Sonoma Clean Power

AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
DECEMBER 18, 2019
1:00 PM

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

I. CALL TO ORDER

II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Committee jurisdiction. The Committee will hear public comments at this time for up to thirty minutes. Please be brief and limit comments to three minutes.)

III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

1. Approve November 13, 2019 Draft CAC Meeting Minutes (Action) – pg. 3
2. Recommend that the Board Approve and Authorize the CEO to Execute an Amendment to the Professional Services Agreement with EHDD for Architectural Services (Action) – pg. 9

IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

3. Receive Operations Report and Provide Input as Appropriate (Discussion) - pg. 25
4. Receive Legislative and Regulatory Updates and Provide Input as Appropriate (Discussion) – pg. 43
5. Recommend the Board Approve the NetGreen 2.0 Program and the Transition of Existing NetGreen Customer to NetGreen 2.0 (Action) – pg. 47

V. COMMITTEE MEMBER ANNOUNCMENTS

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) 890-8491, as soon as possible to ensure arrangements for accommodation.

COMMONLY USED ACRONYMS AND TERMS

AER	Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes).
CAC	Community Advisory Committee
CAISO	California Independent Systems Operator
CAM	Cost Allocation Mechanism
CCA	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP's default service
CPUC	California Public Utility Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account
EverGreen	SCP's 100% renewable, 100% local energy service
Geothermal	A locally-available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case
IOU	Investor Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan
JPA	Joint Powers Authority
LSE	Load Serving Entity
MW	Megawatt (Power = how fast energy is being used at one moment)
MWh	Megawatt-hour (Energy = how much energy is used over time)
NEM	Net Energy Metering
NetGreen	SCP's net energy metering program
PCIA	Power Charge Indifference Adjustment (*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.)*
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers
PSPS	Public Safety Power Shutoff - a term used when it may be necessary for PG&E to turn off electricity for public safety when gusty winds and dry conditions, combined with a heightened fire risk, are forecasted
PV	Photovoltaics for making electric energy from sunlight
RA	Resource Adequacy – a required form of capacity for compliance
REC	Renewable Energy Credit – process used to track renewable energy for compliance in California.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day and by season

Sonoma Clean Power

DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
NOVEMBER 13, 2019
1:00 PM

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

I. CALL TO ORDER

Chair Dowd called the meeting to order at 1:00pm and then requested a moment of silence for those affected by the Kincaide Fire.

Committee members present: Chair Dowd, and Members Chaban, Como, Fenichel, Nicholls, Sizemore, Quinlan, and Wells.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; and Jessica Mullan, General Counsel.

II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None.

III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

1. Approve September 17, 2019 Draft CAC Meeting Minutes
2. Recommend that the Board Approve Amended and Restated Power Purchase Agreements with Bodega Energy West, LLC and Petaluma Energy East, LLC Under ProFIT Program
3. Recommend that the Board Approve First Amendment with Sixth Dimension for Contract Management Services to Increase the Budget by $74,849 for the Advanced Energy Center
4. Recommend that the Board Approve First Amendment with Sixth Dimension for Contract Management Services to Increase the Budget by $49,630 for the 431 E Street Headquarters Project
5. Recommend Delegation to Negotiate, Execute and Amend a Professional Services Agreement with TerraVerde Energy, LLC to Validate Performance and Evaluate Energy Storage Feasibility of Municipally-owned Solar Facilities

Public comment: none

Motion to adopt the November 13, 2019 Community Advisory Committee Consent Calendar by CM Sizemore

Second: CM Nicholls

Motion passed: 8-0-0

IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

6. Receive Operations Report and Provide Input as Appropriate

   Director of Internal Operations Stephanie Reynolds introduced two new staff members, Scott Lawrence, Commercial Accounts Specialist, and Scott Salyer, Programs Manager. She then provided an update on the Community Advisory Committee recruitment process and that the Board ad hoc directed staff to extend the deadline to allow for a greater pool of candidates. Director Reynolds noted that the Yearly Audited Financial Statements will be presented to the Board of Directors at their next meeting for approval; CEO Syphers stated that the audit did not make any material adjustments to the financial statements.

   Public comment: None.

7. Receive Legislative and Regulatory Updates and Provide Input as Appropriate

   Chief Executive Officer Geof Syphers noted Director of Regulatory Affairs Neal Reardon was at the California Public Utilities Commission (CPUC) submitting information regarding a potential plan for early prepayment of the Power Charge Indifference Adjustment (PCIA) exit fee. CEO Syphers then detailed a recent deadline at the end of October for Resource Adequacy year-ahead compliance and challenges associated with market rules for the filing requirements changing at the last-minute. He noted that SCP was one of approximately nineteen entities that filed a request for waivers, which means that SCP was not able to fill 100% of its year-ahead Resource Adequacy obligations; similarly, PG&E and San Diego Gas and Electric were unable to fulfill their obligations. He then detailed PG&E's waiver filing, which included comments that certain obligations that the CPUC assigned were impossible to fulfill, as the obligations were greater than the total amount of capacity that exists for at least one local area. CEO

Syphers described how SCP was within 1% of total obligations, and noted staff's extraordinary efforts to fulfill the obligations.

Director of Customer Service Erica Torgerson updated the Committee on a CPUC filing that stated PG&E needs to show cause on why they should not be sanctioned by the Commission for failing to properly communicate with its customers, local governments, critical facilities, and public safety partners during the recent Public Safety Power Shutoff (PSPS) events. She then detailed another CPUC filing that ordered an investigation into whether the PG&E shutoffs were the "last option" available to the company to ensure public safety, and that SCP along with some other CCAs, requested an investigation into this matter, which the CPUC subsequently agreed to pursue.

Public comment: Deborah Tavares spoke about PG&E rates, electric vehicles, and PG&E controlling fuel sources for transportation.

8. Receive an Update on Advanced Energy Rebuild and Select an Option for an Advanced Energy Build Program in 2020 to Recommend to the Board for Approval

Director of Programs Cordel Stillman updated the Committee on the Advanced Energy Rebuild program which has received 180 applications to date and is set to expire at the end of December. He noted that PG&E will continue this program independent of SCP and will extend it throughout their service territory. He then detailed how staff is requesting that the Board reallocate any remaining program dollars into a proposed successor program, which would provide incentives for new all-electric residential construction and not just those rebuilding due to the 2017 wildfires. Director Stillman outlined staff's preferred recommendation to fund up to 500 homes with a maximum budget amount of $2,816,500.

CM Nicholls noted his support for staff's recommendations. CM Como suggested a name change for the proposed successor program to minimize confusion, since it is an entirely new program separate from the Advanced Energy Rebuild initiative.

Public comment:

Deborah Tavares spoke about REACH codes and PACE energy financing programs.

Barry Sovel spoke about supporting the Advanced Energy Build program.

Motion to recommend that the Board approve an Advanced Energy Build program in 2020 with a maximum budget amount of $2,816,500 for 500 homes by CM Quinlan.

Second: CM Nicholls

Motion passed: 8-0-0

9. Presentation and Discussion on PG&E Public Safety Power Shutoffs, Lack of Grid Reliability, Lack of Grid Safety, and Potential Actions by SCP in Response

CEO Syphers highlighted the challenges facing PG&E with grid reliability and grid safety, and outlined potential actions, if any, that SCP could take moving forward given these issues.

Director Stillman then spoke about current initiatives SCP is undertaking in these areas, such as: negotiating a contract for assisting commercial customers with energy audits to identify their energy needs during a planned power outage; entering an agreement with TerraVerde for analyzing municipal solar systems; looking at battery storage options for schools with significant solar systems; issuing a request for information to battery suppliers for additional information about the current state of the industry; developing a residential battery storage program which could roll out at start of the next fiscal year; working on an on-bill financing program for the Advanced Energy Center so customers can select energy-saving technologies and finance on their power bill; and potential microgrid projects for the community of Oakmont in East Santa Rosa.

CEO Syphers requested feedback from the CAC in the following areas: staff researching public ownership options; costs of taking over grid infrastructure; any of the items that Director Stillman mentioned (see above paragraph); and the potential responses outlined in the staff report for this item.

Chair Dowd stated his support for localized power in the form of microgrids and recommended that staff collaborate with local stakeholders to pursue opportunities in this area. CM Nicholls noted the need for providing power for local first responders such as fire stations—especially in rural areas—and his support for microgrids to ensure public safety. CM Como noted the value of microgrids but also highlighted more systemic issues around grid safety and reliability, which in his view, are largely the result of PG&E's deferred grid maintenance and inaction by the CPUC from an oversight perspective. CM Wells suggested that staff explore providing technical assistance for customers who are considering installing backup battery systems, given how challenging this process may be from a permitting and construction standpoint.

Public comment: Deborah Tavares spoke about the community's experience during the PSPS event as well as risks with battery storage.

V. COMMITTEE MEMBER ANNOUNCEMENTS

None

VI. ADJOURN

Chair Dowd adjourned the meeting at approximately 3:08 pm.

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Sonoma Clean Power

Staff Report – Item 02

To: **Sonoma Clean Power Authority Community Advisory Committee**

From: **Cordel Stillman, Director of Programs**

Issue: **Second Amendment to the Professional Services Agreement with EHDD**

Date: **December 18, 2019**

Recommendation

Recommend that the Board Approve and Authorize the CEO to execute a Second Amendment to the professional_services agreement with EHDD for architectural services with a new not-to-exceed amount of $1,410,899 and extending the term of the agreement to April 30, 2021.

Background

On August 8, 2018, after a competitive selection process, EHDD was hired to perform architectural services for SCP's Headquarters Building Project. The original agreement was amended and restated on November 1, 2018 increasing the amount of the contract to $1,285,551 and was further amended on May 2, 2019 to add services related to making the building "Grid Optimal" (increase to $1,350,099). The Agreement currently expires on December 31, 2020.

Discussion

The effort to make the building responsive to grid conditions (Grid Optimal) as well as being able to "island" from the grid has taken more design and coordination effort than EHDD anticipated at the time of the previous contract amendment. In particular, research and development of specifications and sequences of operations has taken more time. In addition, due to the novel nature of the building control systems, additional time for coordination during bidding, construction and commissioning is anticipated. In addition, minor design work that was not anticipated was needed with respect to seismic issues and outdoor signage.

SCP staff have reviewed the cost for the additional effort and agree that additional compensation is warranted. EHDD is requesting an additional $109,205 to accomplish these services.

Extending the term of the agreement from December 30, 2020 to April 30, 2021 will ensure that EHDD can be involved in the anticipated construction timeframe.

Fiscal Impact

The addition of $109,205 is well within the budgeted amount for the Headquarters Project in FY 19/20. The FY 19/20 budget includes $8,700,000 for the SCP Headquarters Project. To date this fiscal year, $114,843 has been spent, mostly on the EHDD contract. Of the current EHDD contract amount ($1,350,099) $967,547 has been spent (72%).

Attachments

- Attachment A – Second Amendment to the Amended and Restated Professional Services Agreement between the Sonoma Clean Power Authority and Esherick Homsey Dodge and Davis.

SECOND AMENDMENT TO THE AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT BETWEEN THE SONOMA CLEAN POWER AUTHORITY AND ESHERICK HOMSEY DODGE AND DAVIS

This Second Amendment ("Second Amendment") to the Amended and Restated Professional Services Agreement (the "Agreement") is entered into between the Sonoma Clean Power Authority ("SCPA"), a California Joint Powers Authority, and Esherick Homsey Dodge and Davis, Architects, a professional corporation ("Consultant") as of _______________, 2020 ("Second Amendment Effective Date"). SCPA and Consultant are, at times individually referred to herein as "Party" and collectively as "Parties".

WHEREAS, the Parties entered into an Agreement for Professional Services dated August 8, 2018 ("Original Agreement") for Consultant to provide engineering, architecture, design and other support services for SCPA's renovation of a 14,400 +/- sf office building and surrounding property in downtown Santa Rosa;

WHEREAS, the Parties subsequently updated and revised the Original Agreement, entering into an Amended and Restated Agreement dated November 1, 2018 (the "Agreement"), which included an expanded scope of services, increases to the not-to-exceed amount and an extension to the Term of the Agreement;

WHEREAS, the Parties entered into a First Amendment to the Agreement (the "First Amendment") dated May 2, 2019 in order to increase the total not-to-exceed amount of the Agreement from $1,285,551 to $1,350,099 and to expand the Services provided by Consultant which included (a) consulting services for one hydraulic elevator, and relocation of the machine room; and (b) implementation of the Grid Optimal initiative;

WHEREAS, SCPA now desires to (a) increase by $109,205 the total not-to exceed amount under the Agreement from $1,350,099 to $1,459,304; and (b) extend the term of the Agreement from December 31, 2020 to April 30, 2021;

WHEREAS, SCPA also desires to expand and revise the Services provided by Consultant to include Additional Services related to (a) design services for seismic joint documentation and coordination; (b) project management, coordination and engineering services for design of the Grid Optimal and Islanding aspects of the Headquarters Building design; and (c) design of exterior monument sign; and

WHEREAS, in accordance with Section 28.5 all changes to the Agreement must be in writing and signed by all Parties.

NOW, THEREFORE, the Parties agree as follows:

1. The "Appendices Included" List on the Cover Page of the Agreement is hereby amended as follows:

   APPENDICES INCLUDED:

   APPENDIX A (Scope of Services)
   - EXHIBIT A1 (Consultation Services – One Hydraulic Elevator and the Relocation of the Machine Room)
   - EXHIBIT A2 (Implementation of Grid Optimal Initiative)
   - EXHIBIT A3 (Seismic Joint, Grid Optimal/Islanding and Exterior Monument Signs Additional Services)

APPENDIX B (Compensation Schedule), including,
APPENDIX B1 (Fixed Fees for Base Services)
APPENDIX B2 (Hourly Rates)

APPENDIX C (Insurance)

2. The definition of "Agreement" in Section 1 (Definitions) of the Agreement is hereby amended as follows:

Agreement	This Agreement together with all attachments and appendices and other documents incorporated herein by reference, including, but not limited to Appendices "A," (including Exhibits "A1," "A2" and "A3") "B," (including Exhibits "B1" and "B2") and "C," attached hereto.

3. Section 2 (Term of Agreement) of the Agreement is superseded and replaced as follows:

"2 Term of Agreement

Unless terminated earlier in accordance with sections 13 and 14 of this Agreement, the term of this Agreement (Term) shall begin on the effective date and shall end when all work comprising the Services is deemed performed under this Agreement or no later than April 30, 2021, whichever is shorter."

4. Exhibit A3 (Seismic Joint, Grid Optimal/Islanding and Exterior Monument Signs Additional Services) attached to this Second Amendment is hereby added to the Agreement following Exhibit A2.

5. Section 1.1 in Appendix B of the Agreement is hereby superseded and replaces as follows:

"1.1 Excluding Additional Services only, the amount of compensation to be paid to Consultant for all services under this Agreement shall not exceed one million, four hundred ten thousand, eight hundred ninety nine dollars ($1,459,304) referred to hereafter as the Not-To-Exceed Amount (NTE). Total compensation due Consultant shall be the actual amount invoiced based upon the Consultant's hourly billing, which may be less than the NTE amount. Reimbursable Expenses are included in the NTE. The NTE also includes within its scope the scope of all subconsultants and their reimbursables, and shall constitute full compensation for the Services."

6. Except as set forth above, all terms and conditions of the Agreement remain in full force and effect.

///

By signing below, the signatories warrant that each has authority to execute this Second Amendment on behalf of their respective Parties, and that this Agreement is effective as of the Second Amendment Effective Date.

SONOMA CLEAN POWER AUTHORITY

BY: ______________________________
Geof Syphers
Chief Executive Officer

DATE: ______________________________

APPROVED AS TO FORM

BY: ______________________________
General Counsel

DATE: ______________________________

ESHERICK HOMSEY DODGE AND DAVIS, ARCHITECTS

BY: ______________________________

TITLE: ______________________________

DATE: ______________________________

EXHIBIT A3
(Seismic Joint, Grid Optimal/Islanding and Exterior Monument Signs Additional Services)

ehdd.

November 19, 2019

Cordel Stillman
Project Manager
Sonoma Clean Power
50 Santa Rosa Avenue, Fifth Floor
Santa Rosa, CA 95404

Re: Sonoma Clean Power Headquarters; EHDD Project No. 18044
ASR 3 Proposal – Multiple Additional Services

Dear Cordel,

Upon your request, we are submitting multiple additional service requests under one ASR number. Below is a brief description of each request.

3.1 Seismic Joint Scope

Provide architectural design services for seismic joint documentation and coordination. Construction Documents and Construction Administration phases included. EHDD to detail nine joint conditions, as well as provide consultant coordination as necessary.

3.2 Grid Optimal Additional & Islanding

Provide architectural project management and engineering services for Grid Optimal & Islanding documentation and coordination. Construction Documents, Bidding, and Construction Administration phases included. EHDD hours associated with project management and coordination during design phases, and estimated additional construction administration hours during construction phase.

3.3 Exterior Signage

Provide design intent for exterior monument signs in bid documents. Construction documents and Construction Administration phases included. EHDD to provide conceptual drawing only. Signage is a deferred submittal. Subcontractor to provide documents for permit and construction.

The sum total of this additional service request is $109,205. The individual back-up is attached.

We look forward to a formal authorization on these requests. If you have any questions, please reach out to me.

Sincerely,

Brad Jacobson, AIA, LEED AP
Principal

Attached: ASR 3
Subconsultant proposal for 3.2: Grid Optimal

cc: F1, Accounting

ehdd

additional services memorandum

Date: 11/8/2019

To: Cordel Stillman
Sonoma Clean Power Authority
50 Santa Rosa Avenue, 5th Floor; Santa Rosa CA 95404

Project: Sonoma Clean Power Authority Headquarters
SEISMIC JOINT

Job No: 18044 **Add. Svc. No:** 3.1 **Phase Nos:** 5, 7

Note:

☐ This memorandum confirms your verbal/written request to provide architectural services or consultation for the above project.

☑ This memorandum advises you of our additional services necessary to complete work for the above project.

Description: Provide architectural design services for seismic joint documentation and coordination. Construction Documents and Construction Administration phases included. EHDD to detail nine joint conditions, as well as provide consultant coordination as necessary.

Proposed Fees:	EHDD	$7,875
Total Add. Services Fee:		**$7,875**
Reimbursables:		**$0**

Form of billing proposed:

☑ Hourly to a maximum

☐ Fixed fee, billable by per cent complete.

Invoices will be sent to you monthly as work progresses. Please sign and remit one copy as your authorization to proceed with the work and your acceptance of the fee described above. Your signature also acknowledges our additional services to complete the work for the project.

Agreed and approved by:

Signature Date

Prepared by: B Jacobson

ehdd

additional services memorandum

Date: 11/19/2019

To: Cordel Stillman
Sonoma Clean Power Authority
50 Santa Rosa Avenue, 5th Floor; Santa Rosa CA 95404

Project: Sonoma Clean Power Authority Headquarters
GRID OPTIMAL ADDITIONAL & ISLANDING

Job No: 18044 **Add. Svc. No:** 3.2 **Phase Nos:** 5, 6, 7

Note:

☐ This memorandum confirms your verbal/written request to provide architectural services or consultation for the above project.

☑ This memorandum advises you of our additional services necessary to complete work for the above project.

Description: Provide architectural project management and engineering services for Grid Optimal and Islanding documentation and coordination. Construction Documents, Bidding, and Construction Administration phases included. EHDD hours associated with project management and coordination during design phases, and estimated additional construction administration hours during construction phase.

Proposed Fees:

	EHDD - design phase	$5,300
	EHDD - Construction Admin phase	$3,500
	G&B - design phase	$53,900
	G&B - Bid Allowance	$16,500
	G&B - Construction phase	$18,150
Total Add. Services Fee:		**$97,350**
Reimbursables:		**$0**

Form of billing proposed:

☑ Hourly to a maximum

☐ Fixed fee, billable by per cent complete.

Invoices will be sent to you monthly as work progresses. Please sign and remit one copy as your authorization to proceed with the work and your acceptance of the fee described above. Your signature also acknowledges our additional services to complete the work for the project.

Agreed and approved by:

____
Signature Date

Prepared by: B.JACOBSON

ehdd

additional services memorandum

Date: 11/8/2019

To: Cordel Stillman
Sonoma Clean Power Authority
50 Santa Rosa Avenue, 5th Floor; Santa Rosa CA 95404

Project: Sonoma Clean Power Authority Headquarters

Job No: 18044 **Add. Svc. No:** 3.3 **Phase Nos:** 5

Note:

☐ This memorandum confirms your verbal/written request to provide architectural services or consultation for the above project.

☑ This memorandum advises you of our additional services necessary to complete work for the above project.

Description: Provide design intent for exterior monument signs in bid documents. Construction documents and Construction Administration phases included. EHDD to provide conceptual drawing only. Signage is a deferred submittal. Subcontractor to provide documents for permit and construction.

Proposed Fees:	EHDD	$3,980
Total Add. Services Fee:		**$3,980**
Reimbursables:		**$0**

Form of billing proposed:

☑ Hourly to a maximum

☐ Fixed fee, billable by per cent complete.

Invoices will be sent to you monthly as work progresses. Please sign and remit one copy as your authorization to proceed with the work and your acceptance of the fee described above. Your signature also acknowledges our additional services to complete the work for the project.

Agreed and approved by: ______________________________

Signature Date

Prepared by: B Jacobson

Guttmann & Blaevoet
CONSULTING ENGINEERS

November 15, 2019

Brad Jacobson
EHDD
Pier 1 Embarcadero, Bay 2
San Francisco, CA 94111

Subject: **Sonoma Clean Power Headquarters, Santa Rosa, California**
Additional Services Authorization Request #2 – Added Scope
GridOptimal Initiative Implementation
Resiliency via Islanding
Quick Connect Panelboard

Dear Brad,

We submit the following request for authorization of additional services on this project per the request of EHDD on November 12, 2019 for resiliency services and per the request of SCP on November 12, 2019 for a quick connect solution for a portable 25kW generator and for an electric vehicle quick connection.

Scope and Description of Additional Services

This additional services request is for an increase in the Design Phase fee and for additional hours to go towards the Bid Phase and Commissioning Support.

A. Increase in our Design Phase fee of $49,000. Thus, we are asking to raise our Design Phase budget from $27,500 to $76,500.

   1. The hourly not to exceed amount we imagined for the design phase effort ($27,500) adequately accounted for the simulation time we spent trying to simulate building performance, but did not include enough for actual design time, for research and coordination, or for development of specifications and sequences of operations. We are asking for an increase in the design phase budget that we requested. We have spent $40,000 to date, and anticipate an additional $20,000 to complete the Bid Documents.

   2. We did not have any budget for resiliency. We are requesting additional budget to support resiliency: determine main circuit breaker control relay type and features, main circuit breaker points and accessories, verify compatibility with PG&E requirements for islanding and reconnection (paralleling), update the main switchboard size and therefore the main electrical room layout, update to the microgrid controls SOO, update to specifications, updates to panel schedules, and provide colored labeling of panelboard circuit breakers to support resiliency. We anticipate an additional $11,000 to complete the bid documents.

   3. We did not budget have any budget for a generator or electric quick-connect panelboard. We are requesting additional budget to support design time, for research and coordination for the development of drawings and specifications that includes capabilities for a generator and a

separate electric car connection to the switchboard. We anticipate an additional $5,500 to complete the bid documents.

B. Increase in our Bid Phase fee of $15,000. Thus, we are asking to raise our Bid Phase budget from $3,000 to $18,000.

1. We expect quite a bit of discussion on the proposed system during the bid process to answer questions and get each bidder on board with the design intent. We are applying known technologies, but configured in new ways with new intentions for building control. We anticipate that there could be significant benefit to obtaining quality bids by engaging in discussions during bidding, and we would like an additional allowance of $10,000 for this phase (approximately 40 hours of Principal time) in addition to our current fee of $3,000 for the Bid Phase.
2. We expect there to be discussions on the islanding system during the bid process regarding both the interface with the microgrid controls system and PG&E requirements for paralleling. Since we did not have any budget for resiliency, we are request additional budget of $5,000 for this phase.
3. No bid phase allowance is requested for the generator quick-connect panelboard.

C. Increase in our Construction Phase fee of $16,500. Thus, we are asking to raise our Construction Phase budget from $12,000 to $28,500.

1. Assuming that Commissioning of the microgrid controls is part of the scope of work for the project's Commissioning Agent (CxA), we anticipate additional time beyond what is traditional for a project of this scale to help the CxA understand the proposed equipment, startup, testing requirements, and coordination for sequences of operation. We are particularly concerned that the CxA has not spent any time with the project to date (as far as we know). We would like a total allowance of $22,500 for this work (approximately 80 hours of Principal time). An amount of $12,000 was approved in our initial fee request for the GridOptimal work, and thus we are asking for an increase in this request.
2. We did not receive any budget for resiliency. The islanding controls system is part of the larger microgrid controls system. We anticipate additional time to assist the CxA as identified in step C.1. directly above this paragraph. We are requesting an increase of $5,000 to support this request.

Assumptions

A. Assumptions in the Master Agreement shall apply to this request for additional services.

Fees

Our basic services fee under this additional service authorization will be billed monthly on an hourly basis to a maximum of **$81,500** with reimbursable expenses charged in excess of this amount.

Other Terms and Conditions

A. The Terms and Conditions from the Master Agreement are incorporated into, and made a part of, this work authorization and any contract made between the parties relating to this work.

B. Payment shall be made in accordance with the terms of the Master Agreement.

C. The fees presented in this proposal shall be in effect until December 31, 2019. Adjustments may be made after this date.

Trusting this meets with your approval, please sign and return a copy to our office authorizing us to proceed. Work will begin upon receipt of your authorization.

We are committed to the successful completion of this project. We appreciate the opportunity to participate in this important project and look forward to discussing our services with you further.

If you have any questions, please feel free to call.

Very truly yours,

GUTTMANN & BLAEVOET

Steven Guttmann, PE, LEED Fellow, BCxP
License No. M24947
Principal

Authorized on behalf of **EHDD** by:

Signature Date

Print Name, Title

SG/mf
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Staff Report – Item 03

To:	**Sonoma Clean Power Authority Community Advisory Committee**
From:	**Stephanie Reynolds, Director of Operations** **Mike Koszalka, COO**
Issue:	**Receive Internal Operations Report and Provide Direction as Appropriate**
Date:	**December 18, 2019**

RECOMMENDATION:

Informational report only, no action is required.

JOINT-RATE MAILERS:

Attached to this report are the annual joint-rate mailers drafted by SCP and PG&E. These are mailed to all residents and businesses in our service territory. They show a comparison of typical rates and sources of energy between SCP and PG&E for 2018.

MARKETING UPDATE:

Sonoma Clean Power has joined other leading North Bay businesses in the Celebrate Community Partnership. The Celebrate Community Partnership was formed in 1999 by The Press Democrat and several local business leaders to support non-profit organizations with advertising in The Press Democrat. Additionally, donations are given via the Partnership Legacy Fund to several brick and mortar projects each year that benefit the needs of area non-profits.

Since 1999, the Celebrate Community Partnership has supported numerous non-profits and donated over $16 million for projects including the Social Advocates for

Youth Dream Center, Santa Rosa Community Health Clinic Pharmacy, Boys and Girls Clubs, and Habitat for Humanity.

In addition to Sonoma Clean Power, The Celebrate Community Partnership also includes Friedman's Home Improvement, Redwood Credit Union, Santa Rosa Junior College, Spring Lake Village, Comcast, Recology, Kaiser Permanente, Pure Luxury Transportation and The Press Democrat.

CURRENT PARTICIPATION RATES:

	12/1/2019			
	EverGreen Participation %	Participation %	Opt Out %	Participation % Change
CLOVERDALE INC	0.7%	83.8%	16.2%	0.0%
COTATI INC	3.5%	90.8%	9.2%	0.0%
FORT BRAGG INC	0.8%	82.9%	17.1%	0.2%
PETALUMA INC	0.8%	89.3%	10.7%	0.2%
POINT ARENA INC	0.7%	85.7%	14.3%	-0.3%
ROHNERT PARK INC	0.3%	88.7%	11.3%	0.3%
SANTA ROSA INC	0.7%	89.1%	10.9%	0.3%
SEBASTOPOL INC	3.9%	91.5%	8.5%	0.5%
SONOMA INC	1.4%	87.0%	13.0%	0.1%
UNINC MENDOCINO CO	0.9%	78.8%	21.2%	0.1%
UNINC SONOMA CO	1.0%	87.2%	12.8%	0.2%
WILLITS INC	0.7%	80.7%	19.3%	0.1%
WINDSOR INC	0.5%	87.9%	12.1%	0.2%
Grand Total	0.9%	87.0%	13.0%	0.2%
Mendocino	0.9%	79.5%	20.5%	0.1%
Sonoma	0.9%	88.3%	11.7%	0.2%

COMMUNITY ADVISORY RECRUITMENT

At the December 5, 2019 Board meeting, the Community Advisory Committee ("CAC") recruitment ad hoc consisting of Vice Chair Slayter and Directors Hopkins, King, and Okrepkie presented their recommendations to the full Board for approval. After a very positive recruitment which received many well-qualified applicants, the

Board reappointed Anita Fenichel, Bill Mattinson, Mike Nicholls, Ken Wells, and appointed Patricia Morris and Shivawn Brady to four-year terms. The swearing-in of new members will take place at the January 23, 2020 CAC meeting. On behalf of the ad hoc, staff wishes to thank all the applicants for their time and efforts during the application process.

PROGRAMS UPDATES:

Transit Electrification Study

The transit electrification study continues with the Cadmus Group and the four transit agencies – Santa Rosa CityBus, Petaluma Transit, Sonoma County Transit, and Mendocino County Transit. Work continues on track to wrap up by the end of the year.

CALeVIP

The CALeVIP contract has been executed between SCPA and CSE. Staff is actively engaged with CSE, CEC, and the partnership to finalize program and incentive design as well as working with CSE to develop the marketing, outreach, and educational plan in early 2020. Staff encourages property owners and those interested in charging stations to send an email to programs@sonomacleanpower.org for more information on the program.

Lead Locally (CEC Grant)

SCP has begun the first phase of construction at the Advance Energy Center, removal of hazardous materials.

The Lead Locally Research Team is still recruiting commercial properties for the Phase 2 Technology Demonstration study on market ready technologies such as; daylighting retrofits, induction cooktops, heat recovery system for dish machines, and phase change materials. The Team has completed the pre-monitoring stage for Phase 1 residential technologies and continues to install those new measures.

An open recruitment and application for manufacturers and distributors to display and deploy emerging technologies at the Advanced Energy Center is publicly available until the opening of the Center. This application can be found on the SCP website.

Advanced Energy Rebuild (AER)

Currently, over 300 homes have applied for Advanced Energy Rebuild, about 24% of which have chosen to rebuild all-electric homes.

Induction Cooktop Checkout

The induction cooktop program continues to be popular with steady check outs of the devices. To date, 171 cooktops have been checked out by customers. The induction cooktops are available for customers to check out from the Daily Acts offices in Petaluma, as well as the SCP office. Program Staff continues to search for the right partner to make the induction cooktops available throughout our service territory.

DIY Energy & Water Savings Toolkits

In Oct/Nov., staff added four additional kits into circulation to help alleviate the demand created from the announcement in the annual Power Content Label that was mailed to all our customers. To date, the kits have been checked out 750 times. With colder and short days upon us, the kits provide residents with options to be more efficient while staying more comfortable.

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date growth in net position is slightly above projections due primarily to a combination of higher than anticipated electricity sales and lower than expected costs of energy. Year-to-date electricity sales reached $52,418,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $100,963,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately $70,803,000 is set aside for reserves (Operating Reserve: $58,108,000; Program Reserve: $10,621,000; and Collateral Reserve: $2,075,000). This includes contributions relating to fiscal year 2018/19 surpluses.

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

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2019/20 budget approved by the Board of Directors in June 2019.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2019/20 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 is greater than the year-to-date budget by approximately 4%.

The cost of electricity is approximately 6% less than the 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 are based on the customer account totals and are closely aligned to budget.

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

ATTACHMENTS:

September 2019 Financial Statement and Budgetary Comparison

UPCOMING MEETINGS:

Board of Directors Meeting – Thursday, January 9*, 2019 at 8:45 AM

***The January BOD meeting is off the regular schedule, due to the New Year's holiday.**

Community Advisory Committee Meeting – Thursday, January 23, 2020 at 1:00 PM

Understanding your energy choice

2019 Commercial Rate Comparison, A-1 TOU*

	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
Generation Rate ($/kWh)	$0.11499	$0.09094	$0.08256	$0.10756
PG&E Delivery Rate ($/kWh)	$0.13680	$0.13680	$0.13680	$0.13680
PG&E PCIA/FF ($/kWh)	N/A	$0.02905	$0.02968	$0.02968
Total Electricity Cost ($/kWh)	$0.25179	$0.25679	$0.24904	$0.27404
Average Monthly Bill ($)	**$288.48**	**$294.21**	**$285.33**	**$313.97**

*This compares electricity costs for an average commercial customer in the SCP/PG&E service area (Sonoma and Mendocino counties) with an average monthly usage of 1,469 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on A-1 TOU rate schedules for PG&E's and SCP's published rates as of September 1, 2019.

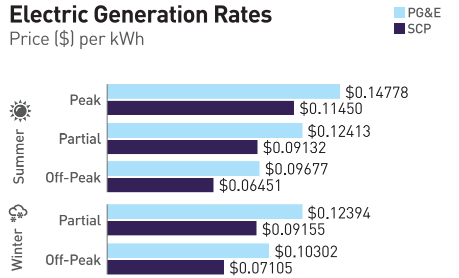
Generation Rate is the cost of creating electricity to power your business. The generation rate varies based on your energy provider and the resources included in your energy provider's generation supply.

PG&E Delivery Rate is a charge assessed by PG&E to deliver electricity to your business. The PG&E delivery rate depends on your electricity usage, but is charged equally to both SCP and PG&E customers.

PG&E PCIA/FF represents the Power Charge Indifference Adjustment (PCIA) and the Franchise Fee surcharge (FF). The PCIA is a charge to recover PG&E's above-market costs for generation resources acquired prior to a customer's switch to a third-party electric generation provider. The PCIA also applies to PG&E customers that elect to take service under PG&E's optional Solar Choice program. PG&E acts as a collection agent for the Franchise Fee surcharge, which is levied by the California Public Utilities Commission (CPUC) on behalf of cities and counties in PG&E's service territory for all customers. The costs for resources included in the PCIA and FF surcharges are included in the generation rate for PG&E bundled service customers.

If this comparison does not address your specific rate, please visit PG&E online at pge.com/cca or call **1-866-743-0335**. For information on SCP's generation rates, please visit sonomacleanpower.org or call **1-855-202-2139**.

Electric Generation Rates
Price ($) per kWh



PCIA/FF fees are included in PG&E's base generation rates, but are charged separately for SCP and Solar Choice customers. Chart is for illustrative purposes only and is not to scale.

Electric Power Generation Mix*

Specific Purchases	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
	Percent of Total Retail Sales (MWh)			
Renewable	39%	100%	49%	100%
• Biomass & Biowaste	4%	0%	1%	0%
• Geothermal	4%	0%	18%	84%
• Eligible Hydroelectric	3%	0%	0%	0%
• Solar Electric	18%	100%	8%	16%
• Wind	10%	0%	23%	0%
Coal	0%	0%	0%	0%
Large Hydroelectric	13%	0%	42%	0%
Natural Gas	15%	0%	0%	0%
Nuclear	34%	0%	0%	0%
Other	0%	0%	0%	0%
Unspecified Sources of Power**	0%	0%	9%	0%
TOTAL	**100%**	**100%**	**100%**	**100%**

*As reported to the California Energy Commission's Power Source Disclosure Program. PG&E data is subject to an independent audit and verification that will not be completed until October 1, 2019. The figures above may not sum up to 100 percent due to rounding.

**Unspecified sources of power refers to electricity that is not traceable to a specific generating facility, such as electricity traded through open market transactions. Unspecified sources of power are typically a mix of all resource types, and may include renewables.

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Understanding your energy choice

2019 Commercial Rate Comparison, A-10S TOU*

	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
Generation Rate ($/kWh)	$0.12068	$0.09009	$0.08797	$0.11297
PG&E Delivery Rate ($/kWh)	$0.10318	$0.10318	$0.10318	$0.10318
PG&E PCIA/FF ($/kWh)	N/A	$0.03019	$0.03086	$0.03086
Total Electricity Cost ($/kWh)	$0.22386	$0.22346	$0.22201	$0.24701
Average Monthly Bill ($)	**$3,940.66**	**$3,933.62**	**$3,908.10**	**$4,348.18**

*This compares electricity costs for an average commercial customer in the SCP/PG&E service area (Sonoma and Mendocino counties) with an average monthly demand of 62 kW and an average monthly usage of 17,603 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on A-10S TOU rate schedules for PG&E's and SCP's published rates as of September 1, 2019.

Generation Rate is the cost of creating electricity to power your business. The generation rate varies based on your energy provider and the resources included in your energy provider's generation supply.

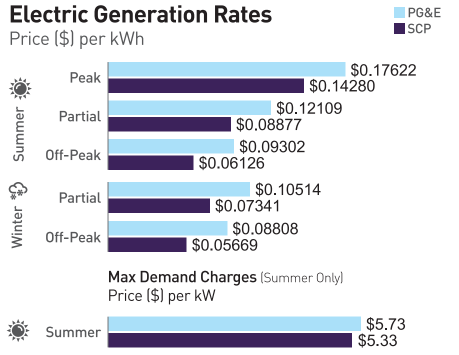
PG&E Delivery Rate is a charge assessed by PG&E to deliver electricity to your business. The PG&E delivery rate depends on your electricity usage, but is charged equally to both SCP and PG&E customers.

PG&E PCIA/FF represents the Power Charge Indifference Adjustment (PCIA) and the Franchise Fee surcharge (FF). The PCIA is a charge to recover PG&E's above-market costs for generation resources acquired prior to a customer's switch to a third-party electric generation provider. The PCIA also applies to PG&E customers that elect to take service under PG&E's optional Solar Choice program. PG&E acts as a collection agent for the Franchise Fee surcharge, which is levied by the California Public Utilities Commission (CPUC) on behalf of cities and counties in PG&E's service territory for all customers. The costs for resources included in the PCIA and FF surcharges are included in the generation rate for PG&E bundled service customers.

If this comparison does not address your specific rate, please visit PG&E online at pge.com/cca or call **1-866-743-0335**. For information on SCP's generation rates, please visit sonomacleanpower.org or call **1-855-202-2139**.

Electric Generation Rates

Price ($) per kWh



PCIA/FF fees are included in PG&E's base generation rates, but are charged separately for SCP and Solar Choice customers. Chart is for illustrative purposes only and is not to scale.

Electric Power Generation Mix*

Specific Purchases	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
	Percent of Total Retail Sales (MWh)			
Renewable	39%	100%	49%	100%
• Biomass & Biowaste	4%	0%	1%	0%
• Geothermal	4%	0%	18%	84%
• Eligible Hydroelectric	3%	0%	0%	0%
• Solar Electric	18%	100%	8%	16%
• Wind	10%	0%	23%	0%
Coal	0%	0%	0%	0%
Large Hydroelectric	13%	0%	42%	0%
Natural Gas	15%	0%	0%	0%
Nuclear	34%	0%	0%	0%
Other	0%	0%	0%	0%
Unspecified Sources of Power**	0%	0%	9%	0%
TOTAL	100%	100%	100%	100%

*As reported to the California Energy Commission's Power Source Disclosure Program. PG&E data is subject to an independent audit and verification that will not be completed until October 1, 2019. The figures above may not sum up to 100 percent due to rounding.

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Understanding your energy choice

2019 Residential Electric Rate Comparison, E-1*

	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
Generation Rate ($/kWh)	$0.11757	$0.09436	$0.08544	$0.11044
PG&E Delivery Rate ($/kWh)	$0.14079	$0.14079	$0.14079	$0.14079
PG&E PCIA/FF ($/kWh)	N/A	$0.02979	$0.03044	$0.03044
Total Electricity Cost ($/kWh)	$0.25836	$0.26494	$0.25667	$0.28167
Average Monthly Bill ($)	**$126.82**	**$130.05**	**$125.99**	**$138.26**

*This compares electricity costs for an average residential customer in the SCP/PG&E service area (Sonoma and Mendocino counties) with an average monthly usage of 491 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on E-1 rate schedules for PG&E and SCP's published rates as of September 1, 2019.

Generation Rate is the cost of creating electricity to power your home. The generation rate varies based on your energy provider and the resources included in your energy provider's generation supply.

PG&E Delivery Rate is a charge assessed by PG&E to deliver electricity to your home. The PG&E delivery rate depends on your electricity usage, but is charged equally to both SCP and PG&E customers.

PG&E PCIA/FF represents the Power Charge Indifference Adjustment (PCIA) and the Franchise Fee surcharge (FF). The PCIA is a charge to recover PG&E's above-market costs for generation resources acquired prior to a customer's switch to a third-party electric generation provider. The PCIA also applies to PG&E customers that elect to take service under PG&E's optional Solar Choice program. PG&E acts as a collection agent for the Franchise Fee surcharge, which is levied by the California Public Utilities Commission (CPUC) on behalf of cities and counties in PG&E's service territory for all customers. The costs for resources included in the PCIA and FF surcharges are included in the generation rate for PG&E bundled service customers.

If this comparison does not address your specific rate, please visit PG&E online at pge.com/cca or call **1-866-743-0335**. For information on SCP's generation rates, please visit sonomacleanpower.org or call **1-855-202-2139**.

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Electric Power Generation Mix*

Specific Purchases	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
	Percent of Total Retail Sales (MWh)			
Renewable	39%	100%	49%	100%
• Biomass & Biowaste	4%	0%	1%	0%
• Geothermal	4%	0%	18%	84%
• Eligible Hydroelectric	3%	0%	0%	0%
• Solar Electric	18%	100%	8%	16%
• Wind	10%	0%	23%	0%
Coal	0%	0%	0%	0%
Large Hydroelectric	13%	0%	42%	0%
Natural Gas	15%	0%	0%	0%
Nuclear	34%	0%	0%	0%
Other	0%	0%	0%	0%
Unspecified Sources of Power**	0%	0%	9%	0%
TOTAL	**100%**	**100%**	**100%**	**100%**

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Understanding your energy choice

2019 Commercial Electric Rate Comparison, E-19SV*

	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
Generation Rate ($/kWh)	$0.10803	$0.08319	$0.07805	$0.10305
PG&E Delivery Rate ($/kWh)	$0.07992	$0.07992	$0.07992	$0.07992
PG&E PCIA/FF ($/kWh)	N/A	$0.02830	$0.02893	$0.02893
Total Electricity Cost ($/kWh)	$0.18795	$0.19141	$0.18690	$0.21190
Average Monthly Bill ($)	$4,983.88	$5,075.63	$4,956.03	$5,618.96

*This compares electricity costs for an average commercial customer in the SCP/PG&E service area (Sonoma and Mendocino counties) with an average monthly demand of 59 kW and an average monthly usage of 26,517 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on E-19S rate schedules for PG&E's and SCP's published rates as of September 1, 2019.

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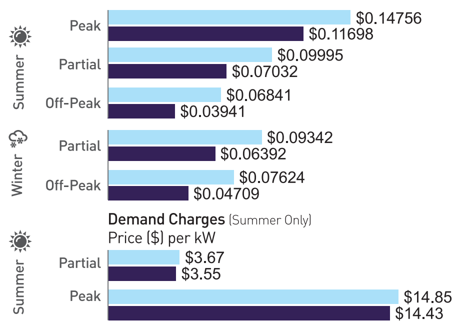
Electric Generation Rates

Price ($) per kWh



PCIA/FF fees are included in PG&E's base generation rates, but are charged separately for SCP and Solar Choice customers. Chart is for illustrative purposes only and is not to scale.

Electric Power Generation Mix*

Specific Purchases	PG&E	PG&E Solar Choice	Sonoma Clean Power CleanStart	Sonoma Clean Power EverGreen
	Percent of Total Retail Sales (MWh)			
Renewable	39%	100%	49%	100%
• Biomass & Biowaste	4%	0%	1%	0%
• Geothermal	4%	0%	18%	84%
• Eligible Hydroelectric	3%	0%	0%	0%
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Other	0%	0%	0%	0%
Unspecified Sources of Power**	0%	0%	9%	0%
TOTAL	100%	100%	100%	100%

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PG&E

Sonoma Clean Power

We support your power to choose

As part of our mutual commitment to support your energy choice, Sonoma Clean Power (SCP) and Pacific Gas and Electric Company (PG&E) have partnered to provide you with a comparison of typical commercial electric rates, average monthly charges and generation portfolio contents.

If this comparison does not address your specific rate, please visit PG&E online at pge.com/cca or call 1-866-743-0335. For information on SCP's generation rates, please visit sonomacleanpower.org or call 1-855-202-2139.

Pacific Gas and Electric Company
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Sacramento, CA 95899-7320

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Financial Plumbline

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 September 30, 2019, and the related statement of revenues, expenses, and changes in net position, and the statement of 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 note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these 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
November 11, 2019

TEL 415.459.1249
FAX 415.459.5406
WEB www.mahercpa.com

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of September 30, 2019

ASSETS	
Current assets	
Cash and cash equivalents	$ 62,753,988
Accounts receivable, net of allowance	19,646,251
Other receivables	1,042,512
Accrued revenue	10,036,130
Prepaid expenses	1,036,070
Deposits	332,079
Investments	12,504,229
Total current assets	107,351,259
Noncurrent assets	
Land and construction in progress	5,052,215
Capital assets, net of depreciation	167,840
Deposits	5,459,242
Total noncurrent assets	10,679,297
Total assets	118,030,556
LIABILITIES	
Current liabilities	
Accounts payable	801,938
Accrued cost of electricity	14,744,854
Advanced from grantors	402,500
Other accrued liabilities	524,715
User taxes and energy surcharges due to other governments	593,911
Total current liabilities	17,067,918
NET POSITION	
Investment in capital assets	5,220,055
Unrestricted	95,742,583
Total net position	$ 100,962,638

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through September 30, 2019

OPERATING REVENUES		
Electricity sales, net	$	52,304,407
Evergreen electricity premium		114,435
Grant revenue		281,324
Total operating revenues		52,700,166
OPERATING EXPENSES		
Cost of electricity		40,624,531
Staff compensation		979,347
Data manager		795,947
Service fees - PG&E		239,964
Consultants and other professional fees		327,159
Legal		248,910
Communications		319,910
General and administration		242,523
Program rebates and incentives		194,075
Depreciation		16,064
Total operating expenses		43,988,430
Operating income		8,711,736
NONOPERATING REVENUES (EXPENSES)		
Interest income		332,345
CHANGE IN NET POSITION		9,044,081
Net position at beginning of period		91,918,557
Net position at end of period	$	100,962,638

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2019 through September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from electricity sales	$ 50,430,095
Receipts from grantors	402,734
Tax and surcharge receipts from customers	658,755
Payments to purchase electricity	(39,135,209)
Payments for staff compensation	(1,065,165)
Payments for contract services	(2,151,681)
Payments for communications	(357,991)
Payments for general and administration	(263,210)
Payments for program rebates and incentives	(113,900)
Return of security deposits to suppliers	(14,600)
Tax and surcharge payments to other governments	(598,750)
Net cash provided (used) by operating activities	7,791,078
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(659,936)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	258,170
Proceeds from certificates of deposit matured	10,274,237
Purchase of certificates of deposit	(12,500,000)
Net cash provided (used) by investing activities	(1,967,593)
Net change in cash and cash equivalents (including County Investment Pool)	5,163,549
Cash and cash equivalents at beginning of year	57,590,439
Cash and cash equivalents at end of year	$ 62,753,988

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2019 through September 30, 2019

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$	8,711,736
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense		16,064
Revenue reduced for uncollectible accounts		401,435
(Increase) decrease in net accounts receivable		(2,798,777)
(Increase) decrease in other receivables		97,380
(Increase) decrease in accrued revenue		373,021
(Increase) decrease in prepaid expenses		581,066
Increase (decrease) in accounts payable		(595,374)
Increase (decrease) in accrued cost of electricity		(553,176)
Increase (decrease) in advance from grantors		(42,125)
Increase (decrease) in accrued liabilities		1,518,849
Increase (decrease) in user taxes and energy surcharges due to other governments		95,579
Increase (decrease) in supplier security deposits		(14,600)
Net cash provided (used) by operating activities	$	7,791,078

MAHER ACCOUNTANCY 1101 FIFTH AVENUE • SUITE 200 • SAN RAFAEL, CA 94901

Financial Plumbline

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 September 30, 2019, 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 Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these 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
November 11, 2019

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SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2019 through September 30, 2019

	2019/20 YTD Budget	2019/20 YTD Actual	2019/20 YTD Budget Variance (Under) Over	2019/20 YTD Actual/ Budget %	2019/20 Budget	2019/20 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 50,385,661	$ 52,304,407	$ 1,918,746	104%	$ 187,866,000	$ 135,561,593
Evergreen Premium (net of allowance)	120,958	114,435	(6,523)	95%	451,000	336,565
CEC Grant	1,190,000	239,199	(950,801)	20%	4,760,000	4,520,801
BAAQMD grant	25,000	42,125	17,125	0%	100,000	57,875
Interest income	252,750	332,345	79,595	131%	1,011,000	678,655
Total revenue and other sources	51,974,369	53,032,511	1,058,142	102%	194,188,000	141,155,489
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	42,994,572	40,624,531	(2,370,041)	94%	152,301,000	111,676,469
Data management	789,500	795,947	6,447	101%	3,158,000	2,362,053
Service fees- PG&E	240,250	239,964	(286)	100%	961,000	721,036
Personnel	1,082,500	930,391	(152,109)	86%	4,330,000	3,399,609
Outreach and communications	255,000	177,575	(77,425)	70%	960,000	782,425
Customer service	91,750	142,335	50,585	155%	367,000	224,665
General and administration	171,250	157,843	(13,407)	92%	505,000	347,157
Legal, regulatory and compliance	231,500	248,910	17,410	108%	926,000	677,090
Accounting	52,750	29,016	(23,734)	55%	211,000	181,984
Legislative	19,500	19,500	-	100%	78,000	58,500
Other consultants	40,000	32,984	(7,016)	82%	160,000	127,016
CalCCA Trade Association	110,000	82,500	(27,500)	75%	440,000	357,500
Program implementation	850,000	251,777	(598,223)	30%	3,400,000	3,148,223
Program - CEC grant	2,240,000	402,449	(1,837,551)	18%	8,960,000	8,557,551
Program development and evaluation	12,500	-	(12,500)	0%	50,000	50,000
Total current expenditures	49,181,072	44,135,722	(5,045,350)	90%	176,807,000	132,671,278
OTHER USES						
Capital outlay	2,175,000	94,103	(2,080,897)	4%	8,700,000	8,605,897
Total Expenditures, Other Uses and Debt Service	51,356,072	44,229,825	(7,126,247)	86%	185,507,000	141,277,175
Net increase (decrease) in available fund balance	$ 618,297	$ 8,802,686	$ 8,184,389	1424%	$ 8,681,000	$ (121,686)

** Represents sales of approximately 608,000 MWh for 2019/20 YTD actual.*

RESERVES	Current Balance	% of FY Target	FY Target Balance
Operating Cash Reserve	$ 58,107,553	63%	$ 92,753,500
Program Cash Reserve	10,620,775	57%	18,550,700
Collateral Cash Reserve	2,074,606	14%	15,230,100
	$ 70,802,934	56%	$ 126,534,300

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through September 30, 2019

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	8,802,686
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(16,064)
Add back capital asset acquisitions		257,459
Change in net position	$	9,044,081

See accountants' compilation report.

Staff Report – Item 04

To: **Sonoma Clean Power Authority Community Advisory Committee**

From: **Neal Reardon, Director of Regulatory Affairs**

Issue: **Receive Regulatory and Legislative Updates and Provide Input as Appropriate**

Date: **December 18, 2019**

Requested Committee Action:

Receive Legislative and Regulatory Updates and Provide Input as Appropriate

REGULATORY REPORT

PG&E Energy Resource Recovery Account (ERRA)

PG&E submitted an initial Application for approval of 2020 ERRA revenue requirements in June. This Application proposes to raise the PCIA charged to departing customers significantly (SCP's 2014 vintage residential customers would pay 60% more in PCIA than they do today). SCP and a coalition of Northern California CCAs are heavily engaged in this proceeding and have retained external consultants who can review PG&E's confidential work papers to assist us in our defense. We have already identified significant errors, including a $220 million credit owed to CCA customers that PG&E conceded they inadvertently reduced to $220k.

Testimony was submitted on September 10th, with PG&E's Rebuttal served on September 24th. Evidentiary Hearings to address disputed issues of fact and law were held from September 30th to October 2nd. Opening and reply briefs will be due October 21st and 31st.

On November 14th PG&E issued their updated proposed 2020 rates. Despite increasing the credit to departed customers by $220 million, the updated PCIA rates are higher than what they forecasted earlier this year. Residential PCIA rates would increase 74% under PG&E's proposal. Fortunately, there is a provision in last year's Decision reforming PCIA that caps annual PCIA increases at 0.5 cents/kWh – equivalent to a 25% increase for residential customers.

SCP and other Northern California CCAs continue to unpack a range of PG&E's inputs and calculations. The assigned Administrative Law Judge granted us an extension of 2 weeks to continue issuing data requests to PG&E to validate these figures. Our final comments on PG&E's proposed rates were submitted December 6th. Next, the Commission will issue a Proposed Decision to adopt new rates which could be approved as early as January of 2020. This would likely result in PG&E implementing new rates on March 1st, 2020.

Integrated Resource Planning (IRP)

On November 7th, the CPUC approved a Decision ordering all Load Serving Entities to procure 3,300 MW of incremental capacity to provide system reliability. Sonoma Clean Power's share of this requirement is a total of 43.3 MW: half must be online by August of 2021, with the next quarters required by August 2022 and 2023, respectively.

Entities may select which resources best meet their needs. However, additional solar and wind resources will be heavily de-rated in their contribution to this requirement. As system needs are increasingly shifting to a mid-evening "ramp" period, energy storage resources will receive 6 times as much credit – per MW – towards this requirement as intermittent renewables. No new fossil resources may be developed to meet this need, though contracting with existing fossil plants is permitted.

Some of SCP's existing procurement pipeline can be used to meet this incremental requirement. We do expect that additional capacity will be necessary to meet our 2021 requirement. While this procurement mandate does increase costs for SCP customers, it does so for all LSEs and should not put SCP is a less competitive position vis-à-vis PG&E.

Micro Grids Rulemaking

On December 12th the CPUC hosted a workshop to evaluate the potential of microgrids to meet local resiliency and climate needs. This follows the passage of SB

1339, which requires the CPUC to facilitate the commercialization of microgrids for distribution customers of large electrical corporations.

CPUC staff invited CCA staff to present at the workshop. In particular, they are seeking feedback from local governments on the impacts of PSPS events, our concerns, and our needs to address these impacts and concerns. Joint CCAs from Northern California presented on the impacts of these events and highlight programs which are under development – as well as required changes in policy - to meet those concerns.

LEGISLATIVE REPORT

The Senate Energy, Utilities and Communications Committee held an oversight hearing on Electric Utility Power Shutoffs on November 18. This was the first oversight hearing on the PSPS since the first shutoffs occurred in October. Senate President Pro Tem Toni Atkins released an op-ed on the issue which resembled her opening remarks. Along with the members of the Senate Energy, Utilities and Communications Committee members, a few Senators and Assembly Members who are not on the committee were also in attendance. Assemblyman Wood was one of the non-committee members who attended the oversight hearing.

The hearing lasted for approximately eight hours and there were at least 20 speakers who testified. The first three hours of the hearing consisted of the IOUs providing testimony. SDG&E was the first IOU to make a presentation and they were greeted with respect by the committee members. Edison was the next to provide testimony and they were received with more scrutiny. Both Senators Wilk and Stern read complaints and criticism from their respective constituents.

When it was time for PG&E to make its presentation, Bill Johnson made an effort to defend the utility against the "perception of neglect." Mr. Johnson stated $30 billion of investments in grid infrastructure in the last ten years and $2 billion of investments of shareholder revenue were deployed. Mr. Johnson further described the difficulties of inspecting, maintaining and managing lines across PG&E's service territory.

The committee members were definitely frustrated with PG&E's actions, they held back as to what type of changes were necessary. Senator McGuire was the most aggressive in his remarks and challenged the narrative that PG&E had not deferred maintenance. Senator McGuire questioned PG&E's choice to leave a transmission line that may have "sparked" at the outset the Kincade Fire. He also questioned PG&E's ten-year timeline to improve PSPS events.

The following ideas were raised at the hearing and it is possible we will see these ideas go from ideas to legislation when the Legislature returns on January 6th.

- Power/backup power requirements for cellular infrastructure to ensure cell reliability during PSPS events.
- Incentives for zero or low-emitting backup power for residents and businesses to displace diesel generators. This could include tariffs to support buildout of these assets.
- Undergrounding of powerlines.
- Buildout of DERs and microgrids.
- Reimbursement of local authorities for emergency expenses incurred responding to PSPS events. (Representatives of Sonoma County presented this issue to the committee.)
- The development of performance metrics for utilities so ratepayers and legislators can track progress in hardening grid infrastructure and reducing the scope of PSPS events.

The California Legislature returns on January 6, 2020.

Staff Report – Item 05

To: **Sonoma Clean Power Authority Community Advisory Committee**

From: **Geof Syphers, CEO**
Erica Torgerson, Director of Customer Service
Danielle Baker, Senior Customer Service Specialist
Nelson Lomeli, Programs Manager

Issue: **Recommend the Board Approve the NetGreen 2.0 Program and the Transition of Existing NetGreen Customer to NetGreen 2.0**

Date: **December 18, 2019**

Requested Committee Action:

- Request that the Committee recommend to the Board:
  - The adoption of the NetGreen 2.0 program for a period not less than three years, as the successor to Sonoma Clean Power's original NetGreen Program; and
  - The approval for the closure of SCP's current NetGreen Program and Transition of Existing NetGreen Customers to NetGreen 2.0 after the 2020 spring Cash Out.

If reviewed by the Community Advisory Committee ("CAC" or "Committee") and adopted by the Board of Directors ("Board"), staff will transition all existing NetGreen customers to NetGreen 2.0 following the spring 2020 annual Cash Out. The approval the NetGreen 2.0 Program Summary (Attachment A) would supersede and replace any prior NEM-related tariff sheets or NetGreen program descriptions in their entirety.

To promote rate stability for customers, staff recommends adopting NetGreen 2.0 with the intent of maintaining the program and its incentive levels for at least three years following the closure of the original NetGreen program in spring 2020. The NetGreen 2.0 program benefits do not extend beyond the length of the program.

Background:

SCP originally presented a draft of its Net Energy Metering program (referred to in this Staff Report as "NetGreen") in December 2013 as part of a larger rate item and formally adopted the program in January 2014. SCP updated the NetGreen program in February 2015, officially branding the program as "NetGreen". Since 2015, the program has remained unchanged.

There are currently just under 15,000 NetGreen customers that would be transitioned into the NetGreen 2.0 Program.

<u>SCP's Existing NetGreen Program and the Need for a Successor Program:</u>

Over the past several years, SCP's Committee and Board have discussed the broad success of solar power in reducing mid-day energy costs and emissions, the increasing need for flexible loads (e.g., with GridSavvy, smart EV charging and batteries), the change in building codes for 2020 that now require solar on most new home rooftops, and the need for revisiting ratepayer-funded incentives on customer-owned renewable energy systems.

Discussion:

<u>Public Process in Development of NetGreen 2.0:</u>

SCP's development of NetGreen 2.0 has been the subject of an extensive public process. Prior to a formal Board vote, SCP staff will have held four public meetings regarding this proposal including:

Community Advisory Committee	September 17, 2019
Board of Directors	October 3, 2019
Community Advisory Committee	December 18, 2019
Board of Directors	January 9, 2020

In addition, staff met with Brad Heavner, Policy Director with California Solar and Storage Association, and also with Jeff Mathias, owner of Synergy Solar and Electrical Systems Inc.

<u>Use of NetGreen 2.0 Program Savings for Future Greenhouse Gas Reduction Programs:</u>

Through the public process, staff heard the desire to maintain SCP spending on customer incentives for greenhouse gas reduction programs at the same or similar level as currently spent on the existing NetGreen program. For example, at the 2019 "Cash Out", SCP spent $862,241 in solar incentives; however, under the new NetGreen 2.0 program, the incentives would have been reduced to $211,522. Staff is supportive of utilizing savings from the transition to NetGreen 2.0 to support new incentives on high value greenhouse gas reduction programs such as battery storage, heat pumps, and demand response programs. Staff intends to develop more specific proposals for such incentive programs, to be brought for review by the Committee and Board. Therefore, while adopting the NetGreen 2.0 program will reduce spending on incentives, the NetGreen 2.0 program transition should be considered in the context of producing no *net* reduction in incentives overall.

<u>Continue to Support Stability with NetGreen 2.0:</u>

The original NetGreen program was established in 2014 and has remained virtually unchanged in the first five years. It is staff's recommendation that the Committee consider continuing that spirit of stability with NetGreen 2.0. If approved, staff recommends NetGreen 2.0 remain unchanged for a period of at least three years following the closure of the original NetGreen program in spring 2020. . NetGreen 2.0 benefits would not extend for any time period beyond the closure of the program.

<u>NetGreen 2.0 is Competitive with PG&E's NEM Program:</u>

Also heard during the public process, was the importance that SCP's NetGreen program remain competitive (or preferably) better than PG&E's NEM program. Staff understands that moving from a retail credit based cash out process to a wholesale credit cash out process will reduce SCP's incentives. However, staff agrees that it remains important for NetGreen 2.0 to have an NSC rate at 200% of PG&E's net surplus compensation rate.

No Grandfathering for Existing NetGreen Customers:

Staff considered the question of grandfathering existing NetGreen customers while launching NetGreen 2.0 and recommends against it. While IOUs must grandfather existing NEM customers, CCAs are not required to offer a grandfathering option to existing NEM customers.

AB 327 (Perea) enacted in the 2013/2014 legislative session required the California Public Utilities Commission ("CPUC") establish a transition period for Investor-Owned Utilities ("IOUs") during which existing NEM customers remain eligible under the existing NEM program for a period of time that would be considered a reasonable expected payback period based on the year the customer initially took NEM service. (See Pub. Util. Code section 2827.1(b)(6)). For IOUs, the CPUC established a 20-year grandfathering period (D.14-03-041).
The CPUC's grandfathering requirements do not apply to CCAs. AB 327's grandfathering provisions do not cover CCAs, and the CPUC clearly recognized the limits of its jurisdiction over CCA NEM programs in its *Order Addressing Community Choice Aggregation Net Energy Metering Service Option* (See, e.g. p.6-7, D.08-02-002 (2/15/2008)).

Even though CCAs are not legally required to grandfather existing NEM customers, staff still considered the possibility and implications of voluntarily grandfathering customers. After significant discussion, staff does not believe it should grandfather original NetGreen customers for the following reasons:

- SCP strives to ensure its programs are highly accessible to a diverse population of customers. Segmenting early adopters to receive a higher benefit over new adopters does not promote equity.
- By grandfathering all current NEM customers on the original NetGreen program, there will be no available incentives to shift to high value greenhouse gas reduction technologies like battery storage. This goes against SCPA's JPA of stimulating the local economy by developing or promoting local distributed energy resources.
- The complexity of tracking grandfathered accounts relative to non-grandfathered accounts would increase the risk of billing errors.
- NetGreen 2.0 is not fundamentally a different program than the original NetGreen, the change is the amount of compensation and "cash out" procedure.

Timing of NetGreen 2.0 Launch and Existing NetGreen Customer Transition to NetGreen 2.0:

Staff also discussed at length the timing of shifting NEM customers to the NetGreen 2.0 program. Staff recommends shifting existing customers from NetGreen to NetGreen 2.0 after the upcoming 2020 cash out for the following reasons:

- Moves up the timetable for freeing up incentive dollars to invest in storage and other decarbonization strategies starting in 2020 versus waiting a year (or longer).
- Acknowledges the update to the Title 24 Building Codes in which solar is mandatory on new construction starting in 2020.
- Takes advantage of the new peak period for most rates of 4-9 pm, which improves the return on investment of battery storage.
- Puts incentive dollars into flatting the duck curve sooner.

Next Steps/Outreach:

Should the CAC recommend, and the Board approve the NetGreen 2.0 program, staff intends to begin outreach to customers concerning NetGreen 2.0 in accordance with a schedule similar to the following:

February 2020:	Direct Mail letter to all SCP NEM customers advising of the switch to NetGreen 2.0 starting with the 2021 cash out.
April 2020:	Update SCP website to reflect NetGreen 2.0 program terms.
April-June 2020:	Complete final cash out under the original NetGreen program. Customers who receive a check will receive a letter reminding them of the switch to NetGreen 2.0.
June 2020:	Direct Mail letter or postcard to all SCP NEM customers notifying them of Advanced Energy Center opening and incentives available for energy efficient technologies and battery storage.

In addition, staff will work with its local contact center to ensure customer service representatives understand the NetGreen 2.0 program and have talking points and

FAQs available. Staff will also be available for escalated calls from NEM customers if necessary.

Fiscal Impact:

During the 2019 annual cash out, SCP cashed out 2,027 customer accounts whose credit balance exceeded $100 for a total of $862,241 and rolled over $82,837 in credits for 2,696 customers whose balance was below $100. Due to SCP's credit cap of $5,000 per account, $296,617 worth of credits were forfeited by customers.

If during 2019, SCP was operating under the NetGreen 2.0 program, SCP would have cashed out 702 customer accounts whose credit balance exceed $100 for a total of $211,522 and rolled over $25,753 in credits for 1,540 customers whose balance was below $100. Due to SCP's credit cap of $5,000 per account, $29,368 worth of credits would be forfeited by customers.

Here are those numbers summarized in a table:

	Cash Out of Credits	Cash Out Customers	Roll-Over Credits	Roll-Over Customers	Forfeited Credits	Forfeited Customers
Current Program	$ 862,241	2,027	$ 82,837	2696	$ 296,617	32
Proposed Program	$ 211,522	702	$ 25,753	1540	$ 29,368	2
Difference (Savings)	$(650,719)	(1,325)	$(57,084)	(1,156)	$(267,249)	(30)

It is staff's intent that the "savings" would be available to other incentive programs that promote greenhouse gas reductions with the understanding that new programs need to be approved by the Committee and the Board. If that principle is agreed upon, then the Committee and Board should expect no financial savings with the adoption of NetGreen 2.0.

Environmental Review:

Adoption of the NetGreen 2.0 Program and closure of the original NetGreen program do not meet the California Environmental Quality Act's ("CEQA") definition of "project" under California Public Resources Code Sec. 21065 or CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment, thus no environmental review is required.

Attachments:

Attachment A: NetGreen 2.0 Program Summary

Attachment B: Board of Directors Staff Report dated October 3, 2019 with Appendix – contains significant additional details for background.

ATTACHMENT A

Proposed NetGreen 2.0 Program Summary

Purpose:
NetGreen 2.0 will be SCP's NEM program, a service option administered by SCP to incentivize the construction and use of customer-owned, small-scale renewable electricity-generating projects for the purpose of offsetting the customer's annual energy use.

Eligibility Criteria:
SCP customers who install on-site generation to offset load and are interconnected with Pacific Gas & Electric's (PG&E) NEM program are eligible for SCP's NetGreen program.

Program Term:
NetGreen 2.0 will remain in effect until modified or terminated by SCP's governing board. NetGreen 2.0 program benefits do not extend beyond the length of the program, and it is intent of SCP to sustain the program without changes for a period of not less than three years.

Generation Credits:
Eligible systems that generate electricity in excess of on-site consumption during any given time-of-use period and billing period earn generation credits at the applicable SCP CleanStart rate corresponding to the time and season in which the electricity was generated. These credits are valued at the standard CleanStart electricity rate defined by the customer's applicable generation rate schedule, plus a one cent per kilowatt hour (kWh) Net Generation Bonus premium. NetGreen credits may only be used to offset the generation portion of the participant's electricity bill; credits may not be used to offset PG&E charges.

PG&E has its own NEM program, and retains responsibility for any credits and charges related to non-SCP (non-generation) bill elements, including transmission and distribution charges, public purpose programs, and other fees.

<u>SCP Monthly Billing:</u>
NetGreen customers still receive and are expected to pay (when applicable) a monthly bill from PG&E, which will include SCP charges and credits. In months where a customer does not have enough NetGreen credits accrued to offset SCP electric generation charges, the customer will be billed for and must pay for the net electricity consumed in that month.

The billing statement for the Sonoma Clean Power Electric Generation Charges will reflect:

- Net generation or consumption of electricity in kWh by time-of-use period and season
- Applicable CleanStart Rate at which the account is credited or charged
- $0.01/kWh Net Generation Bonus on all net electricity generated (if applicable)
- Net Charges (or credits)
- Cumulative SCP NetGreen Credit Balance
- EverGreen Premium (if applicable)
- Taxes

<u>PG&E Annual True-Up:</u>
Customers will also receive a separate annual true-up statement showing transmission and distribution charges and credits, public purpose programs, and fees from PG&E. Customers' annual true-up period may not match SCP's "Cash Out" period.

<u>NetGreen Customer Transition</u>: Customers will be transitioned from the original NetGreen program to NetGreen 2.0 after completion of the individual customer's spring 2020 cash out.

<u>SCP Net Surplus Compensation (NSC):</u>
SCP has established the annual "Cash Out" period as spring. Customers who are **net energy generators in kilowatt-hours** during the annual cash out period (spring to spring) will be paid for excess energy exported to the grid at SCP's Premium Net Surplus Compensation Rate (PNSC). This is different from the original NetGreen program that paid customers even if the customer did not generate more kWh than the customer consumed over the course of the year.

SCP's PNSC rate would be set at double PG&E's 12-month NSC average for the calendar year preceding the cash out. For 2019, the PNSC would be $0.05684.

As in the original NetGreen program, NetGreen 2.0 customers with PNSC balance of $100 or more in the spring will automatically receive a check up to the cash-out cap of $5,000. Incremental credit balances in excess of $5,000 will be forfeited and reset to zero.

NetGreen 2.0 customers with a PNSC balance below $100 will have their PNSC balance rolled over to the following month. Note, some customers with a NetGreen retail credit balance above $100 may have less than $100 in PNSC and would therefore not receive a check, but instead have the PNSC rolled over to the next month.

NetGreen 2.0 Aggregation customers are not eligible to receive net surplus compensation per state law and will have credits reset to zero annually.

As permitted by law, SCP reserves the right to claim greenhouse gas benefits for any excess generation for which the customer is compensated by the annual cash out.

Other:

SCP reserves the right, in its sole discretion, to change, modify or terminate the NetGreen 2.0 program at any time, without prior notice. Such modifications may include, without limitation, changes to or reductions in incentive and compensation levels or eligibility requirements. Customer enrollment and participation in NetGreen 2.0 does not create any guarantee of future incentive payment or continued eligibility for any guaranteed period of time in the future.

ATTACHMENT B

(for additional information only)

Sonoma Clean Power

Staff Report – Item 09

To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Director of Customer Service
Danielle Baker, Senior Customer Care Specialist
Nelson Lomeli, Programs Manager

Issue: Discuss and Provide Direction as Appropriate on the Proposed Successor Program to SCP's NetGreen Program

Date: October 3, 2019

Requested Board Action:

Provide direction as appropriate on the following questions:

1) Should SCP consider phasing out its current net energy metering program, NetGreen, in favor of a successor program?

2) If the answer to question #1 is yes, then what should the NetGreen successor program look like?

<u>The Basics</u>

Net Energy Metering (NEM):

When a customer installs a solar system (or other generating technology), PG&E will install a special meter that measures how much electricity is being put into the grid by the system (energy generated exceeding the customer's energy needs) and how much electricity is being used by the home or business from the grid (energy consumed) and calculates the amount of net energy consumed or generated. This tracking is done in a standard unit of energy measurement called a kilowatt-hour (kWh).

SCP's Current NetGreen Program (Net Monthly Billing with Annual Cash Out):

SCP's net energy metering program is called NetGreen. NetGreen was adopted by SCP's Board of Directors in 2013. The NetGreen program credits customers for excess energy generated from an onsite generating system such as rooftop solar. The program credits customers at the SCP CleanStart retail rate, at the time of generation, plus a bonus penny per kWh for excess electricity generated and delivered back onto the grid. The customer is billed on their net consumption each month and any net generation credits are accrued in an escrow account to be used for future SCP charges. The following table illustrates SCP's current retail CleanStart rates during the summer peak period for common rates used by solar customers.

Residential Rates	CleanStart Retail Rate	Penny per kWh	SCP Cash Out Rate
E-1	$ 0.08544	$ 0.01	$ 0.09544
E-6	$ 0.21965	$ 0.01	$ 0.22965
E-TOU-B	$ 0.18768	$ 0.01	$ 0.19768
EV-A	$ 0.24043	$ 0.01	$ 0.25043

Commercial Rates	CleanStart Retail Rate	Penny per kWh	SCP Cash Out Rate
A-1 TOU	$ 0.11450	$ 0.01	$ 0.12450
A-6	$ 0.34826	$ 0.01	$ 0.35826
A-10 TOU	$ 0.14280	$ 0.01	$ 0.15280
E-19-S Option R	$ 0.27313	$ 0.01	$ 0.28313
E-20-S Option R	$ 0.24777	$ 0.01	$ 0.25777

Each spring, if a customer's NetGreen escrow balance exceeds $100, SCP will automatically send a check equivalent to their escrow balance up to $5,000 to the customer. If a customer's NetGreen escrow balance is below $100, the credits roll-over to the following month. Incremental values of credit balances in excess of $5,000 are forfeited by the customer and re-set to zero. By law, Net Energy Metering Aggregation customers (customers who combine usage and generation from two or more sites) are <u>not</u> eligible to receive credit cash-outs and credits are re-set to zero annually.

PG&E's Current NEM Program (Annual True-Up Only):

In contrast to SCP's net monthly billing, the PG&E NEM program uses an annual true-up process. PG&E only invoices NEM customers a meter reading fee each month of approximately $10 and the net PG&E delivery charges or credits are only shown as an informational line item on their bill.

At the end of the customer's true-up period (which varies for each customer based on their interconnection date or the date they enrolled in SCP service), if the customer has a dollar credit balance, PG&E will calculate how many kWh of true over-generation (i.e. a total negative net usage in kWh for the 12-month period) that customer has contributed to the grid. PG&E then uses a Net Surplus Compensation (NSC) $/kWh rate and applies that to the total annual kWh of over-generation for the cash out amount. The NSC rate is set monthly based on CPUC Decision 11-06-016. PG&E's Net Surplus Compensation (NSC) rate is based on current approximate wholesale prices for the previous 12 months. Following is a table of PG&E's NSC rates. See Exhibit A for full table.

Month of True Up	PG&E NSC Rate
May-18	$ 0.02878
June-18	$ 0.02836
September-18	$ 0.02931
October-18	$ 0.02837
November-18	$ 0.02886
December-18	$ 0.02951
January-19	$ 0.03174
February-19	$ 0.03232
March-19	$ 0.03523
April-19	$ 0.03590
June-19	$ 0.03561
May-19	$ 0.03565

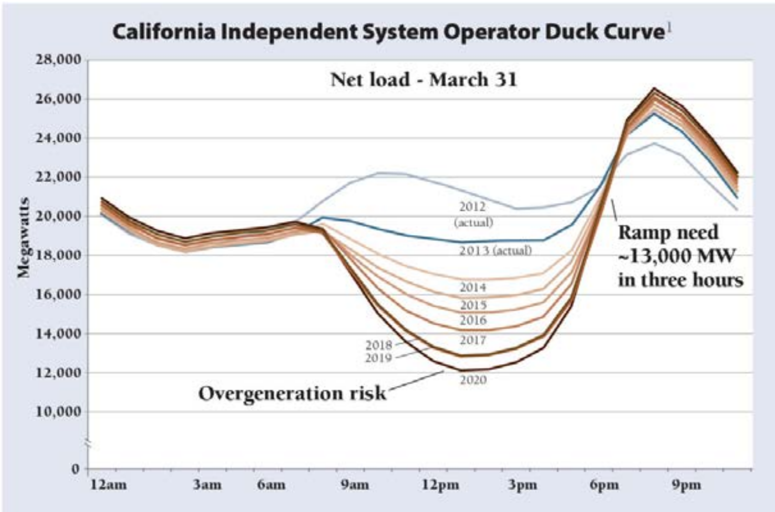
If at the end of the customer's true-up period, the customer's running total is a charge, PG&E will bill the customer for those charges on their annual true-up statement.

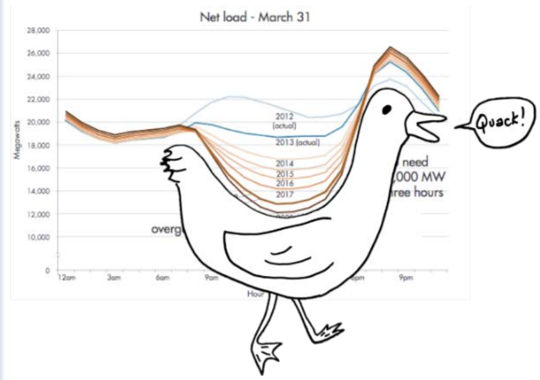
Question #1: Should SCP consider phasing out its current net energy metering program, NetGreen, in favor of a successor program?

In the California energy market, the peak demand for grid power now occurs near or after sunset for 9 or 10 months of the year, when solar power is dramatically reduced or no longer available. In SCP's territory, where a substantial amount of solar electric capacity has been installed by customers, the amount of power that must be generated from sources other than solar rapidly increases in late afternoon and peaks in the mid-evening hours, producing what is referred to as "the Duck Curve."

The California Independent System Operator (CAISO) has been monitoring and analyzing the Duck Curve for many years and their biggest finding is the growing gap between morning and evening prices relative to midday prices. According to their last study, the U.S. Energy Information Administration found that the wholesale energy market prices over the past six months during the 5 p.m. to 8 p.m. period (the "neck" of the duck) have increased to $60 per megawatt-hour, compared to about $35 per megawatt-hour in the same time frame in 2016. They have also measured a drastic decrease in the midday prices, now averaging $15 per megawatt-hour. These high peaks and deep valleys are forecast to get more extreme over the next five years as more solar power is installed and Title 24 begins requiring solar on every new home beginning in 2020.

A crucial part of this curve comes from the net load (the difference between expected load and anticipated electricity production from the range of energy sources). In certain times of the year (namely spring and summer), the curves create a "belly" appearance in the midday that then drastically increases in the late afternoon, early evening creating the steep neck of the "Duck".





Should SCP Revisit NetGreen Now?

During the midday, a large amount of solar energy is generated by customer-owned systems that lowers the demand for grid electricity. The abundant supply of energy during the mid-day coupled with a lack of supply during high demand afternoon/evening hours explains the large disparity between midday and evening energy prices.

In addition, California’s current ability to ramp up power output by the necessary 12,000 MW increase (and growing) in the late afternoon is currently limited by the number of natural gas turbines which are already running, since it can take 6 to 12 hours to start a combined cycle gas turbine. Significantly increasing California’s supply of solar energy without a large amount of storage could therefore cause an increase in greenhouse emissions, or at best provide very little net benefit.

Due to these challenges and concerns, staff sees a growing mismatch between the financial incentives of the NetGreen program and the effectiveness of that program in reducing overall greenhouse gas emissions.

Additionally, since the NetGreen program was developed in 2013, rooftop solar panels have dropped in price by 32 percent[1] and California’s building code was updated to mandate solar power on all new residential construction starting January 2020. Additional background information is available in the appendix of this Staff Report.

With these industry-wide changes, SCP wants to ensure it has a net energy metering program that will be fiscally sustainable as more customers move to rooftop solar. As the following table shows, SCP’s annual cash out has

[1] U.S. Solar Photovoltaic System Cost
Benchmark: Q1 2018 - National Renewable Energy Laboratory

increased by 25% since 2016, is expected to reach nearly $1,000,000 in 2020 and to continue growing every year.

Year	Cash Out Amount	Credits Forfeited (Over $5,000 Cap)	Number of Accounts Cashed Out	Notes
2015	$ 206,647.24	$ (92,928.08)	249	Partial year
2016	$ 689,697.24	$ (148,814.97)	1,362	Dry, sunny winter
2017	$ 605,467.59	$ (260,241.61)	1,368	Very wet and cloudy winter
2018	$ 639,723.02	$ (188,377.28)	1,528	First cash out that includes Mendocino County
2019	$ 862,240.79	$ (296,617.26)	2,027	Mild summer, less A/C use necessary
Totals	$ 3,003,775.88	$ (986,979.20)	6,534	

SCP currently serves 225,795 accounts, of which 14,787 are NEM customers (as of July 1, 2019). SCP serves 82% of eligible NEM customers in its service territory. In terms of kilowatt-hours (kWh) 85% of SCP's NEM customers, are net consumers of electricity (meaning they use more than they produce annually) and 15% are net generators of electricity (meaning they produce more than they use annually).

With SCP's current NetGreen program, customers don't have to be net generators to receive a cash out because credits earned are often at more expensive, peak energy prices, but energy consumed is often at cheaper, off-peak hours, thus giving the customer a positive credit balance in spring. However, the customer still put less kilowatt-hours onto the grid than kilowatt-hours they took off the grid.

To ensure that SCP's NetGreen expenditures are still having a strong benefit on greenhouse gas emissions, are fiscally sustainable over the next several years, and are not causing grid reliability problems, staff recommends revisiting the NetGreen program.

Question #2: If the answer to question #1 is yes, then what should the NetGreen successor program look like?

If the Community Advisory Committee and Board of Directors agree with staff's belief that the answer to Question #1 is yes, then how should the successor program be designed? Staff has considered multiple factors and scenarios which are described in more detail in the appendix of this Staff Report before landing on the following recommended program design. Staff also researched and compared other utility NEM programs to evaluate options, see Exhibit B for a list of program designs by utility.

Staff Recommendation:

Staff recommends SCP maintain the current NetGreen program net monthly billing process but evolve the program's annual cash-out to a Net Surplus Compensation (NSC) cash out process that pays customers a rate closer to wholesale prices when a customer over-generates kilowatt-hours on an annual basis. We recommend using PG&E's NEM NSC annual cash-out process, but improve on the financial benefit by increasing the NSC amount compared to PG&E.

Following the spring 2020 annual cash out, staff proposes to shift NEM customers to an NSC program for the annual cash out, similar to PG&E's with a few added benefits.

- Monthly billing would continue with generation credits being applied at the CleanStart retail rate plus the bonus penny per kWh netted against the electricity consumed each month.
    - Staff proposes to continue the bonus penny to make up the difference between SCP's lower generation rates compared with PG&E's generation rates (see example below).
        - SCP's E-1 Rate: $0.08544/kWh + PCIA + FF = $0.11306
        - PG&E's E-1 Rate: $0.11757/kWh
        - Difference: $0.00451
- Customers who are net energy generators in kilowatt-hours during the annual cash out period (spring to spring) would be paid for excess energy at SCP's Premium Net Surplus Compensation Rate (PNSC).
    - SCP's PNSC rate would be set at 2.0x of PG&E's 12-month NSC average for the calendar year preceding the cash out.
        - 2018 Average PG&E NSC Rate: $0.02842
        - 2019 Annual Cash-Out SCP PNSC Rate: $0.05684
- Just as in the current NetGreen program, customers with a NetGreen PNSC balance of $100 or more in the spring will automatically receive a check up to the cash out cap of $5,000. Incremental credit balances in excess of $5,000 will be forfeited and re-set to zero.
- Customers with a NetGreen PNSC balance below $100 will have their PNSC balance rolled over to the following month.
    - There's a potential that some customers with a NetGreen credit balance above $100 may have less than $100 in PNSC and would therefore not receive a check but instead have the PNSC rolled over to the next month.

- NetGreen Aggregation customers are not eligible to receive net surplus compensation per state law and will have credits re-set to zero annually.

Conclusion/Fiscal Impact:

During the 2019 annual cash out, SCP cashed out 2,027 customer accounts whose credit balance exceeded $100 for a total of $862,241 and rolled over $82,837 in credits for 2,696 customers whose balance was below $100. Due to SCP's credit cap of $5,000 per account, $296,617 worth of credits were forfeited by customers.

If during 2019, SCP was operating under staff's proposed program, SCP would have cashed out 702 customer accounts whose credit balance exceed $100 for a total of $211,522 and rolled over $25,753 in credits for 1,540 customers whose balance was below $100. Due to SCP's credit cap of $5,000 per account, $29,368 worth of credits would be forfeited by customers.

Here are those numbers summarized in a table:

	Cash Out of Credits	Cash Out Customers	Roll-Over Credits	Roll-Over Customers	Forfeited Credits	Forfeited Customers
Current Program	$ 862,241	2,027	$ 82,837	2696	$ 296,617	32
Proposed Program	$ 211,522	702	$ 25,753	1540	$ 29,368	4
Difference (Savings)	$ (650,719)	(1,325)	$ (57,084)	(1,156)	$ (267,249)	(28)

The savings to SCP would flow back into SCP's budget and staff recommend allocating that amount towards greenhouse gas savings programs that target reductions during the late afternoon and early evening peak, such as building electrification programs, demand response programs, and energy storage (batteries) programs.

Proposed Timeline: Below is staff's proposed implementation timeline:

2019	Staff to prepare proposed updated NetGreen successor program for CAC and BOD review and provide input
September 2019	Draft plan presented to CAC for input
October 2019	Draft plan with input from CAC presented to BOD
November 2019	Proposed final plan presented to CAC for recommendation
December 2019	Adoption by BOD
April 2020	Update NetGreen Welcome Letter to reflect NSC program

April/May 2020	Last cash out under the current NetGreen program (retail rate + $0.01) New SCP NetGreen successor tariff to open Include language around the revised program in the annual cash out letter.
June 2020	Direct mail to all NEM customers informing them of the revised NetGreen program.
April/May 2021	1st cash-out under SCP's Premium Net Surplus Compensation program. Pay out at SCP's PNSC Rate *(e.g. $0.05684/kWh)* for customers with over $100 in credits up to $5,000.

Community Advisory Committee Review:

The Community Advisory Committee engaged in a robust discussion, received public comment, and provided detailed feedback to staff at their September 17 meeting. The Committee agreed that SCP should move forward with designing a successor program and requested that staff provide additional details around marketing and outreach of such program to customers, developers, and the broader solar industry. The Committee also requested that staff research whether CPUC requirements that exist for grandfathering existing net energy metering customers of investor-owned utilities could apply to CCAs.

Exhibit A

Net Surplus Compensation Rates for Energy

True-up Month	NSC Rate* ($/kWh)
Jan. 2017	0.02703
Feb. 2017	0.02754
Mar. 2017	0.02793
Apr. 2017	0.02777
May 2017	0.02719
June 2017	0.02710
July 2017	0.02715
Aug. 2017	0.02746
Sep. 2017	0.02739
Oct. 2017	0.02819
Nov. 2017	0.02793
Dec. 2017	0.02844
Jan. 2018	0.02822
Feb. 2018	0.02793
Mar. 2018	0.02749
Apr. 2018	0.02836
May 2018	0.02878
June 2018	0.02836
July 2018	0.02801
Aug. 2018	0.02781
Sep. 2018	0.02931
Oct. 2018	0.02837
Nov. 2018	0.02886
Dec. 2018	0.02951
Jan. 2019	0.03174
Feb. 2019	0.03232
Mar. 2019	0.03523
Apr. 2019	0.03590
May 2019	0.03565
June 2019	0.03561
July 2019	0.03513

** Per D.11-06-016, the electricity portion of the NSC rate is the simple rolling average of PG&E's default load aggregation point price from 7 a.m. to 5 p.m., corresponding to the customer's 12-month true-up period.*

"PG&E" refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation.
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Exhibit B

Below is a brief synopsis of what other NEM programs follow in order of most generous to least.

CCA	Program Model	Monthly Billing Rate for Net Generators	Annual Cash Out
Redwood Coast Energy Authority	Retail + $0.01; net generators earn an extra $0.01 on 100% renewable product (equivalent to the premium)	Retail + $0.01	Annually in May for balances over $100 as requested. Balances below $100 roll over.
Sonoma Clean Power (Current)	Retail + $0.01	Retail + $0.01	Annually in spring for balances over $100 up to $5,000. Balances below $100 roll over.
MCE Clean Energy	Retail + $0.01	Retail + $0.01	Annually in April for balances over $100 up to $5000. Balances below $100 roll over.
Peninsula Clean Energy	Retail + $0.01	Retail + $0.01	Annually in April for balances over $100. Balances below $100 roll over.
Silicon Valley Clean Energy	Retail rate; additional $0.008/kWh credit for 100% renewable option	Retail	Annually in April for balances over $100 up to $5000. Balances below $100 roll over.
King City Community Power	Retail Rate; credits tracked in dollars	Retail	Annually in July for balances over $100 up to $5000. Payments in excess of $5000 are subject to KCCP approval.
CleanPowerSF	NSC at $0.0893/kWh (3x PG&E NSC rate)	Retail	Annually in April; applied as a bill credit or by check upon request

CCA	Program Model	Monthly Billing Rate for Net Generators	Annual Cash Out
Sonoma Clean Power (Proposed)	NSC at double PG&E's rate; monthly billing at retail plus the bonus penny	Retail + $0.01	Annually in spring for balances over $100. Balances below $100 roll over.
Apple Valley Choice Energy	NSC at $0.06/kWh	Retail	Annually in April
Lancaster Choice Energy	NSC at $0.06/kWh	Retail	Annually in October; no minimum or maximum balance
Pico Rivera Innovative Municipal Energy	NSC at $0.06/kWh	Retail	Annually in September for balances over $100. Balances below $100 roll over.
Rancho Mirage Energy Authority	NSC at $0.06/kWh	Retail	Annually in May
San Jacinto Power	NSC at $0.06/kWh	Retail	Annually in October
Solana Energy Alliance	NSC at $0.06/kWh	Retail	
Clean Power Alliance	NSC at 10% higher than SCE ($0.04492/kWh as of May 2019)	Retail	Annually in April for balances above $100, balances below roll over
SDG&E	NSC at wholesale ($0.04289 April 2019)	Retail	Annually at true-up
Southern California Edison	NSC at wholesale ($0.03846 April 2019)	Retail	Annually at true-up
Valley Clean Energy	NSC at wholesale plus + $0.01	Retail	Annually at account true-up for balances over $100. Balances below $100 roll over.
San Jose Clean Energy	NSC at 25% higher than PG&E ($0.03552/kWh)	Retail	NSC applied as a bill credit annually, but may request a check

CCA	Program Model	Monthly Billing Rate for Net Generators	Annual Cash Out
PG&E	NSC at wholesale ($0.03590 April 2019)	Retail	Annually at true-up
Pioneer Community Energy	NSC at $0.03/kWh	Retail	Annually in March/April for balances over $25. Balances below $25 roll over.
East Bay Community Energy	Mixed NSC	Existing & new NEM customers – Retail Low income & municipal customers – Retail + $0.01	Annually in April for balances above $100, balances below roll over; Existing NEM customers, PG&E NSC; New solar customers greater of retail capped at $2500 or PG&E NSC; CARE/FERA retail plus $0.01

Appendix

This appendix provides additional background, research, and thoughts that staff had while preparing the subject Staff Report. Some of this information may also be presented in the Staff Report.

Benefits of Current NetGreen Program:

SCP's current NetGreen program has the following customer benefits:

- **NetGreen Credits**. SCP credits the full retail CleanStart rate plus a bonus for energy generated. Those credits are banked monthly to be used to offset any SCP generation charges you may have throughout the year.
- **Generator Bonus.** SCP gives a bonus of $0.01/kWh for all net energy generated. Makes up the difference between PG&E's lower generation rates compared to SCP generation rates.
- **Annual Cash Out**. Each spring, if a customer's NetGreen credit balance is $100 or greater, SCP will automatically send the customer a check for the full retail credit balance up to $5,000. If a customer has less than $100 in credits, those credits simply roll over to the following month.
- **Monthly Billing**. SCP heard from customers, that they did not like receiving a large bill once a year, so SCP uses monthly billing for any generation usage not covered by the customer's NetGreen balance.

Costs of the Existing NetGreen Program:

The direct financial costs of SCP's existing NetGreen program have the following components:

- **Wholesale Energy Benefit**. Customers with solar power offset SCP's wholesale value of energy for the amount they send back to the grid. The average wholesale value of solar production has fallen dramatically in recent years to about $0.015 per kWh of value, down from about $0.065 just five years ago.
- **Non-Energy Costs**. NEM customers rely on SCP for all resource adequacy, shaping services (the cost of matching real-time supply with real-time demand), long-term renewable energy contract hedging for compliance, CAISO market fees, billing and customer communication services, customer programs, legal and contract services, staffing, rent, insurance, and miscellaneous business expenses. None of these costs

are paid for by solar customers because SCP currently has no fixed charges or other mechanism for recovering such costs. These costs total an estimated $0.039 per kWh in 2019.

- **One Cent Premium**. Customers who generate more electricity than they use are currently credited at the retail rate at the time of generation plus a bonus penny ($0.01/kWh) anytime they over-generate. For May 1, 2018 through April 30, 2019 this amounted to $162,691.99 across 1,972 accounts.
- **Cash Out**. The below table summarizes the cash out payments made each year to solar customers since inception of the program.

Year	Cash Out Amount	Credits Forfeited (Over $5,000 Cap)	Number of Accounts Cashed Out	Notes
2015	$ 206,647.24	$ (92,928.08)	249	Partial year
2016	$ 689,697.24	$ (148,814.97)	1,362	Dry, sunny winter
2017	$ 605,467.59	$ (260,241.61)	1,368	Very wet and cloudy winter
2018	$ 639,723.02	$ (188,377.28)	1,528	First cash out that includes Mendocino County
2019	$ 862,240.79	$ (296,617.26)	2,027	Mild summer, less A/C use necessary
Totals	**$ 3,003,775.88**	**$ (986,979.20)**	**6,534**	

The bottom line is that NetGreen carries an increasing cost that continues to rise, as the wholesale value of midday energy has fallen, and costs for resource adequacy have more than doubled.

Changing Landscape:

A number of factors will influence NetGreen's costs and environmental benefits in the near future, including:

- **California Building Code Updates and Implications**. California's Building Energy Efficiency Standards are updated on an approximately three-year cycle. The 2019 Standards will continue to improve upon the 2016 Standards for new construction of, and additions and alterations to, residential and nonresidential buildings. The 2019 Standards will go into effect on January 1, 2020 (for building permit applications submitted on or after that date). The 2019 standard requires solar photovoltaic (PV) systems for all new homes.
- **Increasing Delivery Rates**. PG&E rates are expected to increase dramatically to absorb some of the estimated $30 billion in past fire liabilities, fire-hardening of the grid, wildfire monitoring, and increasing costs of capital. Examples of ongoing CPUC proceedings and legislation include:

- General Rate Case A. 18-12-009;
- Wildfire Non-Bypassable Charge R.19-07-017; and
- California Assembly Bill 1054

- **Distributed Energy Resources**. The cost of solar panels and equipment remains very low. In addition, the cost of battery storage is still high but falling quickly for both utility scale and behind-the-meter.
- **Neck of the Duck**. Planned retirement of older natural gas plants will limit ability to rely on that resource type for meeting the evening ramp (neck of the duck) and could result in increased peak pricing, greenhouse gas emissions, and investment in battery storage.
- **Residential Time-of-Use.** Residential customers' electricity rates are moving to default time-of-use, with peak prices from 4 to 9 pm in 2021.
- **Peak Period Shift**. Commercial and agricultural customers' electricity rates will shift to peak prices between 4 to 9 pm and 5 to 8 pm respectively starting later this year.

SCP's Goals in Program Design:

Sonoma Clean Power is "*turning the tide on the climate crisis, through bold ideas and practical programs*." In designing this successor program, staff worked to ensure the program would be innovative, practical, and inclusive. Staff also looked to the Authority's Joint Powers Agreement to ensure we were meeting the Authority's purpose of:

- Reducing greenhouse gas emissions in Sonoma County and neighboring regions;
- Providing electric power and other forms of energy to customers at a competitive cost;
- Carrying out programs to reduce total energy consumption;
- Stimulating and sustaining the local economy, including by developing or promoting local distributed energy resources; and
- Promoting long-term electric rate stability, energy security, reliability, and resilience.

The successor program needs to ensure:

- Incentive funds are effectively reducing greenhouse gas emissions in our communities;
- SCP's financial resources are being used in an efficient manner that keeps rates competitive for all customers;
- Incentives help drive behavior and purchase decisions that lower customer energy costs and support climate benefits;
- Customers are incentivized to install local distributed energy resources and help drive the "solar plus" market, specifically the energy storage market;
- This program, like all SCP programs, is highly accessible to a diverse population of customers.

Factors SCP Controls when Designing the Successor Program:

- **Bonus Penny**: Regardless of whether a customer receives electric generation from SCP or PG&E, the customer is credited monthly at the retail rate when they over-generate allowing them to offset their monthly bill. Since SCP rates are lower than PG&E, the monthly over-generation credit rate is also lower. The bonus penny helps make up the difference in generation rates.
- **Cash Out Cap:** The maximum cash out amount per account before credits are forfeited. The current cap is $5,000 per account.
- **Cash Out Rate:** The cash out rate makes the most significant impact on the amount SCP pays in incentives to solar customers. Under SCP's current program, SCP pays customers the retail CleanStart rate, plus the bonus penny at the annual spring cash out. In contrast, PG&E's net energy metering program pays customers out at the Net Surplus Compensation (NSC) rate set monthly based on CPUC Decision 11-06-016 at their annual true-up and more closely aligns with wholesale energy costs.
- **Roll Over Credits:** Under SCP's current program, customers with credit balances less than $100 at the time of the annual cash out do not receive a cash out check, but credits are rolled over to the following month. Using the roll over method allows customer who haven't reached that $100 threshold to never lose out on credits.

Factors that are Limited when Designing the Successor Program:

- **Monthly Billing vs Annual True-Up:** When SCP initially designed its program, it purposely designed it to include net monthly billing compared to an annual true-up process like PG&E's. This was based on customer feedback, operational constraints of Calpine's billing system (Calpine is SCP's billing agent), and financial stability as a new agency. Since that time, Calpine does have some CCAs which bill some of their customers on an annual basis. However, Calpine has advised SCP that it continues to be operationally difficult to have customers on an annual true-up cycle and that even when offered, customers are unlikely to change once they've converted to monthly billing. Staff does not recommend offering annual true-ups as an option at this time.
- **Mandating Time-of-Use Rates:** SCP cannot mandate a customer be on a time-of-use rate to participate in our NetGreen program without either creating a second NEM program for those customers that refuse to transition to a time-of-use rate or returning those customers back to PG&E to take service on their NEM tariff. Also, Staff recognizes that with the default Time-of-Use Transition coming in March 2021 for SCP customers, most customers will be on a time-of-use rate at that point and all new NEM customers are required to take service on a time-of-use rate.
- **Differentiating NEM 1.0 vs NEM 2.0 Customers:** Staff analyzed whether it could design different NetGreen programs based on what version of NEM a customer was on, 1.0 vs 2.0. However, SCP does not currently receive which version a customer in a trackable format, thus this could lead to operational difficulties and additional customer confusion.
- **Mandating Multiple Version of NetGreen:** Overall, staff believes having more than one NetGreen program would be difficult to manage operationally and explain to customers and solar venders. NEM billing is complicated enough without adding multiple programs.

Current NetGreen Participation & Design:

SCP currently serves 225,795 accounts, of which 14,787 are NEM customers (as of July 1, 2019). SCP serves 82% of eligible NEM customers in its service territory. In terms of kilowatt-hours (kWh) 85% of SCP's NEM customers, are net consumers of electricity (meaning they use more than they produce annually) and 15% are net generators of electricity (meaning they produce more than they use annually). The largest concentration of NEM customers take service on SCP's E-1 rate. This is a residential tiered rate that has a flat generation and delivery rate. Below is a breakdown of NEM E-1 customers' annual usage.

E-1 Customers		
Usage Range	# of Customers	% of Customers
over 50,001 kWh	13	0.2%
20,001 through 50,000 kWh	75	1.3%
10,001 through 20,000 kWh	415	7.4%
5,001 through 10,000 kWh	1077	19.2%
2,501 through 5,000 kWh	1268	22.6%
101 through 2,500 kWh	1740	31.1%
0 through 100 kWh	101	1.8%
-1 through -100 kWh	99	1.8%
-101 through -2,500 kWh	666	11.9%
-2,501 through -5,000 kWh	109	1.9%
-5,001 through -10,000 kWh	33	0.6%
over -10,001 kWh	6	0.1%
Total	5602	

Below is a breakdown of all SCP NEM customers' annual usage.

All Customers		
Usage Range	# of Customers	% of Customers
over 1,000,000 kWh	22	0.1%
50,001 through 1,000,000 kWh	287	1.9%
20,001 through 50,000 kWh	405	2.7%
10,001 through 20,000 kWh	1298	8.8%
5,001 through 10,000 kWh	2994	20.2%
2,501 through 5,000 kWh	3214	21.7%
101 through 2,500 kWh	4114	27.8%
0 through 100 kWh	211	1.4%
-1 through -100 kWh	192	1.3%
-101 through -2,500 kWh	1572	10.6%
-2,501 through -5,000 kWh	301	2.0%
-5,001 through -10,000 kWh	123	0.8%
-10,001 through -20,000 kWh	36	0.2%
-20,001 through -50,000 kWh	11	0.1%
over -50,000 kWh	7	0.0%
Total	14787	

SCP's annual cash out paid $862,240.79 to customers that had a credit balance of more than $100 for the period of May 2018-April 2019. Due to the $5,000 cap, $296,617.26 worth of credits were forfeited. SCP carried over $82,837.16 in credit balances below $100.

Analysis of Various Factors and Designs:

First, staff looked into converting from paying the retail rate to a Net Surplus Compensation (NCS) rate that more closely aligns with average wholesale prices for excess energy generated by customers. In California, Assembly Bill 920 requires PG&E and other state utilities to offer payment for surplus kilowatt-hours sent back to the electric grid by renewable energy systems. PG&E's NSC rate is based on current market prices for the previous 12 months. See Exhibit A.

Second, staff looked at other CCAs and IOUs to survey how they are approaching these same issues. See Exhibit B.

Finally, to evaluate program design options SCP analyzed different scenarios that looked at a variety of factors including different NSC rates and credit caps.

<u>Staff settled on three scenarios to present that all:</u>

- Keep the bonus penny for over-generation to make up for SCP's lower generation rates compared to PG&E;
- Maintain the credit cap at $5,000 per account;
- Keep the annual cash out period in the spring;
- Cash out customers if their credit balance exceeds $100; and
- Roll over credits if balance is below $100 at the spring cash out.

Scenarios:

For comparison, here is a snapshot of the 2019 actual cash out.

2019 Actual NetGreen	Cash Out of Credits	Cash Out Customers	Roll-Over Credits	Roll-Over Customers	Forfeited Credits	Forfeited Customers
Retail Rate	$ 862,241	2,027	$ 82,837	2,696	$ 296,617	32

For this analysis, staff used PG&E's average 2018 NSC rate. Staff proposes always using the previous calendar year's 12 month average. For 2018, the average was $0.02842. See Exhibit A.

<u>Scenario 1:</u>
Net Surplus Compensation rate set at PG&E's previous calendar year twelve-month average.

Scenario 1 NSC Rate	Cash Out of Credits	Cash Out Customers	Roll-Over Credits	Roll-Over Customers	Forfeited Credits	Forfeited Customers
$ 0.02842	$ 84,497	303	$ 57,341	1,939	$ 7,983	2

<u>Scenario 2:</u>
Net Surplus Compensation rate set at 1.5x PG&E's previous calendar year twelve-month average.

Scenario 2 NSC Rate	Cash Out of Credits	Cash Out Customers	Roll-Over Credits	Roll-Over Customers	Forfeited Credits	Forfeited Customers
$0.04263	$ 147,177	514	$ 60,292	1,728	$ 17,263	3

Scenario 3:

Net Surplus Compensation rate set at 2.0x PG&E's previous calendar year twelve-month average.

Scenario 3 NSC Rate	Cash Out of Credits	Cash Out Customers	Roll-Over Credits	Roll-Over Customers	Forfeited Credits	Forfeited Customers
$0.05684	$ 211,522	702	$ 58,753	1,540	$ 29,368	4

Other Factors Analyzed:

Staff analyzed a reduced cash out cap for the three scenarios.

		Cash Out Cap at $5,000				Cash Out Cap at $2,500				
	NSC Rate	Cash Out of Credits	Cash Out Customers	Forfeited Credits	Forfeited Customers	Cash Out of Credits	Cash Out Customers	Forfeited Credits	Forfeited Customers	Difference (Savings to SCP)
Scenario 1	$0.02842	$ 84,497	303	$ 7,983	2	$ 77,796	303	$ 4,684	4	$ (6,701)
Scenario 2	$0.04263	$ 147,177	514	$ 17,263	3	$ 135,729	514	$ 13,710	6	$ (11,448)
Scenario 3	$0.05684	$ 211,522	702	$ 29,368	4	$ 196,826	702	$ 24,064	8	$ (14,696)

Staff analyzed a reduced cash out cap for the three scenarios which had minimal financial impact to SCP and impacted very few customers. Reducing the cap from the current $5,000 to $2,500 had a financial savings to SCP of $14,696 in the most extreme case. Staff does not believed to be large enough to warrant the change.

Staff determined the NSC rate has a more significant financial impact than the cash out cap. See summary of scenarios below:

	NSC Rate	Cash Out of Credits	Roll-Over Credits	Forfeited Credits
Scenario 1	$0.02842	$ 84,497	$ 57,341	$ 7,983
Scenario 2	$0.04263	$ 147,177	$ 60,292	$ 17,263
Scenario 3	$0.05684	$ 211,522	$ 58,753	$ 29,368

In looking at the cash out of paying customers at PG&E's NSC rate compared to 200% of PG&E's NSC rate, it would put $127,025 more dollars in the pockets of SCP solar customers and sustain a substantial advantage for those customers to remain with SCP.

Conclusion:

Staff recommends SCP evolve the NetGreen program to a Net Surplus Compensation (NSC) cash out process that pays customers a rate closer to wholesale prices when a customer over-generates on an annual basis, but still provides a financial benefit compared to PG&E's net energy metering program.

Based on its analysis, staff further recommends Scenario 3, which sets the NSC rate at a premium compared to PG&E's NSC rate. Each January, SCP would look at PG&E's previous calendar year's 12 month average NSC rate. SCP would then set its Premium Net Surplus Compensation rate or PNSC rate at 200% of that average for the upcoming calendar year. The cap would remain at $5,000.

Proposed NetGreen Successor Program:

- Following the spring 2020 annual cash out, SCP shifts NEM customers to a Net Surplus Compensation (NSC) program for the annual cash out, similar to PG&E's with a few added benefits.
- Monthly billing continues with generation credits being applied at the CleanStart retail rate plus the bonus penny per kWh against the electricity consumed each month.
- Customers who are **<u>net energy generators in kilowatt hours</u>** during the annual cash out period (spring to spring) will be paid for excess energy at SCP's Premium Net Surplus Compensation Rate (PNSC).
    - SCP's PNSC rate will be set at **2.0x PG&E's 12-month NSC average** for the calendar year preceding the cash out.
        - PG&E's 2018 12-month NSC Rate Average: $0.02842
        - 2019 Annual Cash-Out PNSC Rate: $0.05684 *(illustrative only)*
- Customers with a NetGreen PNSC balance of $100 or more in the spring will automatically receive a check up to $5,000. Credit balances in excess of $5,000 will be forfeited and re-set to zero.
- Customers with a PNSC balance below $100 will have their PNSC balance rolled over to the following month.
    - There's a potential that some customers with a NetGreen credit balance above $100 may have less than $100 in PSNC and would therefore not receive a check but instead have the PSNC rolled over to the next month.
- NetGreen Aggregation customers are not eligible to receive net surplus compensation per state law and will have credits re-set to zero annually.