“If it weren’t for electricity, we’d all be watching television by candlelight.”

-George Gobel
Message from the CEO

This past year was full of challenges for public power programs, from wildfires to legislative battles to protect customer rights, and I am proud of how Sonoma Clean Power met them head on. In 2018, we launched a new website, updated our brand identity, started nine new customer programs, and participated in over 120 public events.

The biggest challenge of the year was working to ensure a fair regulatory decision on exit fees, and that fight is far from over. We still haven’t won the right to publicly audit PG&E’s fees, and the CPUC still hasn’t required PG&E to take any actions to minimize their fees.

In the Legislature, SCP helped pass SB 100, accelerating California’s transition to an entirely clean energy grid by 2046. We successfully defended our customers’ right to participate in demand response programs, but were unsuccessful in blocking an expansion of “direct access” with SB 237. This bill will allow a few large companies to exit from both SCP and PG&E and use dirtier electricity, while transferring some of their costs on to our customers.

Despite obstacles, it has been another good year for SCP. The agency’s finances are strong, we saved customers 2% on their bills, cut greenhouse emissions to 128 lbs CO2/MWh, and over 15,000 people took advantage of our programs, ranging from elementary school classes to professional training in net-zero energy architecture.

In addition, SCP refreshed our brand to better reflect who we have become today. We’ve also stepped up our engagement with our Spanish-speaking customers through events, education, in-language billing, and our new award winning bilingual website. We are a leader in efforts to reduce greenhouse gas emissions locally, implementing more energy and money saving customer programs than ever before.

It is a privilege to serve Mendocino and Sonoma counties, and to work with an amazing staff of energy industry leaders. Thank you for helping make SCP such a success!

Geof Syphers, CEO
Lavio Family Ranch, Petaluma
Providing 1 MW of local solar
Message from the Board Chair

Over the past year, Sonoma Clean Power is proud to have donated $1 million to local nonprofits for wildfire recovery, helped with watershed protection, supported community services for survivors, and assisted with the broader recovery efforts in Sonoma and Mendocino counties. Working with industry partners, we’ve also raised nearly $20 million for cash incentives to rebuild homes that are more energy efficient, totally carbon-free, and ready for electric vehicles through our Advanced Energy Rebuild program.

SCP celebrated the completion of two local solar projects that are now operational in rural Petaluma. Each of these facilities produce one megawatt of clean, renewable electricity. Together, these two projects have the capacity to power 600 homes, and, if you are an SCP EverGreen customer, the 100% local renewable energy generated by these projects is now part of your electricity mix.

The two solar projects are the first of their kind to be completed in Sonoma County through SCP’s ProFIT program, which promotes the development of new small-scale renewable energy facilities in SCP’s service territory. There are four more ProFIT projects in the queue scheduled for next year, located in both Mendocino and Sonoma counties.

Additionally, SCP recently signed a Power Purchase Agreement for 80 megawatts of wind power. We have partnered with sPower, a leading developer and operator of renewable energy facilities, to build the new wind power in Northern California.

In 2017, SCP’s CleanStart customers began receiving 45% renewable and 87% carbon-free electricity service. With over 224,000 electric accounts throughout Sonoma and Mendocino counties, SCP is committed to making cleaner electricity from sources like wind, solar, geothermal, and hydropower more accessible and affordable for everyone.

Thank you for your continued support of building a clean energy future for Sonoma and Mendocino counties.

Dan Hamburg, Board Chair
# 2017 Power Sources

<table>
<thead>
<tr>
<th>Energy Resources</th>
<th>2017 CA Power Mix**</th>
<th>sonomacleanpower* CleanStart</th>
<th>sonomacleanpower* EverGreen</th>
<th>Percent of Total Retail Sales (kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable</td>
<td>29%</td>
<td>33%</td>
<td>45%</td>
<td>100%</td>
</tr>
<tr>
<td>• Biomass &amp; Biowaste</td>
<td>2%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>• Geothermal</td>
<td>4%</td>
<td>5%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>• Eligible Hydroelectric</td>
<td>3%</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>• Solar Electric</td>
<td>10%</td>
<td>13%</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>• Wind</td>
<td>10%</td>
<td>8%</td>
<td>23%</td>
<td>0%</td>
</tr>
<tr>
<td>Coal</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Large Hydroelectric</td>
<td>15%</td>
<td>18%</td>
<td>42%</td>
<td>0%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>34%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>9%</td>
<td>27%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>&lt;1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Unspecified Sources of Power***</td>
<td>9%</td>
<td>2%</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*As reported to the California Energy Commission’s Power Source Disclosure Program. 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 identified 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.
Sonoma Clean Power has voluntarily elected to have our greenhouse gas emissions audited and verified by The Climate Registry using their Electric Power Sector Protocol. The Climate Registry is a non-profit organization that verifies claims of greenhouse gas emissions for retail sellers of electricity. PG&E follows the same reporting protocol and verification process. Below is a graph that shows how SCP’s emissions stack up against PG&E.
With personal transportation identified as the number one source of greenhouse gas emissions in Sonoma and Mendocino counties, SCP offered significant incentives for electric vehicles and plug-in hybrids through our Drive EV program as a way of encouraging local drivers to make the switch to clean air vehicles.

Over the past three years, SCP’s Drive EV program provided incentives for more than 1,260 vehicles. While we’re still evaluating the success of the third and final year of the program, we are able to say that the first two years saved customers over $10 million, with the average discount exceeding $11,000 on a new EV!

Over the span of the program, we helped avoid over 7,100 metric tons of greenhouse gas emissions. In addition, we’ve provided over 2,200 customers a free EV charging station, making it easy for customers to drive on our clean, renewable energy mix.

Despite the program’s success, SCP ended the Drive EV program to shift our focus onto increasing charging infrastructure to encourage wider adoption of electric vehicles.
DIY Toolkits

Since 2016, SCP, in partnership with Sonoma Water, the Sonoma County Library, and the County of Sonoma Energy and Sustainability Division, has offered Sonoma County residents DIY toolkits packed with energy and water saving tools to help customers reduce their utility bills. The toolkits are available at most library locations and have been checked out over 400 times!

The DIY Toolkit program was extended to the Mendocino County Library system in 2018.

Visit your local library branch to check one out today!

Induction Cooking

Let’s get cooking! Starting this year, SCP began lending our customers single-burner induction cooktops and cookware, at no charge, to try out at home. Unlike electric stoves of the past, the power and precision of induction technology comes from an electromagnetic field below the cooktop surface that transfers current directly to magnetic cookware, causing it to heat up. The direct heating of induction means that food cooks faster and the stovetop remains cooler to the touch. Additionally, induction cooking is safer because it doesn’t produce carbon monoxide, excess heat, or other byproducts of gas combustion. In 2018, 72 of our customers tested an induction cooktop at home.

“It worked wonderfully. In addition to the clean air effect by not using the gas from my propane tank, I really enjoyed the controlled and predictable heat, as well as the quietness of it.” - Judy, SCP Customer
Advanced Energy Rebuild Program

In May 2018, Sonoma Clean Power proudly announced the launch of the Advanced Energy Rebuild program, a partnership between SCP, PG&E, and the Bay Area Air Quality Management District. The Advanced Energy Rebuild program is the first of its kind to bring innovative carbon-saving strategies, like highly efficient heat pump technologies, battery storage, electric vehicle charging stations, and solar panels, to new homes... all with one easy-to-access application. Homeowners rebuilding with the program are eligible to receive incentives up to $17,500 to help build energy efficient homes that will be the future of our community.

Sonoma Clean Power partnered with PG&E and the North Coast Builders Exchange to offer more than 30 classes over the last year to support the rebuild effort. Topics of these trainings covered a number of issues specific to homeowners, contractors, and architects, including advanced framing, high efficiency heating, and the basics of zero net energy.

As of the printing of this report, 140 homes have enrolled in the program. On average, the homes participating in Advanced Energy Rebuild will be 26% more efficient than standard homes built in California. The homes are also projected to save approximately $650 annually on their utility bills. The average home participating in the program offsets 14 metric tons of CO2 over the term of a 30-year mortgage, which equates to removing three gas cars off the road for one year.

Additionally, we've been hard at work educating the contractors, architects, and engineers that have been helping rebuild our community following the 2017 wildfires. Hundreds of students have participated in our trainings on topics including heating systems, proper insulation techniques, and efficient water heaters.

Your home. Our community.
Together, we can build better.
Throughout the year, Sonoma Clean Power has been partnering with Sonoma Water to teach elementary students about electricity, power sources, and climate change. In 2018, our education program visited 49 schools across Sonoma and Mendocino counties. Students in 3rd and 4th grades participated in lessons and engaged in hands-on learning activities with coal, magnets and solar panels.

Twenty-five schools participated in ZunZun, an interactive, musical assembly that integrates educational messages about water conservation and climate change. SCP also supported the education of local teachers by sponsoring Climate Literacy workshops in 2017 and 2018.

Additionally, SCP funded seven kits at select local schools that allow students to assemble a street legal electric vehicle. This year, students from Casa Grande High School, Hanna High School, Healdsburg Middle School, Maria Carrillo High School, Petaluma High School, Rancho Cotate High School, and Windsor High School all learned what it takes to build an electric vehicle.
Partnerships

SCP is pleased to announce a new tree planting partnership with both the Sonoma Land Trust and Mendocino Land Trust. Through the partnership, SCP donated $15,000 in an effort to fight climate change and work toward a clean and healthy environment. SCP’s donation supports conservation efforts by contributing to native vegetation planting projects on properties throughout Sonoma and Mendocino counties.

The donations are in honor of our EverGreen customers who are at the forefront of helping SCP combat climate change. In addition to improving habitat and water quality, planting trees helps remove CO2 from the atmosphere. We thank our EverGreen customers for their commitment to a clean energy future.

Through the newly formed partnership, Mendocino Land Trust was also able to take advantage of SCP’s non-profit EV program. The program provides a reimbursement incentive of up to $12,500 for a new or used plug-in electric or plug-in hybrid vehicle. With the help of our program, the Mendocino Land Trust is the new owner of a used Chevy Volt! They can now utilize many of the new EV charging stations available throughout Mendocino county.
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Dan Gjerde

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Vice Chair
City of Cotati
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Melanie Bagby
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Anita Fenichel
Kai Guthrie

Mike Nicholls
Denis Quinlan
Helen Sizemore
Ken Wells
Since starting service in May 2014, SCP has grown from 22,000 accounts to over 224,000 accounts. During this time, SCP has focused on increasing renewables while maintaining competitive rates and growing reserves. SCP revenues are almost exclusively from the sale of electricity. Revenues have grown as SCP expanded its service territory, first in Sonoma County, and then into Mendocino County in June 2017. SCP’s primary expenses include the purchase of electricity, service fees to PG&E and our data management provider, and personnel expenses. SCP has focused on growing reserves since our inception, and through conservative budgeting and forecasting, has seen reserves grow by almost 90% since 2016. SCP has established a strong financial foundation for continued success.

### ASSETS ($millions)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; equivalents</td>
<td>$56.4</td>
<td>$40.0</td>
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<tr>
<td>Accounts receivable</td>
<td>17.9</td>
<td>15.6</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>9.6</td>
<td>8.7</td>
</tr>
<tr>
<td>Other assets</td>
<td>8.7</td>
<td>11.5</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$92.6</strong></td>
<td><strong>$75.8</strong></td>
</tr>
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</table>

### LIABILITIES & NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued cost of electricity</td>
<td>$13.4</td>
<td>$11.8</td>
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<tr>
<td>Security deposits</td>
<td>0.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Net position</td>
<td>76.8</td>
<td>59.9</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; NET POSITION</strong></td>
<td><strong>$92.6</strong></td>
<td><strong>$75.8</strong></td>
</tr>
</tbody>
</table>
Community Investment

As a local public agency, we’re devoted to making our communities stronger. We’re committed to making a positive impact through the contribution of our time, expertise, and sponsorships.

Inspiring Hope - Build a Shed
SCP joined volunteers from all over the North Bay to build and deliver 100 sheds in just one day.

Bourbon Street BASH
In 2018, The Petaluma Educational Foundation awarded $224,850 to seniors graduating from all seven Petaluma area high schools.

Coastal Trail Celebration
SCP staff talking with Mendocino County residents at the celebration of the newly completed Coastal Trail in Fort Bragg.

Building Futures Luncheon
This past year, the Boys & Girls Club of Greater Santa Rosa raised over $30,000 at their annual luncheon.
Mike Hauser Academy
SCP hosts students during the Santa Rosa Metro Chamber’s Mike Hauser Academy three-week summer program.

Rise Up Project Groundbreaking
SCP was honored to be among the community partners who contributed to replacing the common fencing for the residents of Mark West Estates following the 2017 wildfires.

State of the Latino Community
Los Cien’s annual breakfast focused on advancing prosperity, unlocking potential, and building resilience in Sonoma County.

Harvest Celebration
SCP supporting the Mendocino WineGrowers Inc.’s old-fashioned barn dance at Brutocao’s Contento Vineyard.

Apple Blossom Parade
SCP supporting Sebastopol’s long-time tradition with innovative all-electric transportation!