



AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, May 3, 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 April 5, 2018 minutes of the SCPA Board of Directors meeting

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Internal Operations Report and provide direction, as appropriate
3. Receive Legislative and Regulatory Updates and provide direction, as appropriate
4. Appoint an ad hoc committee of the Board of Directors to assist in interviewing candidates during the General Counsel recruitment
5. Review and approve proposed FY 18/19 annual budget
6. Review and approve proposed FY18/19 customer rates effective July 1, 2018

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.



**MINUTES
BOARD OF DIRECTORS MEETING
THURSDAY, April 5, 2018**

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

I. CALL TO ORDER

The meeting was called to order by Chair Hamburg at 8:45 a.m.

Present: Chair Hamburg, Directors Peters, Bagby, Hopkins, Slayter, Okrepkie, Ahanotu and King

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

The Board moved to Closed Session at 8:50 a.m.

II. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to subdivision (c) of California Government Code Section 54956.9: One potential case
2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property Number One: 625 5th St, Santa Rosa, California
Agency negotiator: Geof Syphers
Negotiating parties: Sonoma Commercial Investors (negotiator Thomas A. Robertson)
Under negotiation: Price and terms of payment
Property Number Two: 431 E St/426 Beaver St, Santa Rosa, California
Agency negotiator: Geof Syphers
Negotiating parties: 7th & E St Partnership (negotiators Walter Rogers and John Vicini)
Under negotiation: Price and terms of payment

The Board returned from Closed Session at 9:43 a.m.

Director Hamburg reported out of Closed Session and stated direction was given to staff on both Items 1 and 2.

III. BOARD OF DIRECTORS CONSENT CALENDAR

3. Approve March 1, 2018 minutes of the SCPA Board of Directors meeting
Public Comment: None

Motion to approve the March 1, 2018 minutes of the SCPA Board of Directors by Director Okrepkie
Second: Director Peters
Motion approved: 6-0-0 (Directors Hopkins and King abstained)

IV. BOARD OF DIRECTORS REGULAR CALENDAR

4. Receive Internal Operations and Monthly Financial Report

CEO Syphers stated a solicitation was issued for the General Counsel position and requested the Board and public assist in announcing this opportunity.

CEO Syphers provided an update on the Power Portfolio and stated SCP has been soliciting for renewable projects under long-term power purchase agreements which has led to 81 bids thus far. He stated that solar and wind are being selected to help even out fluctuations in SCP's load through peak and off-peak periods. Three of the contracts are for renewable energy produced in California and expected to be operational in 2020/2023.

Public Comment: None

5. Receive Legislative and Regulatory Updates and provide guidance on policy positions

CEO Syphers spoke about three bills and asked for the ability to enter into a position on them. The bills were AB 813, AB 2208 and AB 2726.

Public Comment: None

Motion to approve the ability to support AB 813 and to oppose AB 2208 and AB 2726 by Director Ahanotu
Second: Director Okrepkie
Motion approved: 8-0-0

6. Adopt Revised Financial Policy B2, governing reserves

CEO Syphers provided a recap of the Amendment to Financial Policy B2 and explained staff's propositions.

Public Comment:

Bill Mattinson stated that the CAC unanimously agrees with staff.

Motion to approve adoption of Revised Financial Policy B2, governing reserves by Director Peters
Second: Director Hopkins
Motion approved: 8-0-0

MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
APRIL 5, 2018

7. Review draft FY 18/19 budget and rates and make recommendations as necessary

CEO Syphers provided background on the draft FY 18/19 budget and rates and what they seek to accomplish.

CAC member Mattinson provided an update on the CAC's 3/22/18 meeting and discussion on the draft FY 18/19 budget and rates. He stated they did not want to add more to the Program budget and that the 2% rate benefit is appropriate and stated it is crucial to continue building reserves and staff's proposal is supported on the budget overall and in particular the rate issue.

CAC member Brophy stated that SCP should be looking at slowly increasing the rate differential with PG&E and we will probably get to the point that we are not adding to our reserves anymore and we might want to start increasing the differential. He stated a motion was passed that was unanimous and the intent was to support 2% savings or be more aggressive.

Public Comment: None

Director Slayter asked to see a micro grant in the future.

Nate Kinsey, Account Executive stated that this type of grant has been put on hold and Customer Service is investigating if next semester will work and this item will be brought back to the Board when progress is made.

Director Hopkins asked about unexpected variances.

CEO explained the Draft FY 18/19 Operating Budget. He stated SCP is better known for programs rather than selling electricity and the biggest variance of concern is what was purchased versus needed.

CEO Syphers stated SCP staff and CalCCA submitted a 300-page document regarding the PCIA litigation.

CAC Chair Dick Dowd stated that on Page 36 it should say "we have average" rather than "we assumed."

Motion to support the CAC and staff's recommendation to prepare a final budget in line with 2% savings with specifics on Pages 37 and 38 that will enable a savings to customers by Director Okrepkie

Second: Director Peters

Motion approved: 8-0-0

8. Review and approve new time-of-use rate

Erica Torgerson, Director of Customer Service provided an update on new residential time-of-use rates completed under the CEO's temporary approval effective April 1, 2018.

Public Comment: None

Motion to approve new residential time-of-use rates completed under the CEO's temporary approval effective April 1, 2018 by Director Ahanotu
Second: Director Hopkins
Motion approved: 8-0-0

V. BOARD MEMBER ANNOUNCEMENTS

Director Peters stated the Coastal Trail is now completely open in Fort Bragg.

Director Slayter stated that Sebastopol is hosting the Apple Blossom Festival on Saturday, April 21.

Director King stated that Petaluma is having its Butter and Eggs Day Parade on Saturday, April 28.

Directors King and Okrepkie thanked Steve Shupe, General Counsel for his work at SCP.

Director Hopkins stated that Bodega Bay is having its Fisherman Festival on April 14 & 15.

VI. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

VII. ADJOURN (10:55 a.m.)

Respectfully Yours,

Braiden Gugel
Executive Assistant/Clerk



Staff Report – Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations
Geof Syphers, CEO

Issue: Operations Report

Date: May 3, 2018

NEW STAFF AT SCP

SCP has hired a Programs Manager to develop, implement and manage the work to be done under the Lead Locally program, primarily funded by the recently awarded CEC grant. The new staff member will be starting on May 7th. We have also made an offer to an intern to work with the Programs Team on all of its many tasks. The new intern will begin work mid-June.

The recruitment for General Counsel remains open. We have received applications from several qualified candidates and are preparing the next steps in the selection process, including phone and in-person interviews. Under another agenda item, we will be asking for Board involvement in the process.

BUILDING PURCHASE UPDATE

We are currently under contract for an office building at 431 E Street and the adjacent parking lot at 426 Beaver Street in downtown Santa Rosa. The building is approximately 14,000 sf and would be used as a single-occupancy property by SCP after renovations. We are currently awaiting the results on structural and other inspections and will report back to the Board at the next meeting on progress.



TREE PLANTING PARTNERSHIP

SCP is happy to announce a new partnership with the Sonoma Land Trust and Mendocino Land Trust to plant trees. Through the partnership, SCP donated \$15,000 in an effort to fight climate change and work toward a clean and healthy environment. SCP's donation supports conservation efforts by contributing to native vegetation planting projects on properties and projects throughout Sonoma and Mendocino counties. In addition to improving habitat and water quality, planting trees helps remove CO₂ from the atmosphere and is an effective way to fight climate change. The donations are in honor of our EverGreen customers who are at the forefront of helping combat climate change.

WILDFIRE RECOVERY EFFORTS

The Ad Hoc of the Board responsible for donations towards wildfire relief efforts will be meeting following the May 3rd Board meeting to determine recipients of the last of the donations from the \$1 million approved by the Board of Directors in November, 2017. There is \$343,000 remaining funds available to donate. A full list of recipients of the donations will be reported to the Board at the June meeting.

PROGRAM UPDATES

ProFIT

SCP's feed-in tariff, ProFIT, currently has six projects in the queue: four in unincorporated Petaluma (Sonoma County), one in unincorporated Cloverdale (Sonoma County), and one in unincorporated Willits (Mendocino County). This means that the queue is fully subscribed.

Two of the projects in unincorporated Petaluma, including the Lavio Solar project that broke ground in 2017, started producing power in April. These two projects will generate approximately 2 megawatts of energy, or enough to power about 600 homes. We are very proud of our Programs teams for helping these projects get all the way through permitting and construction, and it is very exciting to announce that EverGreen is now 50% geothermal and 50% solar! This mix of baseload and



daytime sources is a good match to the actual real-time load for our customers and fulfills a longstanding goal of providing renewable sources in a manner that minimizes the use of natural gas sources to support reliability. In short, if everyone in the world were on EverGreen, we'd be *far* ahead of the UN's 2050 goals for the electric power sector.

Drive EverGreen 3.0

At the urging of SCP's Board of Directors, the electric car discounts of Drive EverGreen will return for one last time. Staff released the RFP to dealers on April 24, 2018. Staff will be reaching out to all the dealers in Sonoma and Mendocino County to make sure they receive the RFP. Proposals are due May 11, 2018 by 4:00pm. Staff anticipates a launch date in August 2018.

Energy Education Program

SCP contracted with the Sonoma County Water Agency (SCWA) for educational programming at the elementary level. The program has been going well with 26 teachers from Mendocino, Sonoma, and Napa Counties having attended a climate literacy teacher workshop in December (in collaboration with the Center for Climate Protection, University of California, Museum of Paleontology). More ZunZun assemblies have been completed since the update on March 22, 2018. Roughly 8,000 students are expected to attend an assembly by the end of the school year. Staff is working with SCWA staff on a cartoon map of Sonoma and Mendocino County showing local, renewable generation sources in our service territory.

Do-It-Yourself Energy and Water Saving Toolkits

The Do-It-Yourself Energy and Water Saving Toolkits continue to be popular with library patrons. In 2018 alone, the kits have been checked out 68 times. Since the pilot in 2016, the kits have been checked out 308 times in Sonoma County. Staff has finalized a contract with Mendocino County for an expansion of the program into Mendocino libraries. Training will begin in May for these new locations. In total, 11 kits will be circulated in Mendocino County library branches by early June.



Induction cooktops

SCP has been running an induction cooktop checkout program from the SCP Business Office for several months now. The cooktops are available to anyone that wishes to try out cooking with electricity. The cooktops have been popular with 19 recorded check outs to more than 40 people so far (one cooktop was checked out to the County's Energy and Sustainability Division, which has been letting their staff check it out). Staff has received positive feedback from users, many reporting overall satisfaction with the technology. Staff is exploring methods to increase visibility and circulation to more people.

NetGreen

As of April 1, 2018, SCP has over 11,800 accounts on SCP's net energy metering (NEM) program, NetGreen. Staff estimates that this year's NetGreen cash out total will be around \$670,000 to over 1,500 accounts for generating local, renewable energy. This amount is subject to change as the cash out amount is determined based on the credit balance at the end of the April billing period. The first payments were sent in late April. Staff will provide a more accurate number once the cash out period has been finalized in June.

GridSavvy

Sonoma Clean Power has incentivized a total of 1,545 residential electric vehicle chargers. Of these, 538 are participating in Sonoma Clean Power's GridSavvy Community, which allows SCP to send a signal to chargers to ramp up or down depending on grid needs. Staff continues to work on implementing additional technologies into the GridSavvy platform and make the process of signing up for demand response easy for customers.

Workplace Charging Pilot Program

Sonoma Clean Power provided technical assistance to 7 workplaces looking to install commercial-grade charging equipment. Of those, 3 workplaces (5 total sites) are continuing the process by receiving an in-depth analysis of costs and feasibility. SCP continues to work with PG&E's EV Charge Network for large



workplaces and apartment complexes that want electric vehicle chargers.

Advanced Energy Rebuild

The program is live! Staff has finalized contracts with TRC Energy Services (program administrator) and the Bay Area Air Quality Management District (program funder) and continues to work with PG&E on their ask for additional CPUC program funding. Staff officially launched the program on April 25. PG&E, Sonoma County Energy and Sustainability, and Sonoma Clean Power have also partnered on a long-term associated contractor training effort that will take place throughout the summer at the North Coast Builder's Exchange. The first class was held on 4/27.

Lead Locally (CEC Grant)

The CEC authorized staff to enter into contract with SCP. The contract is still under negotiations and will be brought to the CAC and Board in the near future.

MONTHLY COMPILED FINANCIAL STATEMENTS AND BUDGETARY COMPARISON SCHEDULE – March, 2018

The financials for March, 2018 were not received in time for publication of this agenda packet. Financials for the months of March and April will be presented at the next Board of Directors meeting in June.



Staff Update – Item 03

To: Sonoma Clean Power Authority Board of Directors

From: Katherine Brandenburg, Lobbyist
Kate Kelly/Director, Public Affairs & Marketing
Neal Reardon, Director, Regulatory Affairs
Geof Syphers, CEO

Issue: Legislative and Regulatory Updates

Date: May 3, 2018

Legislative Update

The California Legislature is in a bit of a pickle. Do they let the utilities “off the hook” for wildfire costs and let the ratepayers share the burden or do they allow the utilities to reduce their property damage liability? This is definitely one of the toughest questions facing the Legislature this year. If the utilities prevail, the insurance industry anticipates raising premiums on homeowners and refusing coverage for some neighborhoods altogether. The utilities are saying, without a change, gas and electric bills could increase.

PG&E is publicly stating that last year’s wildfires were part of the new normal in California and the current model is unsustainable. PG&E goes so far as stating that the issue is not negligence... it is a “climate change” problem. PG&E’s CEO, Geisha Williams, stated that without taking immediate action before California experiences another fire season, there could be “grave implications to the industry’s financial health” and PG&E’s ability to deliver energy to its customers.

With that being said, Governor Brown and the legislative leaders released a statement on March 13 articulating the state’s commitment to “update liability rules and regulations for utility services in light of changing climate and the increased severity and frequency of weather events.”

The insurance industry is very concerned that if the utilities are no longer responsible for compensating homeowners, the insurance premiums will have to be



increased. There are a number of bills pending in the legislature on this issue and SCP is working with a coalition on to consider our position on these bills.

Bills SCP is Actively Monitoring

| Bill | Issue | Position |
|--|--|---|
| <p>AB 813 (Holden) Electricity: Independent System Operator: California RPS Program: procurement <i>Location: Rules</i></p> | <p>Would set constraints on governance for an expanded independent system operator. High priority to monitor. Since last year this contained language to block CCA activity in demand response, batteries and distributed renewable energy.</p> | <p>Board has authorized staff to support, but no action taken yet</p> |
| <p>AB 1745 (Ting) Vehicles: Clean Cars 2040 Act. <i>Location: Transportation</i> <i>Bill was dropped this year.</i></p> | <p>Would create a sunset date for the DMV registration of new cars and light trucks using petroleum as a fuel.</p> | <p>Support</p> |
| <p>AB 1912 (Rodriquez) PERS: Joint Powers Agreements Liability <i>Location: Assembly PER&SS</i></p> | <p>Would eliminate the ability of JPAs to limit their liabilities and debts if they seek to join CalPERS in order to provide retirement security for JPA employees in the case of a JPA collapse. Author may take amendments to limit the effect to JPA offering CalPERS pensions, in which case SCP would be neutral.</p> | <p>Oppose Unless Amended</p> |
| <p>AB 2127 (Ting) Electric vehicle infrastructure: assessment and roadmap <i>Location: Appropriations</i></p> | <p>Would create a statewide assessment of electric vehicle charging infrastructure needed to support the levels of electric vehicle adoption needed for the state to reduce emissions of greenhouse gases to 40% below 1990 levels by 2030.</p> | <p>Recommend Support</p> |



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| <p>AB 2208 (Aguiar-Curry) Electrical corporations: California RPS program: procurement plans <i>Location: Appropriations</i></p> | <p>Would require purchasing geothermal from the Salton Sea area. SCP is seeking removal of the specific Salton Sea obligation and the removal of grandfathering in of old contracts to comply.</p> | <p>Oppose Unless Amended</p> |
| <p>AB 2693 (Quirk) Natural gas-fired power plants <i>Location: Assembly Utilities & Energy</i></p> | <p>Would modify the existing mechanism for assigning increased costs of uneconomic gas-fired power plants to electric providers when they are deemed necessary for grid reliability. CalCCA has strong concerns this would lock in natural gas contracts much longer than needed for reliability, assign costs to CCAs without the ability for self-procurement, and prevent the existing proceeding on the topic at the CPUC from resolving the matter. Work with author to ensure existing CPUC process is respected, and length of contracts are limited to actual reliability need from CAISO.</p> | <p>Recommend Oppose Unless Amended</p> |
| <p>AB 2726 (Levine) Consumption Based Accounting <i>Location: Appropriations</i></p> | <p>Would direct CARB to create a "consumption based" GHG inventory, which could conflict with existing CEC process via AB 1110. SCP has asked author to ensure that ratepayers are protected from using this new inventory to add costs to imported hydropower and renewables by blocking use of the inventory for the purpose of retail electric sales compliance and reporting.</p> | <p>Oppose Unless Amended</p> |
| <p>SB 100 (de Leon) California RPS Program: emissions of greenhouse gases <i>Location: Not moving yet. Might be tabled.</i></p> | <p>Would set milestones and a target to reach 100% renewable and carbon-free electric sources by 2045. Supported in 2017 session, and will continue to review to ensure no harmful language is inserted. Bill is not in motion yet this year.</p> | <p>Monitor</p> |



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| <p>SB 827 (Wiener) Planning and zoning: transit-rich housing bonus. Location: Failed first committee vote. Granted second chance, but might die this year.</p> | <p>Would require a local government to grant a development proponent of a transit-rich housing project a transit-rich housing bonus if that development meets specified planning standards, including complying with demolition permit requirements, local inclusionary housing ordinance requirements, preparing a relocation benefits and assistance plan, any locally adopted objective zoning standards, and any locally adopted minimum unit mix requirements.</p> | <p>Monitor</p> |
| <p>SB 1014 (Skinner) Zero emission vehicles Location: Appropriations</p> | <p>Would require transportation network companies (e.g. Lyft and Uber) to increase the use of electric vehicles over time, and ensure that by 2030 all TNC-owned or leased vehicles are electric.</p> | <p>Support</p> |
| <p>SB 1088 (Dodd) Safety, reliability, and resiliency planning. <i>Location: Appropriations</i></p> | <p>Would require the Office of Emergency Services to adopt standards for reducing risks from a major event, as defined. The bill would require that those standards include model policies for implementation by local governments regarding, among other things, defensible space, and actions to be undertaken by an electrical or gas corporation, a local publicly owned electric or gas utility, or a water utility to reduce the risk of fire occurring during a major event. Concerns about potentially unlimited IOU expenditures and language that might limit CCA implementation of DER programs. SCP is working with author to clarify.</p> | <p>TBD</p> |
| <p>SB 1136 (Hertzberg) Electricity: load-serving entities: resource adequacy requirements. Location: Senate Rules</p> | <p>Would require the Public Utilities Commission, in establishing resource adequacy requirements, to ensure the reliability of electrical service in California while advancing, to the extent possible, the state's goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases.</p> | <p>Monitor</p> |



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| <p>SB 1347 (Stern) Energy Storage Systems Location: Senate Energy, Utilities & Communications</p> | <p>Require the commission to determine whether additional procurement of energy storage systems by the state's 3 largest electrical corporations is needed to maintain long-term system and local reliability. CalCCA is advocating for CCA self-procurement.</p> | <p>Back up CalCCA's efforts</p> |
| <p>SB 1399 (Wiener) Renewable energy: shared renewable energy tariffs. <i>Location: Senate Energy, Utilities & Communications</i></p> | <p>Would require the Public Utilities Commission to require each large electrical corporation to establish a tariff or tariffs that provide for bill credits for electricity generated by eligible renewable generating facilities and exported to the electrical grid to be credited to electrical accounts of nonresidential customers of the corporations. Could harm CCAs by effectively allowing IOUs to cherry-pick large customers away from CCA at the expense of residential and small business customers. Working with author to fix these flaws.</p> | <p>Back up CalCCA's efforts</p> |

Regulatory Update - Power Charge Indifference Adjustment (PCIA)

On April 2nd, parties filed opening testimony proposing modifications and revisions to the existing PCIA. Many argued that the CPUC-determined estimate of the financial credit departing load customers receive in return for paying PCIA does not reflect current market conditions. While there is broad support for replacing that figure with something more market-based, parties differ on what that value should be, and how it should be determined. CalCCA calculated that if the PCIA formula used the same values the CPUC uses for utility procurement planning, the PCIA would be negative (e.g. a credit to CCA customers). The Joint Utilities point to their inability to generate significant revenues by selling unneeded energy in the spot market and/or



issuing requests for offers as rationale for the current PCIA being disadvantageous to their customers.

Several parties articulated proposals for replacing the PCIA. CalCCA recommended that utilities be compelled to sell their renewable and GHG-free resources into the market, and then to bid on the subset of resources they need to meet bundled demand and compliance requirements. The intent is to ensure sufficient supply and demand, and to use the results of these auctions to determine the current market price. The Joint Utilities advocated for a proposal very similar to their Portfolio Application Methodology “PAM” filed last year: they would assign the renewable energy attributes “RECs” and capacity from renewable and hydropower resources to all CCAs and sell the energy and ancillary services from these resources into the spot market. CCA customers would pay for their full share of these resources, less spot market revenues. The utilities’ fossil and nuclear resources would be treated similarly to how they are in the current PCIA. TURN stopped short of offering a proposal for reform, but supported the concepts of auctions, CCAs voluntarily taking assignment of certain resources in exchange for a reduced PCIA, and a “cap” on the maximum amount the PCIA could increase in a given year. The Alliance for Retail Energy Markets, the Direct Access Customer Coalition, and Commercial Energy also advocated for an auctions of utility resources, with different proposal for the frequency (e.g. quarterly vs. annually) and subset of products offered.

Reply testimony was filed on April 23rd. The Joint IOUs focused their reply on opposing CalCCA’s efforts to reduce customer costs, stating that these efforts were outside the scope of the proceeding—similar to their comments in prior proceedings. Ultimately, the CPUC will have to decide if reducing the PCIA expenses is warranted, or whether the current IOU practice of dumping excess energy into the spot market should be allowed to continue.



Staff Report – Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Internal Operations Manager

Issue: Appointment of an Ad Hoc Committee for General Counsel recruitment process

Date: May 3, 2018

Requested Board Action:

Appoint an ad hoc committee to review applications, interview and recommend a final candidate or candidates to the Board of Directors for the position of General Counsel.

Background:

Per the Third Amended JPA, section 4.3, Powers and Functions of the Board, the Board is required to approve the hiring of a General Counsel. Staff has been accepting applications and is now asking the Board to appoint a 2-3 person ad hoc committee to interview the top two candidates from staff's search. The staff involved in interviews include the CEO, SCP's current General Counsel, the Regulatory Director and Internal Operations Manager. After meeting with the top two candidates and reviewing their qualifications, the Board's ad hoc committee would be asked to present a recommendation to the remaining Board members at a future meeting for a vote to approve a candidate for the position.



Staff Report – Item 05

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Rebecca Simonson, Senior Power Services Manager
Stephanie Reynolds, Internal Operations Director
Mike Maher, CPA

Item: Approve the annual budget for fiscal year 2018/2019

Date: May 3, 2018

Requested Actions

Review and approve the Fiscal Year 2018-19 proposed budget.

Background

After two rounds of review by the Community Advisory Committee and Board review of the draft budget and rates, this item seeks approval on a final fiscal year budget for the period starting July 1, 2018. This budget is identical to the draft reviewed by the Board on April 5, and has unanimous support by the Community Advisory Committee.

The Fiscal Year 2018/2019 proposed final budget presented in this item seeks to:

- Continue to procure a supply portfolio of electricity generation that is at least 30% lower in greenhouse gas emissions as PG&E's portfolio and which steadily increases to 50% qualifying renewable sources by 2020.
- Provide 2.0% bill savings to customers.
- Narrow the gap between forecast and actual financials.
- Continue to provide a high level of customer program activities.



- Implement the recently updated Financial Policy B2.
- Seek to minimize the number of rate changes. This means setting a budget so that rates are reasonably likely to be sustainable for a full year.

Budget Scenarios

Six budget and rate scenarios were considered for allocating \$27.1 million to customer bill savings, customer programs and reserves. The CAC, staff and Board have all agreed the scenario of increasing customer savings to 2% (shown in bold) is the preferred option.

| Amounts in \$millions | Customer Savings on Total Bill | | Customer Programs | Reserves and Percent of Revenues | |
|-----------------------|--------------------------------|-------------|-------------------|----------------------------------|-------------|
| 0.5% Savings | \$2.5 | 0.5% | \$9.0 | \$15.7 | 8.4% |
| 1.0% Savings | \$4.9 | 1.0% | \$8.3 | \$13.9 | 7.5% |
| 1.5% Savings | \$7.4 | 1.5% | \$7.3 | \$12.5 | 6.7% |
| 2.0% Savings | \$9.8 | 2.0% | \$6.3 | \$11.0 | 5.9% |
| 2.5% Savings | \$12.3 | 2.5% | \$5.8 | \$9.1 | 4.9% |
| 3.0% Savings | \$14.7 | 3.0% | \$4.8 | \$7.6 | 4.1% |

PROPOSED BUDGET

The proposed final budget is presented first in the form that will be used for adoption, and then is followed by supplemental information. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments.

The "Total Expenditures, Other Uses and Debt Service" plus the planned contribution to operating reserves (shown as "Net Increase/ (Decrease) in Available Fund Balance") equals the Revenue Requirement, which is the amount necessary to recover from customers through rates.



Certain assumptions were used to create this budget, including:

- Opt-out rates remain relatively stable throughout the year, with less than 0.5% change in customer participation.
- The amount of uncollectible funds is estimated to be 0.8%. However, final data lag by enough time that this figure cannot be based on actual performance yet. It is staff's opinion that the long-term average will come close to 0.6%.
- Errors in load forecasting tend to cancel out throughout the year.
- CAISO assigned resource adequacy costs that go above and beyond the CPUC-required levels are assumed to continue at a level of about \$700,000/yr.
- The cost of resource adequacy will continue to increase over the next year, until the CPUC's regulatory requirement for double-procurement is fully resolved.

Important notes on budget sensitivity and exposure:

- SCP has entered into contracts that will meet 92% of its expected energy requirements through the full fiscal year, meaning that electric energy and resource adequacy costs are reasonably well known, although changes in energy market prices will still have an impact on SCP's costs.
- The dramatic increases in PG&E's departing load charges (the "PCIA") that began in January 2016 and escalated further in 2017 and 2018 are assumed to persist at high levels for several years. However, recent progress at the CPUC provides some measure of optimism that the Commission will enforce its rules mandating that PG&E pass on only those costs which are truly unavoidable, and further mandate that PG&E sell its excess energy supply contracts rather than dumping them at minimum value in the spot market.



**Sonoma Clean Power Authority
PROPOSED Fiscal Year 2018-2019 Operating Budget -- Page 1 of 2**

| | Revised Budget FY17-18 | Forecast Actuals FY17-18 | Proposed Budget FY18-19 |
|---|------------------------------|--------------------------------|-------------------------------|
| REVENUES AND OTHER SOURCES | | | |
| Electricity Sales ¹ (net of allowance) | 175,021,000 | 173,796,000 | 182,736,000 |
| EverGreen Premium ² (net of allowance) | 258,000 | 392,000 | 412,000 |
| CEC Grant Proceeds | | | 2,600,000 |
| Interest Income | 319,000 | 475,000 | 613,000 |
| Total Revenues | 175,598,000 | 174,663,000 | 186,361,000 |

EXPENDITURES

Product

| | | | |
|--|--------------------|--------------------|--------------------|
| Cost of Energy and Scheduling ³ | 143,649,000 | 142,643,000 | 154,377,000 |
| Data Management | 3,226,000 | 3,171,000 | 3,089,000 |
| Service Fees to PG&E | 1,234,000 | 1,198,000 | 564,000 |
| Product Subtotal | 148,109,000 | 147,012,000 | 158,030,000 |
| Personnel | 3,330,000 | 3,134,000 | 3,661,000 |
| Outreach and Communications | 951,000 | 951,000 | 1,144,000 |
| Customer Service | 474,000 | 354,000 | 440,000 |
| General and Administration | 495,000 | 619,000 | 531,000 |
| Fire Relief Donations | 1,000,000 | 1,000,000 | 0 |

¹ Forecast sales for 2018-19 are 2,550,000 MWh, including an allowance of 0.8% of sales for uncollectible accounts.

² Incremental revenues from participating EverGreen customers for the premium on 100% renewable energy produced in Sonoma or Mendocino Counties.

³ Includes NetGreen costs, ProFIT payments, California ISO fees and schedule coordination.



Sonoma Clean Power Authority
PROPOSED Fiscal Year 2018-2019 Operating Budget -- Page 2 of 2

| | Revised Budget FY17-18 | Forecast Actuals FY17-18 | Proposed Budget FY18-19 |
|--|------------------------------|--------------------------------|-------------------------------|
| EXPENDITURES – continued | | | |
| Other Professional Services | | | |
| Legal | 370,000 | 315,000 | 310,000 |
| Accounting | 194,000 | 186,000 | 204,000 |
| Technical | 350,000 | 292,000 | 190,000 |
| Legislative and regulatory advocacy | 230,000 | 78,000 | 128,000 |
| Other consultants | 215,000 | 215,000 | 260,000 |
| Other Professional Services Subtotal | 1,359,000 | 1,086,000 | 1,092,000 |
| | | | |
| CalCCA Trade Association | | | 348,000 |
| | | | |
| Programs | | | |
| Program Implementation | 5,650,000 | 3,767,000 | 5,510,000 |
| CEC Grant Program ⁴ | | | 3,040,000 |
| Program Development and Evaluation | 350,000 | 220,000 | 350,000 |
| Programs Subtotal | 6,000,000 | 3,987,000 | 8,900,000 |
| | | | |
| Total Expenditures | 161,718,000 | 158,143,000 | 174,146,000 |
| Revenues Less Expenditures | 13,880,000 | 16,520,000 | 12,215,000 |
| | | | |
| OTHER USES | | | |
| Capital Outlay | 164,000 | 115,000 | 200,000 |
| Collateral Deposits | 2,000,000 | 560,000 | 1,000,000 |
| | | | |
| Total Expenditures, Other Uses and Debt Service | 163,882,000 | 158,818,000 | 175,346,000 |
| | | | |
| Net Increase/(Decrease) in Available Fund Balance | 11,716,000 | 15,845,000 | 11,015,000 |

⁴ The difference between the CEC Grant Proceeds and Grant Expenses is SCP's cash portion of the matching funds, and is budgeted to be \$440,000.



INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

Details on the draft budget are provided in this section along with projections of the next five years.

The five-year outlook reflects SCP's favorable contract positions as well as increasing use of renewable energy (assumed 2% increase each year until 50% is achieved in 2020) and an increase in local renewable energy from geothermal and solar. For the purpose of this projection, SCP's customer rates for energy and demand are assumed to remain flat until July 2020 and then rise 2% each year. While the table shown reflects a reasonable estimate of future costs, it is important to stress that actual revenues and expenses will vary from this forecast.

| | FY18-19 | FY19-20 | FY20-21 | FY21-22 | FY22-23 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| REVENUES AND OTHER SOURCES | | | | | |
| Electricity Sales | 182,736,000 | 184,082,000 | 189,228,000 | 193,922,000 | 198,006,000 |
| Evergreen Premium | 412,000 | 424,000 | 437,000 | 450,000 | 464,000 |
| Interest Income | 613,000 | 754,000 | 804,000 | 844,000 | 884,000 |
| Total Revenues and Other Sources | 183,761,000 | 185,260,000 | 190,469,000 | 195,216,000 | 199,354,000 |
| EXPENDITURES AND OTHER USES | | | | | |
| Product | 158,030,000 | 166,178,000 | 169,008,000 | 173,570,000 | 176,585,000 |
| Personnel | 3,661,000 | 3,825,000 | 3,997,000 | 4,180,000 | 4,330,000 |
| Outreach and Communications | 1,144,000 | 1,050,000 | 980,000 | 994,000 | 1,035,000 |
| Customer Service | 440,000 | 451,000 | 465,000 | 479,000 | 492,000 |
| Other Professional Services | 1,440,000 | 1,442,000 | 1,485,000 | 1,530,000 | 1,580,000 |
| General and Administration | 531,000 | 563,000 | 560,000 | 577,000 | 590,000 |
| Programs (net of grants) | 6,300,000 | 6,300,000 | 6,500,000 | 6,700,000 | 6,900,000 |
| Total Expenditures | 171,546,000 | 179,809,000 | 182,995,000 | 188,030,000 | 191,512,000 |
| OTHER USES | | | | | |
| Collateral Deposits / (Returns) | 1,000,000 | 0 | 0 | 0 | 0 |
| Capital Outlay | 200,000 | 206,000 | 213,000 | 220,000 | 227,000 |
| DEBT SERVICE | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures, Other Uses and Debt Service | 172,746,000 | 180,015,000 | 183,208,000 | 188,250,000 | 191,739,000 |
| Net Increase/(Decrease) in Available Fund Balance | 11,015,000 | 5,245,000 | 7,261,000 | 6,966,000 | 7,615,000 |
| RESERVES | | | | | |
| Accumulated Operating/Credit Reserves (EOY) | 60,099,000 | 64,033,000 | 69,479,000 | 74,704,000 | 80,415,000 |
| Accumulated (or spent) Program Reserves (EOY) | 11,024,000 | 11,811,000 | 12,900,000 | 13,945,000 | 15,087,000 |
| Accumulated (or deposited) Collateral Reserves (EOY) | 2,374,000 | 2,899,000 | 3,625,000 | 4,322,000 | 5,084,000 |



Further detail on each of the proposed budget categories follows.

REVENUES AND OTHER SOURCES

The primary source of income is from the retail sale of electricity to CleanStart and EverGreen customers. Customers of both of these programs provide all of the Electricity Sales income. EverGreen costs 2.5 cents per kWh over the cost of CleanStart, and provides 100% renewable energy from sources in Sonoma and Mendocino Counties. The EverGreen premium pays for the purchase of local sources of renewable geothermal and solar, and is not intended to produce surplus income.

The total sales estimate is based on 87% of eligible customers (and load) participating in SCP. The net financial performance of SCP is not sensitive to small changes in the rate of participation because a majority of expenses are proportional to the load served. In other words, income and expenses generally go up and down together.

An estimate of 0.8% is used for the portion of billings that will never be collected. Revenues shown in the budget are net of this reduction.

SCP places cash that is not needed as working capital in interest-bearing accounts. Currently, these accounts earn approximately 1.5% interest, but that amount is forecast to increase to 2% by the end of 2018 and the use of short-term CDs should further increase interest earned.

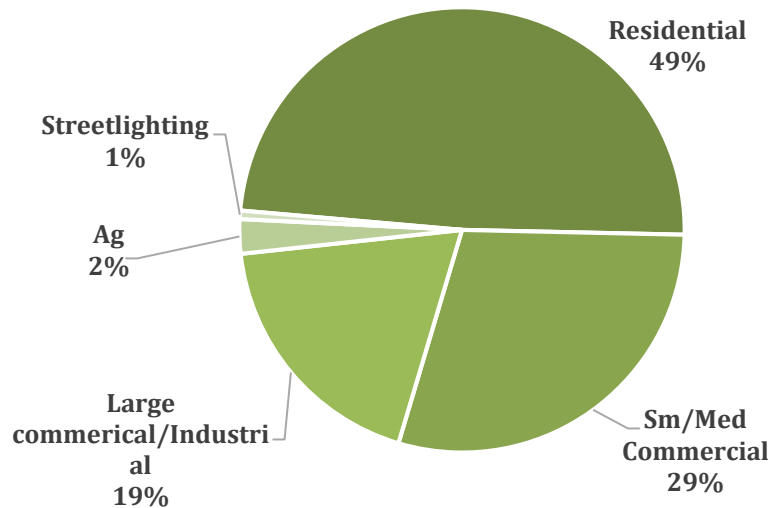
SCP has also been notified that we will receive \$9,814,597 in CEC program funds over the next three years to administer the Lead Locally program with an "Energy Store." To accept these funds, SCP will need to authorize \$3,335,500 in matching funds over three years, of which about half would come from Program expenses and the other half from Personnel and other "in-kind" costs. Other than these match funds, all of the expenses will be offset by the proceeds of the CEC grant.



EXPENDITURES

Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 2,710,000 MWh of energy, capacity, green attributes, scheduling services, CAISO fees and other miscellaneous power market expenses. The volume of purchased energy is between 5% and 8% greater than the volume sold because of normal system losses. SCP's load is almost half residential:



SCP's suppliers include Constellation, Calpine, Recurrent, NextEra, Malaga, Calpeak, Morgan Stanley, RPS Advisors, Shell, Portland General, Powerex, Noble, 3 Phases, Transalta, PG&E, Elk Hills Power, GE Power, TGP Energy Management, and Southern California Edison. These sources are reported on SCP's annual Power Content Label.

Major amounts of SCP's customer load are also served by customer-owned solar arrays. Small amounts also reduce the load of other SCP customers through NetGreen overproduction, and ProFIT local feed-in tariff providers will turn on the first two megawatts of production near the start of Fiscal Year 2018-19. None of this production is reportable on SCP's Power Content Label, however, because it is treated as a load reduction rather than supply energy under California regulations.



Many efforts are aimed at changing this paradigm and better recognizing the important contribution of distributed, small-scale renewable production. To put this in perspective, over 5% of Sonoma County's energy use comes from customer-owned renewable systems.

Energy is procured for over 90% of the forecast load through December 2020. The primary price risks are therefore related to forecast error, changes in rates of customer participation, variable generation output of solar and wind resources, generation curtailment risks, forward pricing peak and off-peak unhedged energy, and legislative and regulatory risks (e.g., PCIA fees). Overall, SCP is in a strong financial position. The primary known risk is that new legislation or regulations could be passed that drive up customer costs, for example by limiting SCP's ability to participate in competitive electric markets or by imposing compliance burdens that are intended to drive out competition from small electric providers.

Customer participation is fairly stable, with no more than 0.5% additional opt outs expected in the next year.

Based on current rates of participation by net-metered customers and payouts in 2016 and 2017, the total payout amount forecast for SCP's NetGreen customers is estimated to be about \$950,000 for the fiscal year.

SCP's ProFIT feed-in tariff program was authorized by the Board of Directors to contract with local renewable energy suppliers up to \$600,000 per year in above-CleanStart expenses. This was translated into 5 MW of capacity, which formed the basis for contracting. A reasonable estimate is that an average of 2.5 MW will be online in FY2018-19, growing to an average of 3.5MW in the following year.

Scheduling Coordinator services are provided by Shell Energy North America. The charges for this service are included together with energy and resource adequacy. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.



Data Management is a broad scope of services provided by contract through Calpine, including billing data validation, bill coordination with PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting.

This Data Management contract was presented, reviewed and approved by the Board of Directors November 7, 2013 and continues through April 30, 2019, with a possible extension.

Service Fees to PG&E consist of a charge of \$0.21 per account per month plus numerous small fees associated with data requests, mass enrollments and similar work. The fees cover PG&E's costs associated with additional data processing and bill coordination, and are mandatory and regulated by the California Public Utilities Commission (CPUC). The large drop in this fee, from \$0.44 to \$0.21 is the reason for the significant reduction in budgeted costs this year.



Personnel

Personnel costs include all of the salaries, benefits and employer taxes for staff, and are based on an estimated staffing plan:

| Position | Budgeted Start Date |
|----------------------------------|------------------------|
| Chief Executive Officer | existing |
| General Counsel | June, 2018 |
| Director, Power Services | existing |
| Director, Programs | existing |
| Director, Regulatory | existing |
| Director, Public Affairs & Mktg. | existing |
| Director, Customer Service | existing |
| Director, Internal Operations | existing |
| Manager, Power Services | existing |
| Manager, Programs | existing |
| Manager, Programs Lead Local | May, 2018 |
| Manager, Resource | Sept 2018 |
| Account Executive | existing |
| Analyst, Energy Market | existing |
| Analyst, Compliance | existing |
| Analyst, Programs | July 2018 |
| Specialist, Communications | existing |
| Specialist, Programs | existing |
| Specialist, Customer Service | existing |
| Assistant, Executive | existing |
| Coordinator, Communications | existing |
| Representative, Customer Service | existing |
| Assistant, Administrative | existing |
| Intern, Programs | existing |
| Intern, Marketing | Summer, 2018, seasonal |

Hiring dates and positions will vary from this plan as needed.



Outreach and Communications

This subcategory includes marketing, advertising, public relations, social media and community outreach efforts for both Sonoma and Mendocino Counties.

Focuses for this fiscal year include community outreach/events in Mendocino County, many of which were included in the Customer Service/Mendocino County Enrollment budget in the last fiscal year. Additional expenses rolling into the Outreach and Communications budget this year include a variety of memberships for Mendocino County Chambers of Commerce, Business Groups, etc.

Additional significant projects planned for this fiscal year include debuting SCP's new brand and website, which will involve updating all collateral, internal signage and other printed and branded materials.

Marketing campaigns are planned to significantly promote SCP's existing and growing customer programs, including \$200,000 for promotion of Drive EverGreen and the Lead Locally program. In past years, some program marketing expenses were paid from the Programs budget, but our CPA has advised us that it is clearer to report all marketing expenses in this category.

| <u>Outreach and Communications</u> | <u>Estimated Detail</u> |
|---|-------------------------|
| Marketing, advertising, branding | 409,000 |
| Campaigns and program support | 388,000 |
| Consultants | 95,000 |
| Community memberships & outreach | 190,000 |
| Collateral & miscellaneous | 62,000 |
| <hr/> Outreach and Communications Total | <hr/> 1,144,000 |



Customer Service

This subcategory includes required customer noticing and local business and industry development.

Customer Noticing

There are several kinds of official mailed notices SCP provides to its customers. Outside of enrollment rollouts, the following notices are mailed out to applicable customers:

- Move-in notice post card (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)
- Opt-out confirmation - immediate notice (weekly)
- Opt-out confirmation – 6 month notice (weekly)
- Late payment notices (monthly)
- EverGreen letter (quarterly)
- Joint Rate Comparison with SCP and PG&E information (annually)
- California Energy Commission's Power Content Label (annually)
- As needed, special rate notices (e.g., E7 closure and options)

The budget reflects the approximately 1,200 letters mailed every week plus the required annual mailings.

The budget also includes funds for a customer survey to determine brand awareness, customer priorities, and customer satisfaction with Sonoma Clean Power.

Business and Industry Development

Customer service also works with our local business and industry groups through memberships and sponsorships to increase awareness of SCP and improve relationships. We also participate in events that raise money for our local food, wine, and agricultural industries. An aspect of our teams' key business requires reoccurring meetings with other CCA counterparts, stakeholder groups and PG&E to coordinate joint business and facilitate unique client needs.



Community engagement is a high priority and partnering with Santa Rosa Junior College to administer the pending SCP Grant will enhance community relations and build stronger ties locally with the College, student population and future work force of our community. This will operate as a competitive grant where SCP staff will work with various student participants and Business department professors to ultimately select up to 2 top performing “ideas” to receive the award. The frequency of issuance will depend upon the ongoing schedule of the course, as recent changes to course availability have diminished the semesters it is offered to students.

| <u>Customer Noticing</u> | <u>Estimated Detail</u> |
|---|-------------------------|
| Confirmation letters | 54,083 |
| EverGreen Quarterly | 4,759 |
| Annual Required Notices | 100,765 |
| Customer Survey | 110,000 |
| Other Noticing | 12,447 |
| <hr/> | |
| Customer Noticing Subtotal (rounded) | 282,000 |
| | |
| <u>Business & Industry Development</u> | |
| Memberships/sponsorships | 43,450 |
| Events (Participation) | 23,760 |
| Customer Appreciation | 28,600 |
| SCP Grant Fund | 55,000 |
| Miscellaneous | 6,600 |
| <hr/> | |
| Biz & Industry Development Subtotal (rounded) | 158,000 |
| | |
| Total Customer Service | \$440,000 |

General and Administration

General and Administration includes ordinary business expenses such as rent, meeting room rentals, parking and transit expenses, liability insurance, basic office supplies, office phones, internet service, data service and minor equipment costing less than \$1,000, leases for printer/copiers, conferences, memberships and subscriptions, travel, meals and miscellaneous operational expenses.



| <u>General and Administration</u> | <u>Estimated Detail</u> |
|--|-------------------------|
| Office space and meeting/event rentals | 191,000 |
| Insurance | 8,000 |
| Misc. expenses and office supplies | 57,000 |
| Phones, internet, data and minor equipment | 51,000 |
| Conferences and professional development | 26,000 |
| Dues and subscriptions | 158,000 |
| Travel | 22,000 |
| Meals and entertainment | 18,000 |
| <hr/> General and Administration Total | <hr/> 531,000 |

Other Professional Services

Most of the budget for legal services are for power contract negotiations and regulatory advocacy, with smaller amounts expected for legislative analysis, employment and litigation support.

Accounting includes services from three different providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. Maher's current fee is \$9,115 per month plus a one-time fee of \$13,900, and is expected to rise slightly next year. The County's Auditor Controller Treasurer Tax Collector's (ACTTC) office provides internal auditing and control for SCP and bills its time at cost, estimated to be less than \$10,000 for the year. Pisenti & Brinker serves as SCP's third-party, independent, outside auditor. Last year Pisenti's costs were \$23,500, so staff have assumed a small increase for inflation for this fiscal year.

Technical Services is budgeted to cover consulting support for data analysis, risk management support, revenue analysis, rate development, database and dashboard development, data security and related work.

Legislative and Regulatory Advocacy covers SCP's Sacramento legislative lobbyist, subscription to a statewide regulatory briefing service, and coverage for advancing bills in the legislative session. This category is decreasing in expenditures in place of contributions to the statewide CalCCA trade association, which is taking on more of this work.



CalCCA

The CalCCA trade association has a growing importance in SCP’s legislative and regulatory work, by running joint efforts to address regulatory challenges, mainly at the CPUC, such as PCIA, the Integrated Resource Plan proceeding, resolving matters related to IOU over procurement of energy and resource adequacy. The expenses of this budget category were previously reported in General and Administration, but have been moved to “Other Professional Services.” The expenses are mostly offset by reductions to other professional service categories, and the overall budget for “Other Professional Services” remains similar to prior fiscal years.

Programs

Over the past year, SCP has significantly increased the number and scale of customer programs it offers. The accumulated \$7.5 million in program reserves also has made it possible to launch multi-year programs.

| ELECTRIC VEHICLES | Customer Benefits | SCP Benefits |
|---|---|---|
| Drive EverGreen 3.0 – Design and deploy an expanded and extended EV and EV charger discount program. | Cut emissions and receive discounts on vehicles and charging equipment. | Increase sales and net revenues while decreasing emissions. |
| CleanCharge – Create aggregated load resource with EV charging equipment and schedule into CAISO markets. | Potential to earn cash rewards over time. Pride of helping support more renewable energy on the grid. | Increases ability to shape system load. Potential to meet portion of RA obligation. Supports lower emissions by allowing more renewable sources in portfolio. |
| Non-Profit EV Incentive – Provide an incentive for non-profits to purchase EV and PHEV vehicles. | Support of worthy non-profits | Increased exposure through marketing and reduction of GHG emissions |



| EDUCATION | Customer Benefits | SCP Benefits |
|---|---|---|
| School Programs – teacher training, education materials development, in-class programs. | Increase commitment in SCP, awareness of issues, and value to schools. Instill a culture of efficiency in school-age children | Increase awareness of SCP. Educate children on climate change and energy efficiency. |
| SWITCH EV Program – placement of EV kit cars in vocational programs of local high schools | Increase commitment in SCP, awareness of issues, and value to schools, while developing STEM skills. | Increase awareness of clean power science and career opportunities. Long-term investment in promoting technical capabilities needed for clean energy operations |

| Energy Efficiency in Buildings | Customer Benefits | SCP Benefits |
|--|--|---|
| Assistance to Commercial Customers – Provide an expert in energy efficiency to audit the energy use of commercial customers. | Provide assistance to commercial customers in identifying energy efficiency measures | Low cost program that will build brand loyalty |
| Assistance to Fire Re-Building Effort – In partnership with PG&E and BAAQMD, create an incentive program for home re-building | Provide incentives to homeowners re-building in the fire zones to achieve 2020 building codes. | Advances SCP's goals for reducing GHG emissions through fuel switching. |
| Assistance to New Development – Providing an expert in green building to developers as they take a project from concept to plan. | Provide assistance to new commercial development in identifying cost effective measures to greater energy efficiency | Low cost program that will build brand loyalty |
| DIY Tool Kits – Placement of energy efficiency tool kits in County libraries for customers to check out. | Easy, fun way to learn about energy efficiency in homes | Low cost program that will build brand loyalty |



| Aggregation of Loads and Resources | Customer Benefits | SCP Benefits |
|---|--|---|
| Demand Response Program – Develop general tools for managing diverse kinds of aggregated resources. | Increased opportunities to use new technologies, earn market revenues, and support lower emission sources. | Potential to shape system load and lower total costs to customers over time. Increased ability to meet RA obligations and achieve high amounts of renewables. |

| CEC Grant | Customer Benefits | SCP Benefits |
|--|--|---|
| CEC Grant administration – Managing the implementation of the grant and creation of an energy efficiency Marketplace | Exposure of customer to cutting edge energy efficiency products and the ability to purchase and install them | Advances SCP's goals for reducing GHG emissions through fuel switching. |

| Distributed Energy Resources | Customer Benefits | SCP Benefits |
|------------------------------|--|---|
| Residential Storage Program | A pilot program to gauge interest in battery storage systems in residences | Potential to shape system load and lower total costs to customers over time. Increased ability to meet RA obligations and achieve high amounts of renewables. |
| Misc. Contracts (CCP, Etc.) | Provide resources and education to customers considering distributed resources | Potential to shape system load and lower total costs to customers over time. Increased ability to meet RA obligations and achieve high amounts of renewables. |



| Programs | Estimated Detail |
|--|-------------------------|
| <i>Electric Vehicles</i> | |
| Drive EverGreen | 1,895,000 |
| CleanCharge | 850,000 |
| Non-Profit Vehicle Incentive | 100,000 |
| <i>Electric Vehicle Subtotal</i> | 2,845,000 |
| <i>Education</i> | |
| School Programs | 275,000 |
| SWITCH Program | 75,000 |
| Misc Education Tools/Support | 10,000 |
| <i>Education Subtotal</i> | 360,000 |
| <i>Energy Efficiency in Buildings</i> | |
| Assistance to Commercial Customers | 50,000 |
| Assistance to Fire Re-Building Efforts | 2,000,000 |
| Assistance to New Development | 45,000 |
| DIY Tool Kits | 25,000 |
| <i>Energy Efficiency in Buildings Subtotal</i> | 2,120,000 |
| <i>Aggregation of Loads and Resources</i> | |
| Demand Response Program | 275,000 |
| <i>Aggregation of Loads and Resources Subtotal</i> | 275,000 |
| <i>CEC Grant</i> | |
| CEC Grant Administration | 440,000 |
| <i>CEC Grant Subtotal</i> | 440,000 |
| <i>Distributed Energy Resources</i> | |
| Residential Storage Program | 100,000 |
| Misc. Contracts | 160,000 |
| <i>DER Subtotal</i> | 260,000 |
| Programs Total (from SCP) | 6,300,000 |
| Grant Proceeds (from CEC) | 2,600,000 |
| Total Program Budget | 8,900,000 |

OTHER USES

Capital Outlay is for equipment costing in excess of \$1,000, including computers, printers, furniture and building signage. The budget for the upcoming fiscal year represents a decrease from the past year because some of the furniture and equipment for staff has been purchased in prior years.



Collateral Deposits are needed to support the purchase of additional wholesale energy and resource adequacy purchases. With the newly-updated Financial Policy B2 governing reserves, a collateral reserve account will be created, and once filled with sufficient funds, the line item for Collateral would be removed from general budgeting.

DEBT SERVICE

Debt Service covers the cost of borrowed funds. No debt service expenses are budgeted, since SCP currently carries no debt.

NET INCREASE/ (DECREASE) IN AVAILABLE FUND BALANCE

The allocation of surplus funds is governed by the adopted Financial Policy B2. The policy generally indicates that net surplus funds (if any) are dedicated to operating reserves and a stabilizing account to support local customer programs or projects. The full policy is shown in the appendix.



APPENDIX Financial Policy B2

Available Fund Balance, and Operating, Program and Collateral Reserves

SCP has an Operating Reserve for the purpose of supporting agency credit, a Program Reserve that allows multi-year program funding commitments, and a Collateral Reserve to allow the posting of collateral for energy and related purchases.

Target balances are:

| | |
|--------------------|---------------------------------------|
| Operating Reserve | 50% of total annual budgeted expenses |
| Program Reserve | 10% of total annual budgeted expenses |
| Collateral Reserve | 10% of annual energy expenditures |

Prior to reaching these targets, the following shall apply to Sonoma Clean Power Authority's financial management:

1. Rate Setting and Budgeting:

- A. If rates can be kept competitive with PG&E, a minimum of 3% of revenues shall be recovered through rates to provide for the Operating Reserve, Program Reserve and Collateral Reserve, and reduce financial risk. Rates shall be deemed competitive if SCP's average retail generation rate¹, inclusive of all fees², is not more than 2% above PG&E's average retail generation rate³.
- B. If rates cannot be kept competitive per the definition in 1.A, then the additional amount to be recovered through rates shall be reduced so that SCP's average retail rate is no more than PG&E's average retail rate. However, the withdrawal of cash reserves to reduce rates should only be done in cases where the Board makes three findings (1) the use of reserves

¹ The Average Retail Generation Rate is the total revenue collected for generation divided by the total kilowatt-hours of energy sold.

² All fees separately charged to SCP customers as determined by the CPUC. Today this includes the Power Charge Indifference Adjustment and a Franchise Fee.

³ See footnote #1.



to reduce rates is likely to be needed because of a short-term reason, and unlikely to be needed in subsequent years; (2) there is a material likelihood that SCP or its customers would be significantly harmed without the use of reserves, and (3) the benefit is greater than the potential credit downgrade from use of the reserves.

2. Allocating the Increase in Available Fund Balance, if any:

- A. 75% to Operating Reserves to support credit and mitigate financial risks.
- B. 15% to Program Reserves to support programs that have financial commitments which extend beyond the current fiscal year consistent with SCPA's mission. Program Reserve usage must be authorized by the SCPA Board of Directors with prior review by the Community Advisory Committee.
- C. 10% to the Collateral Reserves to provide a source of collateral for purchasing energy and energy-market products.

Annual Increase in Available Fund Balance shall be determined based on information reported in the annual audited financial statements. Available fund balance at the end of a fiscal year is equal to assets convertible or expected to be converted into cash within 90 days.

When one or two of the reserve targets are met, greater percentages shall be contributed to the unmet target(s) at the Board's direction.

Upon reaching the target balances, rates and budgets shall be set to maintain the target balances.



Staff Report – Item 06

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Rebecca Simonson, Senior Power Services Manager
Stephanie Reynolds, Internal Operations Director
Mike Maher, CPA

Item: Approve customer rates for July 1, 2018

Date: May 3, 2018

Requested Actions

Review and approve customer electric generation rates starting July 1, 2018.

Background

Materials for this item are provided in Item 5. The rates proposed for adoption would provide 2.0% savings on total electric charges relative to the distribution utility's adopted March 1, 2018 rates. The full table of rates is provided as an appendix.

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|-------------------------------------|--------------------------------|---------------------|---|---|-----------------------------------|
| <u>RESIDENTIAL CUSTOMERS</u> | | | | | |
| E-1 | E-1 ENERGY CHARGE (\$/KWH) | All Energy | \$0.06948 | \$0.10357 | \$0.10780 |
| EL-1 (CARE) | EL-1 ENERGY CHARGE (\$/KWH) | All Energy | \$0.06948 | \$0.10357 | \$0.10780 |
| E-6 | E-6 ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.19623 | \$0.23032 | \$0.23774 |
| | | Summer Part Peak | \$0.08568 | \$0.11977 | \$0.12489 |
| | | Summer Off-Peak | \$0.04116 | \$0.07525 | \$0.07883 |
| | | Winter Partial Peak | \$0.06630 | \$0.10039 | \$0.10440 |
| | | Winter Off-Peak | \$0.05397 | \$0.08806 | \$0.09173 |
| EL-6 (CARE) | EL-6 ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.19623 | \$0.23032 | \$0.23774 |
| | | Summer Part Peak | \$0.08568 | \$0.11977 | \$0.12489 |
| | | Summer Off-Peak | \$0.04116 | \$0.07525 | \$0.07883 |
| | | Winter Partial Peak | \$0.06630 | \$0.10039 | \$0.10440 |
| | | Winter Off-Peak | \$0.05397 | \$0.08806 | \$0.09173 |
| EV | EV ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.20318 | \$0.23727 | \$0.24674 |
| | | Summer Part Peak | \$0.07962 | \$0.11371 | \$0.11891 |
| | | Summer Off-Peak | \$0.02312 | \$0.05721 | \$0.05976 |
| | | Winter Peak | \$0.05151 | \$0.08560 | \$0.09220 |
| | | Winter Partial Peak | \$0.02519 | \$0.05928 | \$0.05761 |
| | | Winter Off-Peak | \$0.01944 | \$0.05353 | \$0.06189 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|--|--|-----------------|---|---|-----------------------------------|
| RESIDENTIAL CUSTOMERS | | | | | |
| E-TOU Option A | E-TOU-A ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.15013 | \$0.18422 | \$0.19050 |
| | | Summer Off-Peak | \$0.07607 | \$0.11016 | \$0.11493 |
| | | Winter Peak | \$0.06515 | \$0.09924 | \$0.10316 |
| | | Winter Off-Peak | \$0.05115 | \$0.08524 | \$0.08887 |
| EL-TOU Option A (CARE) | EL-TOU-A ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.15013 | \$0.18422 | \$0.19050 |
| | | Summer Off-Peak | \$0.07607 | \$0.11016 | \$0.11493 |
| | | Winter Peak | \$0.06515 | \$0.09924 | \$0.10316 |
| | | Winter Off-Peak | \$0.05115 | \$0.08524 | \$0.08887 |
| E-TOU Option B | E-TOU-B ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.17087 | \$0.20496 | \$0.21238 |
| | | Summer Off-Peak | \$0.06987 | \$0.10396 | \$0.10932 |
| | | Winter Peak | \$0.06678 | \$0.10087 | \$0.10554 |
| | | Winter Off-Peak | \$0.04835 | \$0.08244 | \$0.08674 |
| EL-TOU Option B (CARE) | EL-TOU-B ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.17087 | \$0.20496 | \$0.21238 |
| | | Summer Off-Peak | \$0.06987 | \$0.10396 | \$0.10932 |
| | | Winter Peak | \$0.06678 | \$0.10087 | \$0.10554 |
| | | Winter Off-Peak | \$0.04835 | \$0.08244 | \$0.08674 |
| RESIDENTIAL TIME-OF-USE (PEAK PRICING 4-9 p.m. EVERY DAY) | E-TOU-C3 ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.12656 | \$0.16065 | \$0.16645 |
| | | Summer Off-Peak | \$0.06439 | \$0.09848 | \$0.10301 |
| | | Winter Peak | \$0.07184 | \$0.10593 | \$0.10999 |
| | | Winter Off-Peak | \$0.05486 | \$0.08895 | \$0.09266 |
| RESIDENTIAL TIME-OF-USE (PEAK PRICING 4-9 p.m. EVERY DAY (CARE)) | EL-TOU-C3 ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.12656 | \$0.16065 | \$0.16645 |
| | | Summer Off-Peak | \$0.06439 | \$0.09848 | \$0.10301 |
| | | Winter Peak | \$0.07184 | \$0.10593 | \$0.10999 |
| | | Winter Off-Peak | \$0.05486 | \$0.08895 | \$0.09266 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|---|--|---------------------|---|---|-----------------------------------|
| COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS | | | | | |
| A-1 | A-1 ENERGY CHARGE (\$/KWH) | Summer | \$0.09528 | \$0.12062 | \$0.12570 |
| | | Winter | \$0.05721 | \$0.08255 | \$0.08648 |
| A-1 TOU | A-1 TOU ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.10914 | \$0.13448 | \$0.13984 |
| | | Summer Part Peak | \$0.08596 | \$0.11130 | \$0.11619 |
| | | Summer Off-Peak | \$0.05916 | \$0.08450 | \$0.08884 |
| | | Winter Partial Peak | \$0.08614 | \$0.11148 | \$0.11600 |
| | | Winter Off-Peak | \$0.06563 | \$0.09097 | \$0.09508 |
| A-6 | A-6 ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.34080 | \$0.36614 | \$0.37744 |
| | | Summer Part Peak | \$0.10716 | \$0.13250 | \$0.13786 |
| | | Summer Off-Peak | \$0.05030 | \$0.07564 | \$0.07957 |
| | | Winter Partial Peak | \$0.07541 | \$0.10075 | \$0.10503 |
| | | Winter Off-Peak | \$0.05829 | \$0.08363 | \$0.08754 |
| A-10-A | A-10-A ENERGY CHARGE (\$/KWH) | Summer | \$0.08701 | \$0.11275 | \$0.11614 |
| | | Winter | \$0.06081 | \$0.08655 | \$0.08916 |
| | DEMAND CHARGE (\$/KW) | Summer Max | \$5.02 | \$5.02 | \$5.41 |
| A-10-B | A-10-B ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.13981 | \$0.16555 | \$0.17002 |
| | | Summer Part Peak | \$0.08579 | \$0.11153 | \$0.11489 |
| | | Summer Off-Peak | \$0.05828 | \$0.08402 | \$0.08682 |
| | | Winter Partial Peak | \$0.07040 | \$0.09614 | \$0.09895 |
| | | Winter Off-Peak | \$0.05367 | \$0.07941 | \$0.08188 |
| | DEMAND CHARGE (\$/KW) | Summer Max | \$5.02 | \$5.02 | \$5.41 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|---|------------------------|---------------------|---|---|-----------------------------------|
| COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS | | | | | |
| A-10-A-P | A-10-A-P | | | | |
| | ENERGY CHARGE (\$/KWH) | Summer | \$0.07729 | \$0.10303 | \$0.10620 |
| | | Winter | \$0.05456 | \$0.08030 | \$0.08282 |
| | DEMAND CHARGE (\$/KW) | Summer Max | \$4.33 | \$4.33 | \$4.70 |
| A-10-B-P | A-10-B-P | | | | |
| | ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.12819 | \$0.15393 | \$0.15813 |
| | | Summer Part Peak | \$0.07864 | \$0.10438 | \$0.10757 |
| | | Summer Off-Peak | \$0.05254 | \$0.07828 | \$0.08094 |
| | | Winter Partial Peak | \$0.06539 | \$0.09113 | \$0.09387 |
| | | Winter Off-Peak | \$0.04983 | \$0.07557 | \$0.07799 |
| | DEMAND CHARGE (\$/KW) | Summer Max | \$4.33 | \$4.33 | \$4.70 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|---|------------------------------|-------------------------------|---|---|-----------------------------------|
| COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS | | | | | |
| E-19-S, V | E-19-S | ENERGY CHARGE (\$/KWH) | | | |
| | | Summer Peak | \$0.11275 | \$0.13445 | \$0.13766 |
| | Summer Part Peak | \$0.06922 | \$0.09092 | \$0.09324 | |
| | Summer Off-Peak | \$0.04039 | \$0.06209 | \$0.06382 | |
| | Winter Partial Peak | \$0.06325 | \$0.08495 | \$0.08715 | |
| | Winter Off-Peak | \$0.04754 | \$0.06924 | \$0.07112 | |
| | DEMAND CHARGE (\$/KW) | Summer Peak | \$13.47 | \$13.47 | \$13.86 |
| | | Summer Part Peak | \$3.31 | \$3.31 | \$3.42 |
| E-19-P, V | E-19-P | ENERGY CHARGE (\$/KWH) | | | |
| | | Summer Peak | \$0.10282 | \$0.12452 | \$0.12751 |
| | Summer Part Peak | \$0.06161 | \$0.08331 | \$0.08546 | |
| | Summer Off-Peak | \$0.03512 | \$0.05682 | \$0.05843 | |
| | Winter Partial Peak | \$0.05605 | \$0.07775 | \$0.07978 | |
| | Winter Off-Peak | \$0.04167 | \$0.06337 | \$0.06511 | |
| | DEMAND CHARGE (\$/KW) | Summer Peak | \$12.02 | \$12.02 | \$12.37 |
| | | Summer Part Peak | \$2.92 | \$2.92 | \$3.01 |
| E-19-T, V | E-19-T | ENERGY CHARGE (\$/KWH) | | | |
| | | Summer Peak | \$0.06700 | \$0.08870 | \$0.09096 |
| | Summer Part Peak | \$0.05302 | \$0.07472 | \$0.07669 | |
| | Summer Off-Peak | \$0.03451 | \$0.05621 | \$0.05780 | |
| | Winter Partial Peak | \$0.05521 | \$0.07691 | \$0.07893 | |
| | Winter Off-Peak | \$0.04099 | \$0.06269 | \$0.06442 | |
| | DEMAND CHARGE (\$/KW) | Summer Peak | \$13.78 | \$13.78 | \$14.06 |
| | | Summer Part Peak | \$3.46 | \$3.46 | \$3.53 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|---|------------------------|---------------------|---|---|-----------------------------------|
| COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS | | | | | |
| E-20-S | E-20-S | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.10396 | \$0.12484 | \$0.12784 |
| | | Summer Part Peak | \$0.06439 | \$0.08527 | \$0.08747 |
| | | Summer Off-Peak | \$0.03724 | \$0.05812 | \$0.05976 |
| | | Winter Partial Peak | \$0.05865 | \$0.07953 | \$0.08161 |
| | | Winter Off-Peak | \$0.04393 | \$0.06481 | \$0.06659 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$13.03 | \$13.03 | \$13.41 |
| | | Summer Part Peak | \$3.21 | \$3.21 | \$3.31 |
| E-20-P | E-20-P | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.10821 | \$0.12769 | \$0.13073 |
| | | Summer Part Peak | \$0.06460 | \$0.08408 | \$0.08623 |
| | | Summer Off-Peak | \$0.03778 | \$0.05726 | \$0.05886 |
| | | Winter Partial Peak | \$0.05886 | \$0.07834 | \$0.08037 |
| | | Winter Off-Peak | \$0.04436 | \$0.06384 | \$0.06558 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$14.31 | \$14.31 | \$14.72 |
| | | Summer Part Peak | \$3.37 | \$3.37 | \$3.48 |
| E-20-T | E-20-T | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.06549 | \$0.08340 | \$0.08550 |
| | | Summer Part Peak | \$0.05235 | \$0.07026 | \$0.07209 |
| | | Summer Off-Peak | \$0.03495 | \$0.05286 | \$0.05434 |
| | | Winter Partial Peak | \$0.05442 | \$0.07233 | \$0.07420 |
| | | Winter Off-Peak | \$0.04105 | \$0.05896 | \$0.06056 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$17.07 | \$17.07 | \$17.42 |
| | | Summer Part Peak | \$4.07 | \$4.07 | \$4.15 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|---|------------------------|---------------------|---|---|-----------------------------------|
| COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS | | | | | |
| E-19-S - Option R | E-19-S Option R | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.26206 | \$0.28376 | \$0.29098 |
| | | Summer Part Peak | \$0.10387 | \$0.12557 | \$0.12891 |
| | | Summer Off-Peak | \$0.04039 | \$0.06209 | \$0.06382 |
| | | Winter Partial Peak | \$0.06324 | \$0.08494 | \$0.08715 |
| | | Winter Off-Peak | \$0.04754 | \$0.06924 | \$0.07112 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$0.00 | \$0.00 | \$0.00 |
| | | Summer Part Peak | \$0.00 | \$0.00 | \$0.00 |
| E-19-P- Option R | E-19-P Option R | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.24932 | \$0.27102 | \$0.27796 |
| | | Summer Part Peak | \$0.09510 | \$0.11680 | \$0.11993 |
| | | Summer Off-Peak | \$0.03512 | \$0.05682 | \$0.05843 |
| | | Winter Partial Peak | \$0.05603 | \$0.07773 | \$0.07978 |
| | | Winter Off-Peak | \$0.04167 | \$0.06337 | \$0.06511 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$0.00 | \$0.00 | \$0.00 |
| | | Summer Part Peak | \$0.00 | \$0.00 | \$0.00 |
| E-19-T Option R | E-19-T Option R | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.24918 | \$0.27088 | \$0.27686 |
| | | Summer Part Peak | \$0.09599 | \$0.11769 | \$0.12054 |
| | | Summer Off-Peak | \$0.03451 | \$0.05621 | \$0.05780 |
| | | Winter Partial Peak | \$0.05521 | \$0.07691 | \$0.07893 |
| | | Winter Off-Peak | \$0.04099 | \$0.06269 | \$0.06442 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$0.00 | \$0.00 | \$0.00 |
| | | Summer Part Peak | \$0.00 | \$0.00 | \$0.00 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|---|--------------------------|---------------------|---|---|-----------------------------------|
| COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS | | | | | |
| E-20-S - Option R | E-20-S Option R | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.23765 | \$0.25853 | \$0.26514 |
| | | Summer Part Peak | \$0.09665 | \$0.11753 | \$0.12067 |
| | | Summer Off-Peak | \$0.03724 | \$0.05812 | \$0.05976 |
| | | Winter Partial Peak | \$0.05865 | \$0.07953 | \$0.08161 |
| | | Winter Off-Peak | \$0.04393 | \$0.06481 | \$0.06659 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$0.00 | \$0.00 | \$0.00 |
| | | Summer Part Peak | \$0.00 | \$0.00 | \$0.00 |
| E-20-P - Option R | E-20-P Option R | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.25588 | \$0.27536 | \$0.28229 |
| | | Summer Part Peak | \$0.09700 | \$0.11648 | \$0.11956 |
| | | Summer Off-Peak | \$0.03778 | \$0.05726 | \$0.05886 |
| | | Winter Partial Peak | \$0.05885 | \$0.07833 | \$0.08037 |
| | | Winter Off-Peak | \$0.04436 | \$0.06384 | \$0.06558 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$0.00 | \$0.00 | \$0.00 |
| | | Summer Part Peak | \$0.00 | \$0.00 | \$0.00 |
| E-20-T - Option R | E-20-T - Option R | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.24985 | \$0.26776 | \$0.27362 |
| | | Summer Part Peak | \$0.09139 | \$0.10930 | \$0.11193 |
| | | Summer Off-Peak | \$0.03495 | \$0.05286 | \$0.05434 |
| | | Winter Partial Peak | \$0.05442 | \$0.07233 | \$0.07420 |
| | | Winter Off-Peak | \$0.04105 | \$0.05896 | \$0.06056 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Peak | \$0.00 | \$0.00 | \$0.00 |
| | | Summer Part Peak | \$0.00 | \$0.00 | \$0.00 |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation | |
|--------------------------------------|---|---|---|---|-----------------------------------|-----------|
| <u>AGRICULTURAL CUSTOMERS</u> | | | | | | |
| AG-1-A | AG-1-A ENERGY CHARGE (\$/KWH) | Summer | \$0.07786 | \$0.10309 | \$0.10874 | |
| | | Winter | \$0.05761 | \$0.08284 | \$0.08721 | |
| | CONNECTED LOAD (\$/KW) | Summer | \$1.33 | \$1.33 | \$1.49 | |
| | | Winter | \$0.00 | \$0.00 | \$0.00 | |
| | AG-1-B | AG-1-B ENERGY CHARGE (\$/KWH) | Summer | \$0.08186 | \$0.10709 | \$0.11198 |
| | | | Winter | \$0.05825 | \$0.08348 | \$0.08729 |
| DEMAND CHARGE (\$/KW) | | Summer Max | \$2.01 | \$2.01 | \$2.24 | |
| | | Winter Max | \$0.00 | \$0.00 | \$0.00 | |
| AG-4-A | | AG-4-A ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.13975 | \$0.16498 | \$0.17399 |
| | | | Summer Off-Peak | \$0.04593 | \$0.07116 | \$0.07511 |
| | Winter Partial Peak | | \$0.05028 | \$0.07551 | \$0.07960 | |
| | Winter Off-Peak | | \$0.03926 | \$0.06449 | \$0.06782 | |
| | CONNECTED LOAD (\$/KW) | Summer | \$1.32 | \$1.32 | \$1.48 | |
| | | Winter | \$0.00 | \$0.00 | \$0.00 | |
| AG-4-B | AG-4-B ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.10206 | \$0.12729 | \$0.13325 | |
| | | Summer Off-Peak | \$0.04888 | \$0.07411 | \$0.07734 | |
| | | Winter Partial Peak | \$0.04695 | \$0.07218 | \$0.07542 | |
| | | Winter Off-Peak | \$0.03621 | \$0.06144 | \$0.06417 | |
| | DEMAND CHARGE (\$/KW) | Summer Max | \$2.42 | \$2.42 | \$2.62 | |
| | | Summer Max Peak | \$2.67 | \$2.67 | \$2.78 | |
| | | Winter | \$0.00 | \$0.00 | \$0.00 | |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation | |
|--------------------------------------|---|------------------------|---|---|-----------------------------------|-----------|
| <u>AGRICULTURAL CUSTOMERS</u> | | | | | | |
| AG-4-C | AG-4-C ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.12302 | \$0.14825 | \$0.15377 | |
| | | Summer Part-Peak | \$0.05857 | \$0.08380 | \$0.08705 | |
| | | Summer Off-Peak | \$0.03513 | \$0.06036 | \$0.06281 | |
| | | Winter Partial Peak | \$0.04175 | \$0.06698 | \$0.06969 | |
| | | Winter Off-Peak | \$0.03169 | \$0.05692 | \$0.05928 | |
| | | DEMAND CHARGE (\$/KW) | Summer Max Peak | \$6.20 | \$6.20 | \$6.45 |
| | | | Summer Part-Peak | \$1.05 | \$1.05 | \$1.10 |
| | | | Winter | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | |
| | | AG-4-D | AG-4-D ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.13975 | \$0.16498 |
| Summer Off-Peak | \$0.04593 | | | \$0.07116 | \$0.07511 | |
| Winter Partial Peak | \$0.05028 | | | \$0.07551 | \$0.07960 | |
| Winter Off-Peak | \$0.03926 | | | \$0.06449 | \$0.06782 | |
| CONNECTED LOAD (\$/KW) | Summer | | | \$1.32 | \$1.32 | \$1.48 |
| | Winter | | | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | |
| AG-5-A | AG-5-A ENERGY CHARGE (\$/KWH) | | | Summer Peak | \$0.13127 | \$0.15650 |
| | | Summer Off-Peak | \$0.05204 | \$0.07727 | \$0.08051 | |
| | | Winter Partial Peak | \$0.05568 | \$0.08091 | \$0.08432 | |
| | | Winter Off-Peak | \$0.04379 | \$0.06902 | \$0.07191 | |
| | | CONNECTED LOAD (\$/KW) | Summer | \$3.81 | \$3.81 | \$4.05 |
| | | | Winter | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation | |
|--------------------------------------|---|---|---|---|-----------------------------------|-----------|
| <u>AGRICULTURAL CUSTOMERS</u> | | | | | | |
| AG-5-B | AG-5-B ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.12937 | \$0.15460 | \$0.15904 | |
| | | Summer Off-Peak | \$0.02633 | \$0.05156 | \$0.05347 | |
| | | Winter Partial Peak | \$0.04789 | \$0.07312 | \$0.07547 | |
| | | Winter Off-Peak | \$0.01741 | \$0.04264 | \$0.04437 | |
| | DEMAND CHARGE (\$/KW) | Summer Max | \$4.56 | \$4.56 | \$4.87 | |
| | | Summer Max Peak | \$5.90 | \$5.90 | \$6.10 | |
| | | Winter | \$0.00 | \$0.00 | \$0.00 | |
| | | | | | | |
| | AG-5-C | AG-5-C ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.10313 | \$0.12836 | \$0.13183 |
| | | | Summer Partial Peak | \$0.04854 | \$0.07377 | \$0.07612 |
| Summer Off-Peak | | | \$0.02821 | \$0.05344 | \$0.05538 | |
| Winter Partial Peak | | | \$0.03430 | \$0.05953 | \$0.06159 | |
| Winter Off-Peak | | | \$0.02507 | \$0.05030 | \$0.05217 | |
| DEMAND CHARGE (\$/KW) | | Summer Max Peak | \$10.96 | \$10.96 | \$11.31 | |
| | | Summer Partial Peak | \$2.06 | \$2.06 | \$2.13 | |
| | | Winter | \$0.00 | \$0.00 | \$0.00 | |
| | | | | | | |
| | | | | | | |
| AG-5-D | AG-5-D ENERGY CHARGE (\$/KWH) | Summer Peak | \$0.13127 | \$0.15650 | \$0.16283 | |
| | | Summer Off-Peak | \$0.05204 | \$0.07727 | \$0.08051 | |
| | | Winter Partial Peak | \$0.05568 | \$0.08091 | \$0.08432 | |
| | | Winter Off-Peak | \$0.04379 | \$0.06902 | \$0.07191 | |
| | CONNECTED LOAD (\$/KW) | Summer | \$3.81 | \$3.81 | \$4.05 | |
| | | Winter | \$0.00 | \$0.00 | \$0.00 | |
| | | | | | | |

**Sonoma Clean Power
July 2018 Proposed Rates**

| PG&E EQUIVALENT SCHEDULE | SCP RATE SCHEDULE | UNIT/PERIOD | SCP JULY 2018 PROPOSED GENERATION RATE | SCP PROPOSED WITH PG&E SURCHARGES | Mar 1, 2018 PG&E Generation |
|--------------------------------------|-------------------|-------------------------------|---|---|-----------------------------------|
| <u>AGRICULTURAL CUSTOMERS</u> | | | | | |
| AG-5-E | AG-5-E | ENERGY CHARGE (\$/KWH) | | | |
| | | Summer Peak | \$0.12937 | \$0.15460 | \$0.15904 |
| | | Summer Off-Peak | \$0.02633 | \$0.05156 | \$0.05347 |
| | | Winter Partial Peak | \$0.04789 | \$0.07312 | \$0.07547 |
| | | Winter Off-Peak | \$0.01741 | \$0.04264 | \$0.04437 |
| | | DEMAND CHARGE (\$/KW) | | | |
| | | Summer Max | \$4.56 | \$4.56 | \$4.87 |
| | | Summer Max Peak | \$5.90 | \$5.90 | \$6.10 |
| | | Winter | \$0.00 | \$0.00 | \$0.00 |
| | | AG-RA | AG-RA | ENERGY CHARGE (\$/KWH) | |
| Summer Peak | \$0.25659 | | | \$0.28182 | \$0.29269 |
| Summer Off-Peak | \$0.04473 | | | \$0.06996 | \$0.07372 |
| Winter Partial Peak | \$0.05245 | | | \$0.07768 | \$0.08152 |
| Winter Off-Peak | \$0.04099 | | | \$0.06622 | \$0.06939 |
| CONNECTED LOAD (\$/KW) | | | | | |
| Summer | \$1.30 | | | \$1.30 | \$1.44 |
| Winter | \$0.00 | | | \$0.00 | \$0.00 |
| AG-RB | AG-RB | ENERGY CHARGE (\$/KWH) | | | |
| | | Summer Peak | \$0.22929 | \$0.25452 | \$0.26432 |
| | | Summer Off-Peak | \$0.04438 | \$0.06961 | \$0.07317 |
| | | Winter Partial Peak | \$0.03856 | \$0.06379 | \$0.06713 |
| | | Winter Off-Peak | \$0.02917 | \$0.05440 | \$0.05717 |
| | | DEMAND CHARGE (\$/KW) | | | |
| | | Summer Max | \$1.94 | \$1.94 | \$2.13 |
| | | Summer Max Peak | \$2.31 | \$2.31 | \$2.39 |
| Winter | \$0.00 | \$0.00 | \$0.00 | | |

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|--|------------------------|---------------------|---|---|-----------------------------------|
| <u>AGRICULTURAL CUSTOMERS</u> | | | | | |
| AG-VA | AG-VA | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.22076 | \$0.24599 | \$0.25610 |
| | | Summer Off-Peak | \$0.04182 | \$0.06705 | \$0.07074 |
| | | Winter Partial Peak | \$0.05076 | \$0.07599 | \$0.07985 |
| | | Winter Off-Peak | \$0.03957 | \$0.06480 | \$0.06797 |
| | CONNECTED LOAD (\$/KW) | | | | |
| | | Summer | \$1.36 | \$1.36 | \$1.50 |
| | | Winter | \$0.00 | \$0.00 | \$0.00 |
| AG-VB | AG-VB | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | Summer Peak | \$0.20219 | \$0.22742 | \$0.23649 |
| | | Summer Off-Peak | \$0.04249 | \$0.06772 | \$0.07118 |
| | | Winter Partial Peak | \$0.03886 | \$0.06409 | \$0.06738 |
| | | Winter Off-Peak | \$0.02940 | \$0.05463 | \$0.05737 |
| | DEMAND CHARGE (\$/KW) | | | | |
| | | Summer Max | \$1.76 | \$1.76 | \$1.95 |
| | | Summer Max Peak | \$2.43 | \$2.43 | \$2.51 |
| | | Winter | \$0.00 | \$0.00 | \$0.00 |
| <u>STREET AND OUTDOOR LIGHTING</u> | | | | | |
| LS-1, LS-2, LS-3, OL-1 | LS-1 | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | All Energy | \$0.07772 | \$0.08424 | \$0.08753 |
| TC-1 | TC-1 | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | All Energy | \$0.06592 | \$0.09125 | \$0.09504 |
| <u>EVERGREEN- 100% LOCAL RENEWABLE OPTION</u> | | | | | |
| | ENERGY CHARGE (\$/KWH) | | | | |
| | | All Energy | \$0.02500 | | |

Customers electing the 100% Local Renewable service option will pay the otherwise applicable SCP rate plus the 100% Renewable Energy Charge.