



**MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS MEETING
THURSDAY, April 13, 2017**

I. CALL TO ORDER

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

Present: Chair Okrepkie, Vice Chair Hamburg, Directors Bagby, Peters, Schwartz, Slayter, Landman and Kearney

Staff: CEO Geof Syphers, General Counsel Steve Shupe, Internal Operations Manager Stephanie Reynolds

II. BOARD OF DIRECTORS CONSENT CALENDAR

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

No vote taken.

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Operations Update and provide direction as appropriate.

Kate Kelly, Director of Public Affairs and Marketing stated there has been great engagement from the community in Mendocino. She stated that community events are being planned, enrollment notices have been mailed, and radio, print and online ads have been running in the communities. She stated that presentations specific to NEM customers are coming up and that SCP is offering yard signs for EverGreen customers.

General Counsel Steve Shupe updated the Board on the PCIA work group. He stated that he and Regulatory Affairs Manager Neal Reardon are working on an application to file at the CPUC that will require the IOUs to do their PCIA calculation with a common format. He stated IOUs will be filing an application with the CPUC to replace the PCIA with PAM which stands for Portfolio Allocation Methodology. He stated that SCP is in the process of figuring out what the impact of the PAM would be.

Director Slayter asked about movement on the lump sum buyout option. General Counsel Shupe stated that the IOUs haven't supported this option so far, but it is something we are continuing to discuss.

Director Landman asked how this can be modified in a way that keeps it a simple calculation and if there any room for negotiation. CEO Syphers that simplifying the process would be in our favor because the commissioners want this settled. He stated that taking some contracts is an option and figuring a lump sum payout is another and that SCP is actively working on each of those options.

Director Harrington arrived 9:08 a.m.

Vice Chair Hamburg asked about the individual commissioners. CEO Syphers stated SCP is meeting with staff and commissioners and working on basic education about what are CCAs and how they work. He stated that current law obligates CCAs to buy energy for all of their customers, and now we are facing some costs from the IOUs that are avoidable.

Public Comment:

June Brashares asked of other CCAs moving forward on the petition and possible incentivizing the IOUs to reduce costs that go into the fee.

Bob Williamson stated that we need to be careful about lump sum buyouts and future cashflows that are dependent on a cyclical market.

CEO Syphers stated the investment into the County pool will happen soon.

Director Schwartz asked about the SCEIP Program and suggested it might be a better return for SCP and make financing available for energy improvements. CEO Syphers stated that he likes the idea but not sure if it is possible and it is something he will explore.

3. Receive Regulatory and State Legislative Update and provide direction as appropriate.

Director of Public Affairs and Marketing Kate Kelly gave an update on current legislation and specifically on SB 618. She stated this is a bill we are opposing and thanked the Board for their opposition letters. Director Landman asked if another round of letters would be beneficial. CEO Syphers suggested rather than letters, calls to key members on the Senate Energy Utilities Communications Committee. Kate Kelly stated that on May 19 there will be a joint-panel discussion with the CPUC and the CEC. CEO Syphers stated this is another en banc that the CPUC is holding in Sacramento and the theme is *retail choice*.

CEO Syphers stated that SCP supported AB 1 because it includes a fee on electric vehicles, ensuring that drivers of these cars pay their fair share of road taxes. The bill is now on the Governor's desk.

Director Schwartz asked about the mandate that requires automakers to sell more zero-emission vehicles. CEO Syphers stated that the EV market in CA was largely created by a mandate which signaled to the manufacturers that they had to sell a minimum number of EVs and also separately very high mileage vehicles in order to get permission to sell all their other fleet. He stated that this would continue and expand it.

Public Comment:

Paul Brophy: stated that AB 920 requires to at least have 20% of their renewable portfolio come from baseload sources and asked if there is any further update of this and will it impact SCP.

Andy Ferguson: stated that HR 1461 is in Congress right now. SCP might want to take a position and made mention of The Citizens Climate Lobby and Republican Resolution.

CEO Syphers stated that AB 920's sponsor is Calpine so they are promoting geothermal energy and that his chief concern with that legislation is that the bill was written with the intent of having the 20% baseload renewable requirement apply to the compliance portion of our portfolio, also known as the RPS requirement. However, the current language makes the requirement apply to all renewables in a portfolio, potentially having a harmful impact on programs that use more renewable energy than required.

4. Review Draft Budget and Rates for Fiscal Year 2017/2018.

CEO Syphers stated that staff is not proposing any change in rates from the previous draft budget presented. He stated that SCP has purchased the majority of our energy needs, including for Mendocino, through 2020 and that the new territory has had a positive effect by expanding SCP's load during a favorable energy market.

CEO Syphers invited CAC Chair Dick Dowd to speak to the Board. Chair Dowd assured the Board that the CAC had a long, robust conversation on this item. He stated that the CAC looked at staff's recommendations and evaluated any changes and unanimously approved the recommendation to the Board of Directors. He stated that the CAC will continue to focus on building reserves, keeping rates competitive and sponsoring programs that reduce GHGs.

MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
THURSDAY, April 13, 2017
Page 4 of 6

CEO Syphers stated that the CAC recommended altering the opt-out rate assumption for Mendocino based on some of the early outreach seen and that adjustment has been made.

Director Harrington asked about the reserves and how are they held. CEO Syphers stated that they are held in a money market bank deposit and are moving to the County investment pool with other options being looked at to invest in something related to energy efficiency or renewable energy.

Vice Chair Hamburg asked about the accumulated general reserves and if the CAC considered changing the \$50 million target to something greater with the incorporation of Mendocino. CEO Syphers stated there are two related issues: how fast SCP makes contributions to reserves, and *at what amount* do we stop making contributions. He stated that the target should be based on a level necessary for an investment-grade credit rating, but the speed of contributions should be based on relative competitiveness with PG&E's rates.

Vice Chair Hamburg asked what the CAC sees as factors that would play into rate changes since PG&E changes their rates more frequently than SCP. CAC Chair Dowd stated that PG&E cannot change rates without regulatory approval and as an organization we should remain limber and ready to make changes in our competitive position.

Director Landman stated with the uncertainty of the IOUs and PAM he is concerned about cutting rates. He suggested that some items listed under education should be in the public relations budget instead of the programs budget.

CAC Chair Dowd stated that he and CEO Syphers formed a subcommittee to form a more systematic way of seeing what programs should move forward and how they should be funded. The CAC will be working with staff and refining recommendations to bring back to the Board.

Director Peters asked about personnel costs going up. CEO Syphers stated that the biggest amount of increase is transitioning from outside counsel and consultants to internal staff and supporting activities in the agency. He stated that SCP is looking at positions in compliance, customer service rates analyst, admin, contracts management, and possibly a chief operating officer at some point. Director Harrington asked about the rate of pay increase. CEO Syphers stated increases are based on merit; there are no guaranteed pay increases or fixed table.

Director Schwartz asked about efforts with branding and the website. Director of Public Affairs and Marketing Kate Kelly stated that website designs last about three years so need to evolve. She stated that the needs of our agency have evolved with

serving two counties and we need to evolve our brand into something more reflective of our agency today.

Director Schwartz asked what percentage are we at now from local sources. CEO Syphers stated approximately 18%, but will return with a precise figure.

Director Slayter asked with the increase in territory, why is the customer service budget the same for both years. CEO Syphers stated that prior budgets and the current draft were built with different assumptions. He stated that in the prior year we built in flexibility to each category. He stated that in the proposed draft budget, figures were designed to be as close to the right numbers as possible.

Public Comment:

Bob Williamson: stated that he agrees with the overall program. He stated that from a ratepayer standpoint there should be a sharing of the benefits.

IV. BOARD MEMBER ANNOUNCEMENTS

Director Slayter mentioned the Apple Blossom Festival the weekend of April 22-23.

Director Kearney mentioned The Butter and Eggs Day Parade on April 29 and The Antique Fair on April 30.

Director Harrington mentioned the hearing at Sonoma City Council on natural gas.

Director Landman stated that the more of us there are, the stronger we will be. He stated that Santa Cruz, Monterey and San Bernardino are forming CCAs.

Director Bagby stated that on May 11 after the Board meeting, there will be the Sonoma County Zero Waste Symposium.

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

June Brashares stated that Santa Rosa is having its Court House Square opening on April 29 along with the Climate March.

Bob Williamson asked about the status of the floating solar project. CEO Syphers stated that because it went through a sale, there have been delays. He stated there have also been delays due to the interconnection agreement with PG&E

VI. ADJOURN: (10:53 a.m.)

Respectfully Submitted,

Braiden Gugel

Braiden Gugel
Executive Assistant