



AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, January 4, 2018
8:45 A.M.

50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

I. CALL TO ORDER

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve the minutes of the SCPA Board of Director Meeting Minutes of December 7, 2017

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive 2017 Annual Report
3. Receive Operations Update and provide direction as appropriate.
4. Receive Regulatory and State Legislative Updates and provide direction as appropriate

IV. BOARD MEMBER ANNOUNCEMENTS

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Board jurisdiction. Please be brief and limit comments to three minutes.)

VI. ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk of the Board at (707) 978-3467, as soon as possible to ensure arrangements for accommodation.

COMMONLY USED ACRONYMS/TERMS TO KNOW

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator (sometimes used generally as “ISO”)
CAM	Cost Allocation Mechanism
CCA	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP’s default service
CPUC	California Public Utility Commission
DriveEV	Drive EverGreen
ERRA	Energy Resource Recovery Account
EverGreen	SCP’s 100% renewable, 100% local energy service
Geothermal	A locally-available baseload renewable resource
GHG	Greenhouse gas
IOU	Investor Owned Utility (e.g., PG&E)
JPA	Joint Powers Authority
MW	Megawatt (Power = how fast energy is being used at one moment)
MWh	Megawatt-hour (Energy = how much energy is used over time)
NEMA	Net Energy Metering Aggregation (referred to as NetGreen Aggregation for SCP customers) allows customers to share electricity production from one generation system across multiple meters and properties. This does not allow for net surplus compensation.
NEMV	Virtual Net Energy Metering (referred to as Virtual NetGreen for SCP customers) allows customers to generate and share electricity production between multiple customers on the same property.
NetGreen	SCP’s net energy metering program which gives its customers financial credit for generating electricity.
PCIA	Power Charge Indifference Adjustment (<i>This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.</i>)
ProFIT	SCP’s “Feed in Tariff” program for larger local renewable energy producers
PV	Photovoltaics for making electric energy from sunlight
REC	Renewable Energy Credit – used to track all renewable energy for compliance in California, but also colloquially used to refer to a specific subset of REC called an “unbundled REC” where the environmental attributes of renewable energy are sold separately from the energy. SCP does not use “unbundled RECs”.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day



MINUTES
BOARD OF DIRECTORS MEETING

Thursday, December 7, 2017
50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

I. CALL TO ORDER

The meeting was called to order at 8:46 a.m. by Chair Okrepkie

Present: Chair Okrepkie, Directors Peters, Bagby, Belforte, Landman, Slayter and Tibbetts (alternate)

Staff: Chief Executive Officer Geof Syphers, General Counsel Steve Shupe and Director of Internal Operations Stephanie Reynolds

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve the minutes of the November 2, 2017 SCPA Board of Directors.

Public Comment: None

Motion to approve the November 2, 2017 minutes of the SCPA Board of Directors by Director Belforte

Second: Director Bagby

Motion approved: 7-0-0

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Operations Update and provide direction as appropriate.

Director of Internal Operations Stephanie Reynolds updated the Board on SCP's continued wildfire recovery efforts.

She stated the Drive EverGreen Program discounts on electric cars had ended. Programs Specialist Nelson Lomeli updated the Board on numbers from the Center of Sustainable Energy and stated there have been at least 502 vehicles sold, not including any pending sales.

CEO Syphers stated there is one update to the October financials in the packet, on the budget summary current reserve balance. He stated he asked the CPA to update those figures to reflect the new contributions

MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
DECEMBER 7, 2017

from the past fiscal year. He stated rather than the \$20 million of operating cash reserve, given the contributions from the last fiscal year which also included catch-ups from the year before that, the current operating cash reserves are \$42.2 million and the programs cash reserves are \$7.4 million. He stated SCP is in the process of looking for a public funds advisor to give advice on pursuing a credit rating. Future financial planning was discussed, including the option of purchasing real estate.

The Board discussed proposed 2018 meeting dates and asked for the July meeting to be changed to July 12.

CEO Syphers stated the Center for Climate Protection is engaging both Fresno and Stockton and assisting them in forming community choice programs.

Public comment: None

3. Receive and consider approval of nominations for Community Advisory Committee members for a four-year term, starting January 1, 2018

Stephanie Reynolds updated the Board on ad hoc committee nominations for the Community Advisory Committee and stated the two recommendations: Karen Baldwin and Denis Quinlan, as well as the student representative, Kai Guthrie.

Public Comment:

Karen Baldwin stated she is excited to have this opportunity and is very pleased to share any knowledge and expertise she can.

Dennis Quinlan stated he is pleased to have the opportunity to serve on the Committee and has been an SCP customer since the beginning and he is a participant from the first round of Drive EverGreen.

Chair Okrepkie stated he received communication from CAC Chair Dowd that he had reviewed the agenda packet and is in full support of all the recommendations of staff regarding the CAC nominations.

Motion to approve nominations for members of the Community Advisory Committee for a four-year term, and a student representative for a one-year term, starting January 1, 2018 by Director Landman.

Second: Director Bagby

Motion approved: 7-0-0

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SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
DECEMBER 7, 2017

Director Gore arrived at 9:05 a.m.

4. Receive State Legislative and Regulatory Updates and provide direction as appropriate

Katherine Brandenburg updated the Board on legislative activities and stated she and CEO Syphers have been meeting with different legislators who represent SCP service areas. She stated a lot of legislation regarding CCAs is anticipated to come back in January.

CEO Syphers stated he expects to see SB 100 (100 percent renewable energy, De Leon) back in January and that the ISO is working to expand further into western states, which may be favorable for SCP's customers because it could increase the territory from which real-time scheduled renewables could be purchased.

General Counsel Steve Shupe updated the Board on the Rulemaking Proceeding, the Integrated Resource Plan Proceeding, the Renewable Portfolio Standard and ERRRA, the Energy Resource Recovery Account.

Public comment:

Woody Hastings stated that regarding the PCIA, upcoming legislation and the Center for Climate Protection there are utilities that have funded an entity and have a public affairs firm that has pulled together a coalition of community based organizations. He asked anyone interested in AB 1184 to contact him.

CEO Syphers stated the coalition is spot on and CalCCA has begun meeting with environmental justice groups around California.

Public Comment:

Ken Wells stated he has not heard conversation about engagement with the insurance companies and it would be wonderful to have coordination with them.

Andy Ferguson stated that at last week's meeting of the North Bay Builders and other professionals, they have come up with a list of guidelines and best practices for rebuilding. He asked about costs and wishes SCP could serve as a conduit to get information to the public.

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BOARD OF DIRECTORS
DECEMBER 7, 2017

5. Receive report on legislative platforms for SCPA

CEO Syphers updated the Board on the draft legislative platform. The intent is to get feedback today, bring it to the CAC for further input, then bring it back for adoption by the Board. He stated the categories of advocacy that have been laid out are transparency, fair allocation of costs, and minimizing customer costs as being a principle we want to support.

Public Comment: None

6. Review and provide direction on alternative customer electric generation rates

CEO Syphers stated to the Board that this item proposes to delegate to staff the latitude to respond to last-minute changes in PG&E's rates and fees that are unexpected. He requested that the Board adopt the proposed conditional rate adjustment to ensure continued customer bill savings and to give direction on a related budget adjustment to the Fiscal Year 2017-18 budget.

Public Comment: None

Motion to approve alternative customer electric generation rates with a 90-day window by Director Slayter.

Second: Director Belforte

Motion approved: 8-0-0

IV. BOARD MEMBER ANNOUNCEMENTS

Director Belforte stated Rohnert Park is releasing 30 permits at a time and is in the process of building 5,000 homes.

Director Peters stated the City of Fort Bragg installed a new charging station at City Hall and will try to encourage the City to be a part of future EV programs. He stated the Fort Bragg planning department has preapproved plans for secondary units and this might make it easier for fire-affected areas to get through the process quicker.

Director Tibbetts stated the City of Santa Rosa started the permit process last week and thinks it would be an incredible role for SCP to play in.

MINUTES
SONOMA CLEAN POWER AUTHORITY
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Director Gore congratulated Director Tibbetts on his engagement. He stated his biggest goal is working on relationships so it is not just the JPAs that bring us together.

Director Slayter stated today at Ragal Park in Sebastopol there is a memorial for World War II. He stated Sebastopol is taking chairmanship of the Santa Rosa/Sonoma County Recovery Organization and building relationships is a goal.

Chair Okrepkie stated that tonight is Windsor's Holiday event and Sweet Tea's restaurant is coming to Windsor.

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Bob Williamson stated that he is pleased with SCP's formation and that he regrets not being involved for PCIA results. He wants to know more about GHG reductions and we should be supporting solar in the Central Valley where it is cheaper to build. He stated it has been an honor to work with the environmental elite.

VI. ADJOURN (10:40 a.m.)

Respectfully Submitted,

Braiden Gugel
Executive Assistant



Staff Report – Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Kate Kelly, Director of Public Affairs and Marketing
April Varellas, Marketing Specialist

Issue: Sonoma Clean Power Annual Report

Date: January 4, 2018

No written materials for this report. A presentation will be given at the meeting.



Staff Report – Item 03

To: Sonoma Clean Power Authority Board of Directors
From: Stephanie Reynolds, Director of Internal Operations
Issue: Operations Report
Date: January 4, 2018

RATES AND FEE UPDATE

Ordinarily, PG&E makes significant changes to its generation rates and PCIA fees on January 1 each year as part of the ERRRA proceeding at the CPUC. However, on December 8th, PG&E submitted a request to the CPUC to defer their 2018 Annual Electric True-Up from January 1st, 2018 to March 1st, 2018. On December 14th that request was granted.

This delay was likely due, at least in part, to PG&E's submission of a new set of testimony and workpapers as part of their "November Update" to the PCIA and other rates. PG&E filed a motion to introduce corrected evidence regarding the value of green attributes in the portfolio after Sonoma Clean Power pointed out that PG&E was using two-year-old data from a website which is no longer available. SCP opposed the motion to introduce new evidence without allowing parties the right to cross-examine witnesses and evaluate new testimony. However, PG&E's motion and accompanying true-up were ultimately approved. Now, the challenge for SCP staff is to protect customers from increased rate shock, as implementing this change later in the year means customers will be subjected to paying the same total amount over 10 months instead of the normal 12. This means an estimated 14.4% residential PCIA increase over 12 months becomes a 17.3% increase over 10 months.

As a result, the SCPA Board's decision to authorize a set of rate changes for SCP customers (if needed) following PG&E's published rates remains a good approach, and staff to continue to estimate that no adjustment will be needed to maintain at least 1% savings on total electric charges for all common rate classes.



NEW SCP TEAM MEMBERS

SCP is proud and excited to announce three new team members!

Dora Barrera is our new Administrative Assistant. She is a graduate of University of the Pacific with a BS in Business Administration and Marketing, and has been working with the SCP team on a temporary basis since August 2017. She will be working with Stephanie Reynolds and our Clerk of the Board to keep things running smoothly and helping with Customer Service, Programs and Procurement, as needed.

Claudia Sisomphou is our new Communications Coordinator, a recent Sonoma State Graduate with her BA in Environmental Studies and Planning. She will be working with our Marketing team on outreach, events, social media platforms and many other tasks.

Connor Prince is our new Programs Intern. Connor is another recent Sonoma State grad, with his BA in Environmental Studies with a focus in Energy Management and Design. He will be working with our Programs team on the brainstorming, implementation and tracking of SCP programs.

ORIENTATION FOR NEW DIRECTORS ON THE SCPA BOARD

Each year, we welcome some new directors onto the SCPA Board, usually at the February meeting, after the counties, cities and towns have made annual appointment. At our February meeting, we will be swearing in new directors and also doing a short orientation including some SCP history, a Brown Act refresher, meeting basics, and some useful operational information. New directors are also offered a one-on-one meeting with the CEO and staff where more time can be spent on getting to know SCP and the team better and answering any questions.

WILDFIRE RECOVERY EFFORTS & REGIONAL HOUSING

SCP continues to work with the County of Sonoma and the City of Santa Rosa on recovery efforts, setting up meetings with senior staff of state agencies at Housing, Treasury, the CEC, the Governor's office, PG&E and neighborhood group leaders from among the fire survivors. Work to date has involved pursuing funding to support energy efficiency, renewable energy, electric vehicle infrastructure for both replacement housing areas as well as new housing throughout the region.



DRIVE EVERGREEN PROGRAM FINALE

As of December 15th, the final day for dealerships to provide rebate certificates and information to SCP, 565 Electric Vehicles were purchased or leased through the Drive EverGreen program in 2017. This is an amazing number and brings the total number of electric vehicles either leased or purchased by SCP customers to 771 in the last 15 months - an approximate 22% increase of the number of EVs in our service area. SCP has helped customers save millions in total costs and increased sales tax revenues which benefit our local economy.

As more of our friends, families and co-workers drive electric vehicles and the range of new models increases, the barriers of range-anxiety, lack of dealer knowledge, and fears of the unknown are diminished and EVs become more of a common sight around our area. The results of the second Drive EverGreen program shows a shift in opinion by its success. It is undecided if SCP will go for a third Drive EverGreen program in 2018, as infrastructure may be more important. The federal tax credit for 2018 survived the federal tax overhaul, but is limited to the first 200,000 electric cars sold by each automaker. A full analysis of the program will be presented to the Board in the spring.

MONTHLY COMPILED FINANCIAL STATEMENTS

The complete financial impact of the fires that affected our region are not fully known at this time. These financial statements were prepared using the best available information at the time.

November marks the first month of the winter rate season, a period where aggregate rates are less than in the summer season. During this period we expect tighter margins on sales. The year-to-date growth in net position is above projections due primarily to greater than anticipated energy sales. Year-to-date operating revenues reached 79,468,000.

Electricity sales (as reported on the Statement of Revenues, Expenses and Changes in Net Assets) is being offset by our estimate of uncollectible accounts, which is currently set at approximately 0.5% of electricity sales. As historical data is gathered on the collection patterns specific to SCP customers, this rate will be revisited and adjusted as necessary. Note that the accounts receivable line on the Statement of Net Position is presented net of allowance for uncollectibles.

SCP continues to procure electricity from multiple sources. Included in these purchases is energy that is being re-sold to other resellers. Net position increased to



a positive \$72,737,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately \$42,245,000 and \$7,455,000 is considered set aside for operating and project reserves, respectively.

Overall, other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2017/18 budget approved by the Board of Directors in May 2017, and amended in November 2017.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2017/18 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers exceeded year-to-date budget by approximately 5%.

The cost of electricity is around 104% of budget-to-date. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees, which are tied to the customer account totals, are closely aligned to the annual budgeted amount.

In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

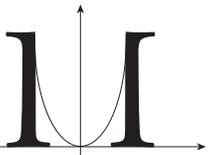
UPCOMING MEETINGS IN 2018

FEBRUARY 1, 2018

MARCH 1, 2018

APRIL 5, 2018

MAY 3, 2018



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of November 30, 2017, and the related statement of revenues, expenses, and changes in net position, and the statement cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
December 28, 2017



SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of November 30, 2017

ASSETS

Current assets	
Cash and cash equivalents	\$ 57,238,011
Accounts receivable, net of allowance	17,087,730
Other receivables	33,384
Accrued revenue	7,036,171
Prepaid expenses	199,028
Deposits	484,563
Total current assets	<u>82,078,887</u>
Noncurrent assets	
Capital assets, net of depreciation	221,638
Deposits	4,114,666
Total noncurrent assets	<u>4,336,304</u>
Total assets	<u>86,415,191</u>

LIABILITIES

Current liabilities	
Accounts payable	412,530
Accrued cost of electricity	12,094,352
Other accrued liabilities	604,664
User taxes and energy surcharges due to other governments	416,910
Total current liabilities	<u>13,528,456</u>
Noncurrent liabilities	
Supplier security deposits	<u>150,000</u>
Total liabilities	<u>13,678,456</u>

NET POSITION

Net investment in capital assets	221,638
Unrestricted	<u>72,515,097</u>
Total net position	<u>\$ 72,736,735</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2017 through November 30, 2017

OPERATING REVENUES

Electricity sales, net	\$ 79,468,275
Evergreen electricity premium	154,684
Electricity sales for resale	336,150
Total operating revenues	<u>79,959,109</u>

OPERATING EXPENSES

Cost of electricity	61,053,724
Staff compensation	1,168,253
Data manager	1,328,844
Service fees - PG&E	500,238
Consultants and other professional fees	611,082
Legal	106,977
Communications	704,088
General and administration	275,095
Program rebates and incentives	1,358,662
Depreciation	23,797
Total operating expenses	<u>67,130,760</u>
Operating income	<u>12,828,349</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	143,742
Charitable contributions	(140,000)
Total nonoperating revenues (expenses)	<u>3,742</u>

CHANGE IN NET POSITION

	12,832,091
Net position at beginning of period	<u>59,904,644</u>
Net position at end of period	<u>\$ 72,736,735</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS July 1, 2017 through November 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 79,800,614
Receipts from electricity sales for resale	487,077
Receipts from supplier security deposits	2,325,000
Tax and surcharge receipts from customers	1,051,689
Payments to purchase electricity	(60,814,133)
Payments for staff compensation	(1,234,122)
Payments for contract services	(2,465,528)
Payments for communications	(716,191)
Payments for general and administration	(461,149)
Payments for program rebates and incentives	(1,427,162)
Return of security deposits to suppliers	(4,650,000)
Tax and surcharge payments to other governments	(1,099,868)
Net cash provided (used) by operating activities	<u>10,796,227</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Deposits and collateral paid	(562,602)
Payments for charitable contributions	(140,000)
financing activities	<u>(702,602)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(63,238)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

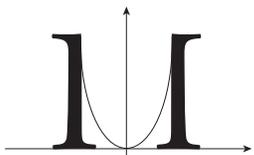
Return of certificate of deposit	7,028,428
Interest income received	143,742
Net cash provided (used) by investing activities	<u>7,172,170</u>

Net change in cash and cash equivalents	17,202,557
Cash and cash equivalents at beginning of year	40,035,454
Cash and cash equivalents at end of period	<u>\$ 57,238,011</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
July 1, 2017 through November 30, 2017

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 12,828,349
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	23,797
Revenue reduced for uncollectible accounts	400,117
(Increase) decrease in net accounts receivable	(1,871,866)
(Increase) decrease in other receivables	150,793
(Increase) decrease in accrued revenue	1,657,309
(Increase) decrease in prepaid expenses	(152,237)
(Increase) decrease in current deposits	(45,607)
Increase (decrease) in accounts payable	(322,712)
Increase (decrease) in accrued cost of electricity	(700,456)
Increase (decrease) in accrued liabilities	1,209,824
Increase (decrease) in user taxes and energy surcharges due to other governments	(56,084)
Increase (decrease) in supplier security deposits	(2,325,000)
Net cash provided (used) by operating activities	<u>\$ 10,796,227</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended November 30, 2017, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SCP.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
December 28, 2017



SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2017 through November 30, 2017

	2017/18 YTD Amended Budget	2017/18 YTD Actual	2017/18 YTD Budget Variance (Under) Over	YTD Actual/ Budget %	2017/18 Amended Budget	2017/18 Budget Remaining
REVENUE AND OTHER SOURCES:						
Revenue - Electricity (net of allowance) *	\$ 75,660,763	\$ 79,468,275	\$ 3,807,512	105%	\$ 166,269,950	\$ 86,801,675
Revenue - Evergreen Premium (net of allowance)	111,532	154,684	43,152	139%	245,100	90,416
Revenue - Electricity sales for resale **	-	336,150	336,150	-	-	(336,150)
Revenue - Interest income	132,917	143,742	10,825	108%	319,000	175,258
Total revenue and other sources	<u>75,905,212</u>	<u>80,102,851</u>	<u>4,197,639</u>	<u>106%</u>	<u>166,834,050</u>	<u>86,731,199</u>
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	58,613,501	61,053,724	2,440,223	104%	139,339,530	78,285,806
Data management	1,297,793	1,328,844	31,051	102%	3,114,703	1,785,859
Service fees- PG&E	496,428	500,238	3,810	101%	1,191,427	691,189
Personnel	1,387,500	1,168,253	(219,247)	84%	3,330,000	2,161,747
Outreach and communications	396,250	444,960	48,710	112%	951,000	506,040
Customer service	197,500	127,909	(69,591)	65%	474,000	346,091
Legal	154,167	106,977	(47,190)	69%	370,000	263,023
Accounting and auditing	80,833	80,575	(258)	100%	194,000	113,425
Technical consultants	145,833	23,723	(122,110)	16%	350,000	326,277
Legislative consultants	95,833	32,500	(63,333)	34%	230,000	197,500
Other consultants	89,583	126,940	37,357	142%	215,000	88,060
Program implementation and development	2,500,000	1,843,829	(656,171)	74%	6,000,000	4,156,171
General and administration	206,250	268,491	62,241	130%	495,000	226,509
Fire relief donations	247,500	140,000	(107,500)	57%	1,000,000	860,000
Total current expenditures	<u>65,908,971</u>	<u>67,246,963</u>	<u>1,337,992</u>	<u>102%</u>	<u>157,254,660</u>	<u>90,007,697</u>
OTHER USES						
Collateral deposit payments	2,000,000	562,602	(1,437,398)	28%	2,000,000	1,437,398
Capital outlay	68,333	63,239	(5,094)	93%	164,000	100,761
Total expenditures, Other Uses and Debt Service	<u>67,977,304</u>	<u>67,872,804</u>	<u>(104,500)</u>	<u>100%</u>	<u>159,418,660</u>	<u>91,545,856</u>
Net increase (decrease) in available fund balance	<u>\$ 7,927,908</u>	<u>\$ 12,230,047</u>	<u>\$ 4,302,139</u>	<u>154%</u>	<u>\$ 7,415,390</u>	<u>\$ (4,814,657)</u>

* Represents sales of approximately 941,000 MWh for 2017/18 YTD actual.

** Electricity sales for resale is the result of sales to other utilities for resale purposes.

RESERVES	Balance
Operating Cash Reserve	\$ 42,245,162
Program Cash Reserve	7,455,029
	<u>\$ 49,700,191</u>

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2017 through November 30, 2017

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 12,230,047
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(23,797)
Add back capital asset acquisitions	63,239
Add back collateral deposits	<u>562,602</u>
Change in net position	<u>\$ 12,832,091</u>



Staff Update – Item 4

To: Sonoma Clean Power Authority Board of Directors

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Legislative Update

When the Legislature returns to Sacramento on January 3rd, the Assembly will be missing two of its members. Both Assembly Members Matthew Dababneh (Assembly District 45) and Raul Bocanegra (Assembly District 39) resigned during the interim due to sexual harassment allegations. The Governor has announced a Special Election for Assembly District 39 which will be held on June 5, 2018. Thus the primary for the Special Election will be on April 3, 2018. Governor Brown has yet to announce when a Special Election will be held for Assembly District 45.

Last week, the Senate Democratic Caucus announced that it has decided to elect Senator Toni Atkins as its next President pro Tempore. The formal vote will be taken in early January. Senator Atkins is from San Diego, served as the Speaker of the Assembly from 2014 to 2016, and will be the first woman to be elected to lead the California State Senate.

Federal Tax Cuts and Jobs Act

Last month, SCP sent letters to its Congressional representatives asking for their assistance in lobbying their colleagues in keeping the electric vehicle tax credit. As you know, SCP's Drive EverGreen program was successful, in part due to the federal tax credit for plug-in electric drive motor vehicles.

Early versions of the legislation would have repealed the tax credit for plug-in electric drive motor vehicles. Fortunately, the repeal of the tax credit was not in



the final draft. We appreciate all of the help our Congressional representatives provided in keeping this very beneficial program.

California Air Resources Board

The California Air Resources Board (ARB) unanimously approved the 2017 Climate Change Scoping Plan. The Scoping Plan sets the state on an ambitious course to reduce climate-changing gases an additional 40 percent below 1990 levels by 2030 as articulated in SB 32 (Pavley). The Scoping Plan will require California to double the rate at which it has been cutting climate-changing gases. Below are a few of the programs the Scoping Plan recognizes:

- *More Clean Cars and Trucks:* The plan sets out far-reaching programs to incentivize the sale of millions of zero-emission vehicles, drive the deployment of zero-emission trucks, and shift to a cleaner system of handling freight statewide.
- *Increased Renewable Energy:* ARB states that California's electric utilities are ahead of schedule meeting the requirement that 33 percent of electricity come from renewable sources by 2020. The Scoping Plan guides utilities to 50 percent renewables, as required under SB 350 (de Leon).
- *Slashing Super-Pollutants:* The Scoping Plan calls for a significant cut in super-pollutants such as methane and HFC refrigerants, which are responsible for as much as 40 percent of global warming.
- *Cleaner Industry and Electricity:* California's renewed cap-and-trade program extends the declining cap on emissions from utilities and industries and the carbon allowance auctions. The auctions will continue to fund investments in clean energy and efficiency, particularly in disadvantaged communities.
- *Cleaner Fuels:* The Low Carbon Fuel Standard will drive further development of cleaner, renewable transportation fuels to replace fossil fuels.
- *Smart Community Planning:* Local communities will continue developing plans which will further link transportation and housing policies to create sustainable communities.
- *Improved Agriculture and Forests:* The Scoping Plan also outlines innovative programs to account for and reduce emissions from agriculture, as well as forests and other natural lands.
- *Reduction of Smog-Causing Pollutants:* The Scoping Plan also evaluates reductions of smog-causing pollutants through California's climate programs. AB 617 (C. Garcia) provides the groundwork for new and enhanced efforts to identify and reduce air pollutants and air toxics with a specific focus on communities near the state's largest emitters and in communities disproportionately impacted by pollution.



Regulatory Update

Power Charge Indifference Adjustment (PCIA)

SCP staff continue a concerted effort to develop reforms to the PCIA. Every Thursday regulatory staff from multiple CCAs, CalCCA technical consultants and legal representatives meet in San Francisco for a 5-hour strategy session. The key criteria for evaluating alternatives include to reduce overall cost, to reduce stranded assets, to facilitate voluntary CCA access to IOU data and portfolio assets, to prevent cost shifts between bundled and CCA customers, to provide IOUs with meaningful incentives or guidance to mitigate cost impacts, to eliminate an administrative determination of asset value, to eliminate reliance on spot market prices, and to be feasible for implementation in 2019.

On January 16th and 17th, the CPUC will host a two-day workshop to hold a data-based discussion of the PCIA and potential alternatives. CalCCA has made significant progress gaining access to the underlying contract information, forecasts, and assumptions that the utilities use in calculating the PCIA. The IOUs are in the process of aggregating and uploading relevant information, which certain SCP staff and staff from other CCAs will have access to via a non-disclosure agreement. The intent of this is to enable CCA staff to develop improvements and/or alternatives to the current PCIA which will be submitted to the CPUC in March. A Proposed Decision on the PCIA is expected in July of 2018.

Renewable Portfolio Standard (RPS) Proceeding

On December 14th, the Commission issued a Decision directing IOUs to forego solicitations to procure more RPS resources, and authorized IOUs to sell unneeded resources through bilateral transactions or solicitations. The terms of those sales are longer than they have been in the past: PG&E and SCE are authorized to sell for terms up to five years, while SDG&E is authorized to sell for terms up to ten years. SCP advocated unsuccessfully that all IOUs should be able to sell for at ten year terms. However, the recognition that IOUs are over-resourced for RPS and authorization for them to sell longer-term strips of energy is a significant shift in Commission policy.

PG&E ERRA Forecast Proceeding

The Energy Resource Recovery Account (ERRA) forecast proceedings are annual proceedings at the Commission that sets the level of generation and PCIA rates for PG&E and the other IOUs for the coming calendar year. The purpose of the ERRA Forecast Proceeding is not to dispute the method by which the PCIA is calculated, but rather the actual calculation itself. Normally, rate adjustments are approved in December and go into effect January 1 of the following year. This year, PG&E received approval of their request to adjust rates later in the year – March 1 instead



of January. As discussed previously, this means the total PCIA amount will be collected over 10 months instead of 12, which would result in a higher monthly amount over that shorter time period.