding of Initial Costs. The Sonoma County Water Agency has funded certain activities necessary to implement the CCA Program. If the CCA Program becomes operational, these initial costs paid by the Sonoma County Water Agency shall be included in the customer charges for electric services as provided by Section 6.3.3 to the extent permitted by law, and the Sonoma County Water Agency shall be reimbursed from the payment of such charges by customers of the Authority. Prior to such reimbursement, the Sonoma County Water Agency shall provide such documentation of costs paid as the Board may request. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the Sonoma County Water Agency shall not be entitled to any reimbursement of the initial costs it has paid from the Authority or any Party.

6.3.3 CCA Program Costs. The Parties desire that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCA Program, including but limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCA customers receiving such electric services, or from revenues from grants or other third-party sources.

ARTICLE 7: WITHDRAWAL AND TERMINATION

7.1 Withdrawal.

7.1.1 Right to Withdraw. A Party or Participant may withdraw its participation in the CCA Program, effective as of the beginning of the Authority's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to the Authority and each Party and Participant. Withdrawal of a Party or Participant shall require an affirmative vote of its governing board.

7.1.2 Right to Withdraw After Amendment. Notwithstanding Section 7.1.1, a Party or Participant may withdraw its membership in the Authority following an amendment to this Agreement adopted by the Board which the Party or Participant's Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party or Participant shall require an affirmative vote of its governing board and shall not be subject to the six month advance notice provided in Section 7.1.1. In the event of such withdrawal, the Party or Participant shall be subject to the provisions of Section 7.3.

7.1.3 Continuing Liability; Further Assurances. A Party or Participant that withdraws its participation in the CCA Program may be subject to certain continuing liabilities, as described in Section 7.3. The withdrawing Party or Participant and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party or Participant from participation in the CCA Program.

7.2 Involuntary Termination of a Party or Participant. Participation of a Party or Participant in the CCA program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's or Additional Participant's participation in the CCA Program upon a vote of Board members as provided in Section 4.7.5. Prior to any vote to terminate participation with respect to a Party or Participant, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party or Participant whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party or Participant has allegedly violated. The Party or Participant subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party or Participant that has had its participation in the CCA Program terminated may be subject to certain continuing liabilities, as described in Section 7.3.

7.3 Continuing Liability; Refund. Upon a withdrawal or involuntary termination of a Party or Participant, the Party or Participant shall remain responsible for any claims, demands, damages, or liabilities arising from the Party or Participant's membership or participation in the CCA Program through the date of its withdrawal or involuntary termination, it being agreed that the Party or Participant shall not be responsible for any liabilities arising after the date of the Party or Participant's withdrawal or involuntary termination. Claims, demands, damages, or liabilities for which a withdrawing or terminated Party or Participant may remain liable include, but are not limited to, losses from the resale of power contracted for by the Authority to serve the Party or Participant's load. With respect to such liability, upon notice by a Participant that it wishes to withdraw from the program, the Authority shall notify the Party or Participant of the minimum waiting period under which the Participant would have no costs for withdrawal if the Participant agrees to stay in the CCA Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party or Participant elects to withdraw before the end of the minimum waiting period, the charge for exiting shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party or

Participant also shall be responsible for any costs or obligations associated with the Party or Participant's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party or Participant. The Authority may withhold funds otherwise owing to the Party or Participant or may require the Party or Participant to deposit sufficient funds with the Authority, as reasonably determined by the Authority and approved by a vote of the Board of Directors, to cover the Party's or Participant's liability for the costs described above. Any amount of the Party's or Participant's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party or Participant. The liability of any Party or Participant under this section 7.3 is subject and subordinate to the provisions of Sections 2.2 and 3.3, and nothing in this section 7.3 shall reduce, impair, or eliminate any immunity from liability provided by Sections 2.2 or 3.3.

7.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Participant to withdraw its participation in the CCA Program, as described in Section 7.1.

7.5 Disposition of Property upon Termination of Authority. Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties and Participants in proportion to the contributions made by each.

7.6 Negotiations with Participants. If the Parties wish to terminate this Agreement, or if the Parties elect to withdraw from the CCA Program following an amendment to this Agreement as provided in Section 7.1.2, but two or more Participants wish to continue to participate in the CCA Program, the Parties will negotiate in good faith with such Participants to allow the Participants to become parties to this Agreement or to effect a transfer of CCA Program operations to another entity.

ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Dispute Resolution. The Parties, Participants, and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Should such efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be settled by binding arbitration in accordance with policies and procedures established by the Board.

8.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Participants, the Authority, or its Directors, officers, or employees.

8.3 Indemnification of Parties and Participants. The Authority shall acquire such insurance

coverage as is necessary to protect the interests of the Authority, the Parties, the Participants, and the public. The Authority shall defend, indemnify, and hold harmless the Parties and Participants, and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

8.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 4.7.5. The Authority shall provide written notice to all Parties and Participants of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

8.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties or Participants may not be assigned or delegated without the advance written consent of all of the other Parties and Participants, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties and Participants. This Section 8.5 does not prohibit a Party or Participant from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's or Participant's contributions to the Authority, or the disposition of proceeds which that Party or Participant receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties or Participants under this Agreement.

8.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

8.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

8.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given

48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties and Participants.

8.10 Commitment to Consider Amendments. At one of its first three meetings after July 9, 2013, the Board of Directors shall consider all amendments to this Agreement that have been requested by any city that adopts, by July 9, 2013, the resolution and ordinance required by Section 3.1 to become a Participant in the CCA Program. Any such amendments shall be subject to the voting requirements of Section 8.4. Nothing in this Section 8.10 requires the Board of Directors to approve any specific amendment to this Agreement.

Exhibit A

Definitions

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.7.2.

“Authority” means the Sonoma Clean Power Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities, counties, and the Sonoma County Water Agency pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.3, 2.4, and 5.1.

“Director” means a member of the Board of Directors representing a Party or an Additional Participant.

“Effective Date” means the date on which this Agreement shall become effective and the Sonoma Clean Power Authority shall exist as a separate public agency, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of a Chief Executive Officer and any administrative staff, any required accounting, administrative, technical, or legal services in support of the Authority’s initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Provider Agreements and Program Agreement 1. Administrative and operational costs incurred after the approval of Program Agreement 1 shall not be considered Initial Costs.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Participant” or “Additional Participant” means any incorporate municipality or county electing to participate in the CCA Program.

“Parties” means, collectively, the County of Sonoma and the Sonoma County Water Agency.

“Party” means the County of Sonoma or the Sonoma County Water Agency.

“Total Annual Energy” has the meaning given in Section 4.7.2.

Exhibit B

List of Parties and Participants

Parties: County of Sonoma, Sonoma County Water Agency

Participants: Town of Windsor; City of Cotati; City of Sebastopol; City of Sonoma; City of Santa Rosa

Exhibits C and D

Annual Energy Use and Voting Shares

ANNUAL ENERGY USE WITHIN SCP JURISDICTIONS AND VOTING SHARES		
Twelve Months Ended November, 2012		
<u>Party/Participant</u>	<u>Total KWh</u>	<u>Voting Share</u>
COTATI	35,225,135	2
SANTA ROSA	917,356,138	43
SEBASTOPOL	46,269,378	2
SONOMA	70,456,332	3
SONOMA COUNTY/SCWA	962,970,050	45
WINDSOR	109,156,425	5
Total	2,141,433,458	100