

2016



ANNUAL REPORT

 **Sonoma
Clean Power**

Local. Renewable. Ours.



About Sonoma Clean Power

Although we've been serving customers for over 2 years, sometimes we still hear that people don't understand what Sonoma Clean Power (SCP) does.

You may remember the illegal market manipulations by Enron and others, along with PG&E's bankruptcy in the early 2000s, that caused energy prices to skyrocket.

That's when California communities demanded legislation that would give them local, public control of their electricity supply. In 2002, Assembly Bill 117, the "Community Choice Aggregation Law," was passed, allowing local governments to purchase electricity on behalf of their communities; creating a system of local control and accountability.

Today, community choice programs like Sonoma Clean Power are serving communities throughout California—by negotiating competitive pricing for electricity and providing a choice between the for-profit, investor-owned utilities (in our case, PG&E) – while also providing higher percentages of renewable energy from sources like solar, wind and geothermal, reducing greenhouse gas emissions to help solve the climate crisis, and investing in the development of more local renewable energy projects, so that more of the renewable energy Sonoma County consumes is made right here.

Once that electricity is generated, our customers pay PG&E to deliver it to their homes and businesses over PG&E's poles and wires. So their employees continue to do what they do well – managing the grid infrastructure and maintaining reliability – and our shared customers benefit from more renewables, competitive prices and local investments.

Simply put, Sonoma Clean Power is doing what Sonoma County demanded: building a clean energy future for Sonoma County and helping to inspire other communities throughout the state to do the same.

Our Vision

*Sonoma County becomes the epicenter of effective
environmental business solutions, with
Sonoma Clean Power as an inspiring example.*

Report from the CEO

Electric power providers often focus on maintaining the status quo or making incremental progress, but our customers created Sonoma Clean Power (SCP) to solve big problems like climate change and unstable rates, and we believe those problems cannot be solved by being timid.

On climate, we set a course to achieve 50% renewable sources by 2020, ten years ahead of state requirements. We added 70 MW of new solar photovoltaics in California and contracted to build 46 MW of wind turbines at the Altamont Pass, replacing older, less efficient turbines that were a serious problem for birds. We also cut greenhouse gas emissions by 48% relative to PG&E's power mix.

Sonoma County's Climate Action 2020 Report made it clear that vehicles are our biggest source of greenhouse gases: a problem, but also an opportunity because of SCP's clean sources of electricity. So with the release of over 20 models of electric cars in the past year, SCP started to promote electric cars with public test drive events, and by negotiating major discounts on new electric cars for our customers.

In 2016, SCP helped create an alliance of all operating community choice programs in California, called CalCCA, to fight to preserve our right to make local decisions about our sources of energy. There are now six CCA members, with more coming in 2017.

SCP also got some important wins. We fought for the right to standardize greenhouse gas reporting across all electric providers in California, and secured important changes to legislation in AB 1110 that protects our customers' right to accurate information about climate impacts. We were also selected by the California Public Utilities Commission to spearhead a process to make PG&E's fees to our customers more transparent.

Finally, we beat our financial goals by paying off all debt, and lowering customer rates.



Geof Syphers, CEO



Report from the Board Chair

Sonoma Clean Power (SCP) was launched a little more than two years ago and, for the first time, Sonoma County residents had a choice of energy suppliers. The agency is guided and governed by an agreement among its members with goals that are meant to strengthen the local economy, provide greenhouse gas (GHG) reductions, and provide competitive rates. Many of the environmental and economic goals outlined in Sonoma Clean Power's Joint Powers Agreement (JPA) have a natural tension among them.

One of the JPA's goals is to reduce GHGs. SCP has secured long-term contracts for wind, solar and geothermal energy. This year, we signed a 20-year contract for new California wind energy that is expected to be operational by the end of 2017 and will produce enough electricity to power 46,000 homes.

Another goal is to provide electric energy at a competitive cost. To date, SCP has been able to provide cleaner energy at, or below, PG&E's rates, saving customers \$62 million.

An important component to SCP's long-term success is carrying out programs to reduce energy consumption. We've actually found that increasing customer use of clean electricity can have multiple benefits by providing an offset to GHG-emitting natural gas or gasoline fuel, while saving customers money.

An additional goal of the agency's JPA is to stimulate the local economy, including by developing or promoting local distributed energy resources. SCP's NetGreen program allows customers to offset electrical usage through installing a generation system such as a photovoltaic system or a wind turbine, and sell the energy they make to Sonoma Clean Power. Since 2015, SCP has paid nearly 1,600 customers over \$890,000 for producing local renewable energy. This program directly helps our local energy system designers and installers by increasing the demand for these clean, renewable energy systems.

Sonoma Clean Power enjoys an industry leading position and strong financial status due in large part to a world-class staff. Experts with decades of experience in energy procurement, programs, energy industry analysis, marketing and management are members of the Sonoma Clean Power team, led by CEO, Geof Syphers.

On behalf of my colleagues on the Board of Directors, I would like to thank all of our customers for supporting our local, sustainable endeavor. The success of Sonoma Clean Power demonstrates the potential of working together to create a stronger local economy and a healthier planet.




Patrick Slayter, Board Chair



2015 Electric Power Generation Mix*



	2015 CA Power Mix**		Sonoma Clean Power	
			CleanStart	EverGreen
Energy Resources	Percent of Total Retail Sales (kWh)			
Renewable	22%	30%	36%	100%
• Biomass & Biowaste	3%	4%	0%	0%
• Geothermal	4%	5%	9%	100%
• Eligible Hydroelectric	1%	1%	0%	0%
• Solar Electric	6%	11%	0%	0%
• Wind	8%	8%	28%	0%
Coal	6%	0%	0%	0%
Large Hydroelectric	5%	6%	41%	0%
Natural Gas	44%	25%	0%	0%
Nuclear	9%	23%	0%	0%
Other	0%	0%	0%	0%
Unspecified Sources of Power***	14%	17%	23%	0%
TOTAL	100%	100%	100%	100%

*As reported to the California Energy Commission's Power Source Disclosure Program excluding voluntary unbundled renewable energy credits. PG&E data is subject to an independent audit and verification that will not be completed until October 1, 2016. The figures above may not sum up to 100 percent due to rounding.

**Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the previous year.

***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.

EverGreen

100% local & renewable from Sonoma Clean Power

The idea of taking advantage of 100% locally - produced renewable energy is one that has been well received in Sonoma County. Check out these stories from SCP customers who've made a significant commitment to EverGreen.

Around the World in an EV

SCP EverGreen customer and local environmentalist Alan Soule and his Tesla Model S took an 80-day trip around the globe. Spanning over 15,000 miles, 20 countries and three continents, Soule and eleven other electric vehicle teams undertook their trip to demonstrate that electric vehicles can be a sustainable means of transportation.

Soule found himself having to explain the “My EV runs on Magma” EverGreen bumper sticker that adorns his vehicle. “Telling folks from around the world that my car charges on magma at home - because my electricity is generated by geothermal heat from a dormant volcano- garnered reactions from surprise to envy,” said Soule.

“Explaining that we have an option to choose 100% renewable, 100% locally - generated electricity here in Sonoma County is something that other regions of the world simply don't have.” Thank you Alan for leading by example and for spreading the word about EverGreen!



Alan Soule at a typical European fast charging station near Zurich, Switzerland.



Sonoma City Council Building

The City of Sonoma Goes EverGreen

In 2016, the City Council of Sonoma unanimously approved the conversion of all City accounts to EverGreen from SCP. Sonoma is the first city in our service territory to vote to convert their accounts to our 100% local, renewable service.

“The City of Sonoma is proud to have converted our accounts to EverGreen from Sonoma Clean Power,” said Sonoma City Manager, Carol Giovanatto. “The conversion furthers our commitment to reducing greenhouse gas emissions. Our goal in making this change was to provide leadership which will encourage other entities and individual customers to transition to EverGreen. It is one more step that results in big environmental gains.”

SCP staff applauds the forward thinking of Sonoma!

Greenhouse Gas Emissions

Sonoma Clean Power (SCP) has taken a leadership position on greenhouse gas reporting, voluntarily choosing to hire a third-party auditor to verify our GHG claims. To match PG&E's reporting process, emissions related to wholesale energy are reported by our suppliers through the California Air Resources Board's Mandatory Reporting Requirements, and emissions related to the retail sale of electricity by Sonoma Clean Power are reported through The Climate Registry's Electric Power Sector Protocol.

SCP created a bit of controversy in 2014 when we decided not to take any climate credit for the use of unbundled renewable energy certificates (often called "RECs"), but we stand by that decision. RECs have a lower value in supporting the replacement of fossil energy sources. The confusion of having SCP report no GHG value for RECs while nearly all utilities still take credit, led SCP to support AB 1110 (Ting) which was passed this year. The bill will help create a standard greenhouse gas reporting protocol across all electric providers in California.

SCP reports our default CleanStart service as standard "Retail Power" and our voluntary EverGreen 100% local renewable service as "Special Power."

In 2014, SCP's CleanStart had 48% lower greenhouse gas emissions than PG&E's service, and EverGreen had 88% lower emissions.

2014 Emission Rates

Factor Type

Utility

Emissions Factor (lbs/CO2/MWh)



Sonoma Clean Power
(CleanStart)

224.38



Sonoma Clean Power
(EverGreen)

51.00

2015 Emission Rates

Factor Type

Utility

Emissions Factor (lbs/CO2/MWh)



Sonoma Clean Power
(CleanStart)

217.57

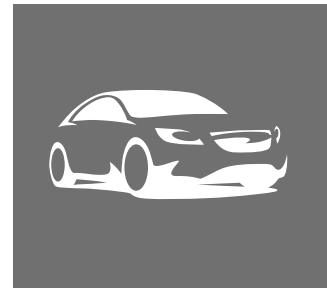
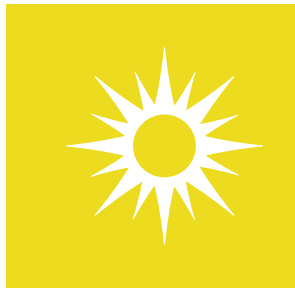
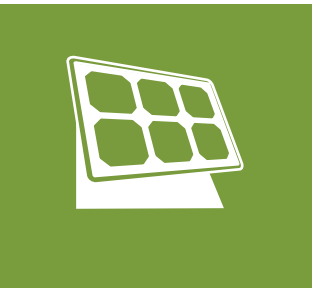


Sonoma Clean Power
(EverGreen)

57.00

Greenhouse gas emissions associated with retail electricity sales by
SCP as validated by The Climate Registry.
www.theclimateregistry.org/our-members/cris-public-reports/

Leading California to a Cleaner Tomorrow



Validated 2015 Results



\$48 million

in customer on-bill
savings for 2015



2 billion

kilowatt-hours of
clean energy delivered



195,183

CleanStart household and
business accounts served



\$690,000

in payments to customers for
making extra solar energy in 2015



1,085

EverGreen household and
business accounts served

Legislative Update

In 2016, Sonoma Clean Power (SCP) monitored over 50 pieces of legislation and actively followed 10 bills.

SCP lobbied for legislation that would extend AB 32's greenhouse gas program, along with providing funding for the Cap-and-Trade Expenditure Plan.

We also had two important victories. SCP took the lead on working with Assemblyman Ting on AB 1110 to create a standard that all retail electricity providers will use when reporting greenhouse gas emissions. Governor Brown signed AB 1110 into law and SCP will work with the California Energy Commission when the Commission drafts the regulations in 2017. SCP also supported SB 1030 authored by Senator McGuire that extended the Sonoma County Regional Climate Protection Authority indefinitely. SB 1030 was signed into law on August 19, 2016.

SB 215 (Leno) reformed the CPUC's ex parte communication rules and will make it easier to disqualify a commissioner for bias, both of which were recommended by the State Auditor. SB 215 will ensure commissioners disclose their private meetings with utility executives, and imposes heavy penalties for those who violate the rules. Governor Brown also signed SB 512 (Hill) which increases transparency by requiring the CPUC to make more information available online. SB 512 also requires the CPUC to reach out to communities likely to be affected by a decision before starting a proceeding.

By working together with our fellow CCAs through our CalCCA trade association, we can have a stronger and more impactful voice on legislation that is important to our customers, our industry, and to the climate. At times, we may call upon our customers and advocates to join our efforts at the Legislature on matters critical to clean electricity and to our operations.



Community Choice in California

Since 2014, interest in Community Choice Aggregation (CCA) programs has become widespread throughout California, with 26 counties and over 300 cities either having created operational CCA programs, exploring CCA formation or are on track to launch service to customers. MCE pioneered the trail for California CCAs in 2010, followed by Sonoma Clean Power in 2014 and Lancaster Clean Energy in 2015. Today California has six operating CCAs with several more programs expected to launch in the near future.



New Trade Association



In 2016, California's six CCAs (CleanPowerSF, Lancaster Choice Energy, MCE, Peninsula Clean Energy, Silicon Valley Clean Energy, and Sonoma Clean Power) announced the launch of the California Community Choice Association, or CalCCA. With CalCCA as the preeminent statewide voice for these organizations, the association advocates for legislative and regulatory policies that support local control over electricity supply and promote cleaner energy choices.

California's CCAs are already creating demand for more than 340 megawatts of new California renewables, investing in more than \$1.6 billion of renewables, reducing greenhouse gas emissions by nearly 308,000 metric tons, and supporting California jobs.

Since the launch of California's first CCA in 2010, community choice has become a key tool for local governments striving to reduce community greenhouse gas emissions and contribute to California's climate action goals. Over 1,500,000 people get their electricity from a CCA. The number of customers served is expected to more than double in the next year as new CCAs start service throughout the state, making an alliance for legislative and regulatory efforts more important than ever, to ensure that the interests of our customers and communities are being met.

Governance

The 2016 Board of Directors:



Patrick Slayter
Chair
City of Sebastopol



Dave King
Vice Chair
City of Petaluma



Efren Carrillo
County of Sonoma



Dave Cook
City of Sonoma



Bob Cox
City of Cloverdale



Mark Landman
City of Cotati



Bruce Okrepkie
Town of Windsor



Don Schwartz
City of Rohnert Park



Gary Wysocky
City of Santa Rosa

2016 Alternate Directors

Amy Ahanotu, City of Rohnert Park
Julie Combs, City of Santa Rosa
John Dell'Osso, City of Cotati

Dominic Foppoli, Town of Windsor
Una Glass, City of Sebastopol
Susan Gorin, County of Sonoma

Rachel Hundley, City of Sonoma
Gabe Kearney, City of Petaluma
Paul Cayler, City of Cloverdale

Advisory Committees

2016 Business Operations Committee

Dick Dowd, Chair	Bill Mattinson
Paul Brophy, Vice Chair	Ken Wells
George Beeler	

2016 Ratepayer Advisory Committee

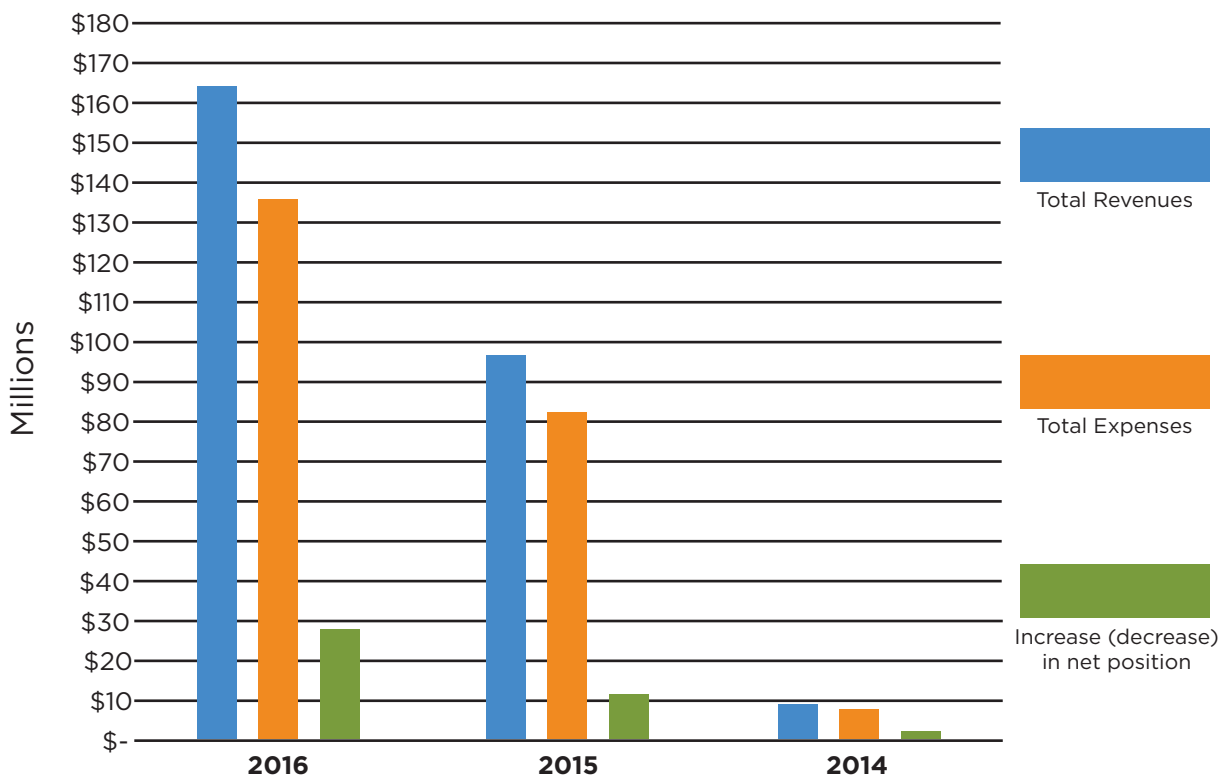
Art Deicke, Chair	Mike Nicholls
Peter Renfro, Vice Chair	Margaret Spaulding
Joe Como	Bob Williamson
Anita Fenichel	

Financials

Sonoma Clean Power (SCP) had a very strong year and completed the fiscal year with 88% of all eligible customers participating across Sonoma County. SCP will serve the County of Mendocino starting in June 2017, with the exception of the City of Ukiah, which has its own municipal utility.

SCP launched with deferred energy payments for energy as a way to reduce the need for bridge loans, but will transition to standard energy payment terms in 2017, which will reduce energy costs. The agency will continue building cash reserves with three goals: reduce the cost of energy by improving credit, make progress toward an investment - grade credit rating, and reduce general market risk by increasing the ability to subsidize rates short-term.

Financial Progress



Cash and cash equivalents	\$	27,631,167
Accounts receivable, net		15,627,826
Accrued revenue		9,324,908
Other assests		9,025,128
Total Assets	\$	61,609,029

Accrued cost of electricity	\$	19,841,081
Other liabilities		1,289,208
Net position		40,478,740
Total Assets	\$	61,609,029

Committed to



Sonoma Stompers



Cotati Kids Day Parade



North Bay Electric Auto Association's Drive Electric Day

Sonoma Clean Power also supports the following organizations

10th Annual Cotati Oktoberfest
Career Technical Education Foundation
Child Parent Institute
Chop's Teen Center
City of Santa Rosa's Earth Day
Cloverdale Friday Night Live
Cotati Kids Day Parade
Cotati/Rohnert Park Education Foundation
Greenacre Homes & School
Guelaguetza Sonoma County
North Bay Innovation Summit
North Coast Wine Challenge
Petaluma Butter and Egg Days
Petaluma Education Foundation
Petaluma Farmers Market
Redwood Empire Food Bank



United Way's Day of Caring



Rohnert Park Founders Day



Petaluma Butter & Egg Days



Chop's Teen Club Back to the Future

the Community



Cotati/Rohnert Park Education Foundation



Guelaguetza 2016 Sonoma County



Sonoma Valley Education Foundation



Social Advocates for Youth's Annual Gala



City of Santa Rosa Earth Day



Sonoma County Farm Bureau Love of the Land



Rohnert Park Farmers Market

Rohnert Park Chamber of Commerce Business Showcase
 Rohnert Park Farmers Market
 Rohnert Park Founders Day Celebration
 Roseland Cinco de Mayo Celebration
 Sebastopol Apple Blossom Parade
 Sebastopol Kiwanis 3rd of July Fireworks Celebration
 Social Advocates for Youth
 Sonoma City Party
 Sonoma County Fair
 Sonoma County Farm Bureau
 Sonoma County Hispanic Chamber of Commerce Dream Big Scholarship
 Sonoma Farmers Market
 Sonoma Party on the Plaza
 Sonoma Stompers
 Sonoma Valley Education Foundation
 Sonoma Wine Country Weekend
 The Business of Local Energy Symposium
 Tomorrow's Leaders Today
 Upstream Investments
 Windsor Summer Nights on the Green

...and more!



Local. Renewable. Ours.

P.O. Box 1030, Santa Rosa, CA 95402

