



**AGENDA  
BOARD OF DIRECTORS MEETING  
THURSDAY, DECEMBER 5, 2019  
8:45 A.M.**

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

**I. CALL TO ORDER**

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve November 14, 2019 minutes of the SCPA Board of Directors meeting (Action) - pg. 3
2. Approve Board of Directors Meeting Dates for 2020 Calendar Year (Action) - pg. 9

**III. REGULAR CALENDAR**

3. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Discussion) - pg. 13
4. Receive Regulatory Update and Provide Direction as Appropriate (Discussion) - pg. 27
5. Approve Legislative and Regulatory Advocacy Principles Related to Electric Transmission & Distribution Grid; Adopt Updated SCP Legislative Policy Platform; and Appoint Ad Hoc Committee for Electric Transmission & Distribution Grid Advocacy (Action) - pg. 31
6. Receive Nominations and Appoint CAC Member(s) for the Term Beginning January 1, 2020 (Action) - pg. 39

**IV. CLOSED SESSION**

The Board of Directors of the Sonoma Clean Power Authority will consider the following in closed session:

7. Conference with Legal Counsel - Existing Litigation (Paragraph (1) of subdivision (d) of Section 54956.9) Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US Bankruptcy Court, Northern District of California San Francisco Division, Case No. 19-30088(DM) and Case No. 19-300889(DM) - pg. 43

**V. BOARD MEMBER ANNOUNCEMENTS**

## COMMONLY USED ACRONYMS AND TERMS

<b>AER</b>	Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes).
<b>CAC</b>	Community Advisory Committee
<b>CAISO</b>	California Independent Systems Operator
<b>CAM</b>	Cost Allocation Mechanism
<b>CCA</b>	Community Choice Aggregation
<b>CEC</b>	California Energy Commission
<b>CleanStart</b>	SCP's default service
<b>CPUC</b>	California Public Utility Commission
<b>DER</b>	Distributed Energy Resource
<b>ERRA</b>	Energy Resource Recovery Account
<b>EverGreen</b>	SCP's 100% renewable, 100% local energy service
<b>Geothermal</b>	A locally-available, low-carbon baseload renewable resource
<b>GHG</b>	Greenhouse gas
<b>GRC</b>	General Rate Case
<b>IOU</b>	Investor Owned Utility (e.g., PG&E)
<b>IRP</b>	Integrated Resource Plan
<b>JPA</b>	Joint Powers Authority
<b>LSE</b>	Load Serving Entity
<b>MW</b>	Megawatt (Power = how fast energy is being used at one moment)
<b>MWh</b>	Megawatt-hour (Energy = how much energy is used over time)
<b>NEM</b>	Net Energy Metering
<b>NetGreen</b>	SCP's net energy metering program
<b>PCIA</b>	Power Charge Indifference Adjustment ( <i>This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&amp;E prior to their switch.</i> )
<b>ProFIT</b>	SCP's "Feed in Tariff" program for larger local renewable energy producers
<b>PSPS</b>	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
<b>PV</b>	Photovoltaics for making electric energy from sunlight
<b>RA</b>	Resource Adequacy - a required form of capacity for compliance
<b>REC</b>	Renewable Energy Credit - process used to track renewable energy for compliance in California.
<b>SCP</b>	Sonoma Clean Power
<b>TOU</b>	Time of Use, used to refer to rates that differ by time of day and by season



**DRAFT MEETING MINUTES  
BOARD OF DIRECTORS MEETING  
THURSDAY, NOVEMBER 14, 2019  
8:45 A.M.**

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

**I. CALL TO ORDER**

Chair Landman called the meeting to order at approximately 8:46am and announced that the Closed Session item on the agenda would be tabled.

Board members present: Chair Landman, Vice Chair Slayter, Directors Gjerde, Hopkins, King, Strong, Tibbetts, and Okrepkie

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

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve October 3, 2019 minutes of the SCPA Board of Directors meeting
2. Approve Amended and Restated Power Purchase Agreements with Bodega Energy West, LLC and Petaluma Energy East, LLC Under ProFIT Program
3. Approve First Amendment with Sixth Dimension for Contract Management Services to Increase the Budget by \$74,849 for the Advanced Energy Center
4. 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. Delegate Authority to the CEO to Negotiate, Execute and Amend a Professional Services Agreement with TerraVerde, LLC to Validate Performance and Evaluate Energy Storage Feasibility of Municipally owned Solar Facilities

Public comment: none

October 3, 2019 SCPA BOD Consent Calendar adopted by unanimous consent with Directors Hopkins, King, and Strong abstaining from item #1 on the Consent Calendar.

### III. BOARD OF DIRECTORS REGULAR CALENDAR

6. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate

Director of Internal Operations Stephanie Reynolds introduced Scott Lawrence, who joined the Customer Service team as a Commercial Accounts Specialist. Director Reynolds then provided an update on the CAC ad hoc recruitment and that a recommendation for appointments will be brought to the full Board at their December 5, 2019 meeting.

Director Strong asked about the City of Willits' participation rates. Vice Chair Slayter requested that future participation reports include data on EverGreen enrollments.

Public comment: none

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

Director of Regulatory Affairs Neal Reardon provided an update on the Energy Resource Recovery Account rate setting process, which may be delayed beyond January 1<sup>st</sup>, 2020. For the October 31<sup>st</sup> Resource Adequacy (RA) filings, Director Reardon stated 19 LSEs filed for waivers, including SCP, PG&E and other IOUs. CEO Syphers noted that SCP was within 1% of required RA. Director Reardon then detailed an Integrated Resource Planning decision by the CPUC, which would require SCP to have new qualifying capacity by 2023. Director King asked about the proposed PCIA fee increase and Director Reardon stated that comments are due to the CPUC in the following week. Director King requested that staff follow up with a PCIA report at the Board's December meeting. Director Reardon then detailed a ruling from a CPUC Administrative Judge directing PG&E to show cause for why it should not be sanctioned for specific items related to the October Public Safety Power Shutoff (PSPS) events including violations of the California Public Utilities Code, failing to properly communicate with its customers, lack of coordination with local governments, and inadequate communication with critical facilities and public safety partners during the shutoffs.

Director Harrington asked about the implications of an order to show cause; Director Reardon stated that there is a significant range of financial penalties should PG&E not be able to demonstrate cause.

Public comment: none

*Director Harrington arrived at approximately 9:10am.*

8. Receive and Accept Audited Financial Statement for FY 2018/2019

Brett Bradford and Beth Samit from Pimenti & Brinker detailed the relative roles and responsibilities between their firm and SCP's accounting team during an audit. Mr. Bradford noted that the audit is near-completion, and based on their audit, they expect to report that the financial statements are materially accurate, that the accounting policies adopted by SCP throughout the period appear to be appropriate and consistently applied, and that they do not expect to propose any changes to the financial statements.

Public comment: none

Motion to Accept Audited Financial Statement for FY 2018/2019 by Director Harrington.

Second: Director Okrepkie

Motion passed: 8-0-0

9. Receive an Update on Advanced Energy Rebuild and Select an Option for an Advanced Energy Build Program in 2020

Director of Programs Cordel Stillman detailed Advanced Energy Rebuild success to date and status of program. He outlined the proposed successor program which would provide incentives for new all-electric residential construction, and that the Community Advisory Committee unanimously supported this item with a recommendation to the Board for the option to provide funding for 500 homes.

Director Hopkins asked about the potential for providing incentives for remodels of existing housing. Director Stillman noted that the Advanced Energy Center will provide incentives for remodels and retrofits of existing housing stock. Director Tibbetts questioned the efficacy of the proposed program, echoed the need to incentivize remodels, and suggested that program dollars be prioritized in cities that have already adopted REACH codes or taken other regulatory actions to reduce GHG emissions. Vice Chair Slayter noted his support for Option #2 and agreed with the need for program dollars to support remodels. Director Harrington requested that staff provide metrics to demonstrate the effectiveness of the program.

Director King detailed his support for Option #2. Director Tibbetts noted his support for Option #1 to provide funding for 200 houses as well as his preference for incentivizing battery storage options. Director Okrepkie

stated that remodels should be considered. Chair Landman stated his support for Option #1.

Public comment: Ben Peters spoke about ways to best incentivize consumer behaviors and detailed a program by PG&E to encourage home energy retrofits.

Motion to approve an Advanced Energy Build program in 2020 with a maximum budget of \$2,816,500 for 500 homes by Director Slayter

Second: Director King

Motion passed: 8-1-0

*Director Tibbetts left at approximately 10:22am.*

10. 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 introduced the item and outlined potential responses by SCP to PSPS events, issues with grid reliability & safety, various scenarios for PG&E emerging from bankruptcy, and requested that the Board provide direction to staff.

Director of Programs Cordel Stillman then detailed the following efforts currently underway by SCP regarding PSPS events:

- Assistance to commercial & industrial customers with audits to identify critical electric loads and advice on the most economical way to provide backup power;
- Exploring municipal solar power and battery storage options;
- Issuing a Request for information to battery suppliers;
- Residential battery program in development;
- On-bill financing for energy saving technologies purchased through the Advanced Energy Center; and
- Microgrid technical assistance

The Board then held a discussion, and following this, Chair Landman recounted staff direction, which included: ensuring SCP is involved in any discussions regarding reorganization of PG&E; exploring regional public ownership models; equitable cost sharing for grid improvements across PG&E's service territory; ensuring that the current PG&E workforce is considered in any municipalization discussions; and advocating for increased & effective oversight by pertinent regulatory bodies such as the CPUC.

Public comment:

Dick Dowd spoke about grid reliability and equitable cost sharing for improvements to the grid across PG&E's service territory.

Andy Ferguson spoke about public understanding of CCAs and the need for increased public relations around the topic of municipalization.

Ben Peters spoke about DC power and grid reliability, the potential for SCP operating in PG&E's service territory should the utility reorganize, involvement of the federal government assisting with grid reliability improvements, and challenges with connecting microgrids to PG&E's infrastructure.

Ted Tiffany asked if the Board has been briefed on battery storage efforts underway by other CCAs.

The Board then took a straw poll to gauge support for providing staff direction on exploring municipalization, co-op or other form of customer ownership of distribution grid infrastructure, either locally or across all PG&E's territory; the straw poll indicated majority support among the Board.

#### **IV. BOARD MEMBER ANNOUNCEMENTS**

Director Okrepkie recounted the recent Kincadee fire, the impact on the Town of Windsor, and thanked first responders for their significant & heroic efforts to save the town.

Director Strong detailed letters by the County of Mendocino Board of Supervisors and the City of Willits to PG&E detailing their frustrations with PG&E around PSPS events.

Chair Landman adjourned the meeting at approximately 12:16pm.

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**Staff Report - Item 02**

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**To: Sonoma Clean Power Authority Board of Directors**

**From: Stephanie Reynolds, Director of Internal Operations**

**Issue: Approve Board of Directors Meeting Dates for 2020 Calendar Year**

**Date: December 5, 2019**

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**Recommendation**

Approve Board of Directors Meeting Dates for 2020 Calendar Year

**Background:**

Section 54954(a) of the California Government Code states that legislative bodies shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings.

The Third Amended and Restated Joint Powers Agreement ("JPA") details the process wherein the Board shall establish their schedule for regular meetings. Section 4.8 (Meetings and Special Meetings of the Board) of the JPA states, in part, that "[t]he date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board." The Board of Directors adopted Resolution No. 2018-0003 on December 6, 2018, which fixed Board meetings at the date, hour, and place they are currently being held: the first Thursday of each month at 8:45 a.m., at the Sonoma Clean Power Authority Headquarters.

**Discussion:**

The proposed schedule, included as an attachment, would largely maintain the regular meeting schedule established by your Board. Like previous years, there is no Board meeting scheduled for the month of September to account for the end of the Legislative session in Sacramento.

**Attachments:**

- 2020 SCPA Board of Directors Meeting Schedule



**Sonoma Clean Power Authority  
Board of Directors  
Schedule of Meetings  
January – December 2020  
8:45 A.M. – Noon**

**(The SCPA normally meets on the 1<sup>st</sup> Thursday of each month)**

**January 9, 2020\***

**February 6, 2020**

**March 5, 2020**

**April 2, 2020**

**May 7, 2020**

**June 4, 2020**

**July 2, 2020**

**August 6, 2020**

**September – NO MEETING**

**October 1, 2020**

**November 5, 2020**

**December 3, 2020**

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

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**Staff Report - Item 03**

**To: Sonoma Clean Power Authority Board of Directors**

**From: Stephanie Reynolds, Director of Operations  
Mike Koszalka, COO**

**Issue: Receive Internal Operations Report and Provide Direction as Appropriate**

**Date: December 5, 2019**

**RECOMMENDATION:**

Informational report only, no action is required.

**CURRENT PARTICIPATION RATES:**

	11/2/2019			
	EverGreen Participation %	Participation %	Opt Out %	Participation % Change
CLOVERDALE INC	0.6%	83.8%	16.2%	-0.1%
COTATI INC	3.5%	90.8%	9.2%	0.1%
FORT BRAGG INC	0.8%	82.8%	17.2%	0.2%
PETALUMA INC	0.8%	89.1%	10.9%	0.0%
POINT ARENA INC	0.7%	86.0%	14.0%	0.0%
ROHNERT PARK INC	0.3%	88.5%	11.5%	-0.1%
SANTA ROSA INC	0.7%	88.8%	11.2%	0.0%
SEBASTOPOL INC	4.0%	91.0%	9.0%	0.0%
SONOMA INC	1.4%	86.9%	13.1%	0.0%
UNINC MENDOCINO CO	0.9%	78.7%	21.3%	0.0%
UNINC SONOMA CO	1.0%	87.1%	12.9%	0.0%
WILLITS INC	0.7%	80.6%	19.4%	-0.1%
WINDSOR INC	0.5%	87.8%	12.2%	0.0%
<b>Grand Total</b>	<b>0.9%</b>	<b>86.8%</b>	<b>13.2%</b>	<b>0.0%</b>
Mendocino	0.9%	79.4%	20.6%	0.0%
Sonoma	0.9%	88.1%	11.9%	0.0%

## **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. The process has given the team great lessons learned that will be incorporated into the final reports. Work is 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. The program is estimated to launch in 2020. Staff encourages property owners and those interested in charging stations to send an email to [programs@sonomacleanpower.org](mailto: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 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 is now installing those new measures and will begin to study the energy savings at those residential homes.

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)***

The CPUC recently commissioned a study on AER. Under the key takeaways, the report states, "Sonoma Clean Power's Advanced Energy Rebuild program represents an innovative example of how community choice aggregators, utilities, and other

interested stakeholders can work together to create meaningful programs that promote energy efficient and zero net energy homes.” We are very proud of all of the ingenuity and hard work that is making this program a success and one to be duplicated in other areas following natural disasters.

Currently, over 300 homes have applied for Advanced Energy Rebuild, about 24% of which have chosen to rebuild all-electric homes. Staff is continuing work with PG&E to outline the framework for a 2020 program offering for 500 additional homes.

### ***Low Carbon Reach Codes***

On October 16th, Windsor became the first jurisdiction in Sonoma County to vote to require new homes built in their jurisdiction to use high efficiency electric equipment, reducing the greenhouse gas emissions of new homes by more than two thirds. Santa Rosa on November 19th became the second jurisdiction to vote to require new homes built in their jurisdiction to use high efficiency electric equipment. Petaluma, Cloverdale, and Healdsburg continue to evaluate options for all-electric reach codes. Staff understand that a lawsuit has been filed with the Town of Windsor challenging the new code, but not a lot of information about that matter was available in time for this report.

### ***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 offices. 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 the announcement in the annual Power Content Label that was mailed to all our customers created. 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.

### **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 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 is now installing those new measures and will begin to study the energy savings at those residential homes.

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.

### **MONTHLY COMPILED FINANCIAL STATEMENTS**

The year-to-date growth in net position is slightly above projections due primarily to a combination 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:**

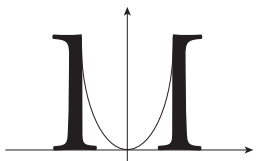
September 2019 Financial Statement and Budgetary Comparison

#### **UPCOMING MEETINGS:**

**CAC - Wednesday, December 18, 2019 at 1:00 PM**

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

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



## 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



# 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	<u>107,351,259</u>
Noncurrent assets	
Land and construction in progress	5,052,215
Capital assets, net of depreciation	167,840
Deposits	5,459,242
Total noncurrent assets	<u>10,679,297</u>
Total assets	<u>118,030,556</u>

### 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	<u>17,067,918</u>

### NET POSITION

Investment in capital assets	5,220,055
Unrestricted	95,742,583
Total net position	<u>\$ 100,962,638</u>

**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	<u>52,700,166</u>

**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	<u>43,988,430</u>
Operating income	<u>8,711,736</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	<u>332,345</u>
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**CHANGE IN NET POSITION**

Net position at beginning of period	<u>91,918,557</u>
Net position at end of period	<u><u>\$ 100,962,638</u></u>

# 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	<u>7,791,078</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(659,936)</u>
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### CASH FLOWS FROM INVESTING ACTIVITIES

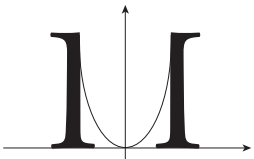
Interest income received	258,170
Proceeds from certificates of deposit matured	10,274,237
Purchase of certificates of deposit	<u>(12,500,000)</u>
Net cash provided (used) by investing activities	<u>(1,967,593)</u>

Net change in cash and cash equivalents (including County Investment Pool)	5,163,549
Cash and cash equivalents at beginning of year	<u>57,590,439</u>
Cash and cash equivalents at end of year	<u>\$ 62,753,988</u>

**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	<u>\$ 7,791,078</u>



## 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



**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
<b>REVENUE AND OTHER SOURCES:</b>						
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	<u>51,974,369</u>	<u>53,032,511</u>	<u>1,058,142</u>	<u>102%</u>	<u>194,188,000</u>	<u>141,155,489</u>
<b>EXPENDITURES AND OTHER USES:</b>						
<b>CURRENT EXPENDITURES</b>						
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	<u>49,181,072</u>	<u>44,135,722</u>	<u>(5,045,350)</u>	<u>90%</u>	<u>176,807,000</u>	<u>132,671,278</u>
<b>OTHER USES</b>						
Capital outlay	2,175,000	94,103	(2,080,897)	4%	8,700,000	8,605,897
Total Expenditures, Other Uses and Debt Service	<u>51,356,072</u>	<u>44,229,825</u>	<u>(7,126,247)</u>	<u>86%</u>	<u>185,507,000</u>	<u>141,277,175</u>
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.

	Current Balance	% of FY Target	FY Target Balance
<b>RESERVES</b>			
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
	<u>\$ 70,802,934</u>	<u>56%</u>	<u>\$ 126,534,300</u>



**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	<u>257,459</u>
Change in net position	<u>\$ 9,044,081</u>

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## Staff Report - Item 04

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**To: Sonoma Clean Power Authority Board of Directors**  
**From: Neal Reardon, Director of Regulatory Affairs**  
**Issue: Receive Regulatory Update and Provide Direction as Appropriate**  
**Date: December 5, 2019**

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### **Requested Board Actions:**

Receive a regulatory update and provide direction 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 10<sup>th</sup>, with PG&E's Rebuttal served on September 24<sup>th</sup>. Evidentiary Hearings to address disputed issues of fact and law were held from September 30<sup>th</sup> to October 2<sup>nd</sup>. Opening and reply briefs will be due October 21<sup>st</sup> and 31<sup>st</sup>.

On November 14<sup>th</sup> 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 will be submitted December 6<sup>th</sup>. Given this timeline, the Commission is likely to issue a Proposed Decision as early as January to adopt rates for 2020.

### Integrated Resource Planning (IRP)

On November 7<sup>th</sup>, 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 in a less competitive position vis-à-vis PG&E.

### MicroGrids Rulemaking

On December 12<sup>th</sup> the CPUC is hosting 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 will present on the impacts of these events and highlight programs which are under development - as well as required changes in policy - to meet those concerns.

### **Fiscal Impact**

None.

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## Staff Report - Item 05

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**To:** Sonoma Clean Power Authority Board of Directors

**From:** Geof Syphers, CEO

**Issue:** Approve Legislative and Regulatory Advocacy Principles Related to Electric Transmission & Distribution Grid; Adopt Updated SCP Legislative Policy Platform; and Appoint Ad Hoc Committee for Electric Transmission & Distribution Grid Advocacy

**Date:** December 5, 2019

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### Requested Board Actions:

1. Approve a set of principles for SCP to use in legislative and regulatory advocacy for how a restructured PG&E or its successor should be structured and operate the electric transmission and distribution grid ([Attachment A](#)).
2. Adopt an updated Legislative Policy Platform for 2020 ([Attachment B](#)).
3. Appoint Ad Hoc Committee of the Board of Directors to run through 2020 for Certain Electric Transmission and Distribution Grid Issues as outlined in this Staff Report.

### Background:

On November 14, the SCPA Board of Directors asked staff to begin researching all options for a publicly-owned electric transmission and distribution company in light of PG&E's failure to maintain a safe and reliable grid. As a first step in that process, staff seek input into the Board's core principles. Once established, such principles will be used to guide future advocacy in the legislature and at the CPUC.

SCP adopted its prior Legislative Policy Platform on February 1, 2018. SCP uses the platform to guide agency positions on policy and to identify the scope of topics staff

may take positions on with requiring additional Board direction.

**Discussion:**

Because the problem of how to best transition from PG&E's current operations to a more successful model is complex, staff request guidance on the following draft set of high-level principles as a means of steering research and advocacy toward more specific proposals and solutions. For example, if a customer-owned option is pursued, adopting core principles could help ensure that it meets our ultimate objectives. Similarly, if a for-profit corporate model emerges, the core principles will help us advocate for improvements to its governance, its corporate structure, financing and how the CPUC regulates it. To address these complex issues, Staff recommends that the Board:

(1) Approve Core Principles Related to the Electric and Transmission Grid: Staff has drafted a set of Proposed Core Principles related to the Electric and Transmission Grid to guide SCP's advocacy in the legislature and before regulatory agencies like the CPUC. The Proposed Core Principles are included as *Attachment A*. Staff requests that the Board approve the proposed principles for SCP to use in legislative and regulatory advocacy for how a restructured PG&E or its successor should be structured and operate the electric transmission and distribution grid.

(2) Adopt an Updated Legislative Policy Platform for 2020: Staff last adopted its Legislative Policy Platform on February 1, 2018. Staff has prepared an updated Legislative Policy Platform for 2020, which is included with this Staff Report as *Attachment B*. The Proposed Legislative Policy Platform for 2020 includes redlines to show the changes from the prior platform. Staff requests that the Board approve the Proposed Legislative Policy Platform for 2020.

(3) Appoint an Ad Hoc Committee of the Board for Electric and Transmission Grid Advocacy: Board members have indicated an interest in forming an ad hoc committee to work with staff between regularly scheduled Board meetings on any urgent matters relating to further developing SCP's advocacy positions on PG&E's future grid management. Such a committee may be helpful to staff from time to time through 2020, and staff recommends a group of 3-4 members for this purpose.

Staff recommends that the Ad Hoc Committee further develop advocacy positions relating to how a restructured PG&E or its successor should be structured and operate the electric transmission and distribution grid, and any related issues of grid reliability, grid safety and energy resilience issues in response to grid conditions.



## **Fiscal Impact**

There is no direct fiscal impact on SCP for approving core principles, updating SCP's Legislative Policy Platform for 2020 or in staffing the Ad Hoc Committee at this time.

## **Attachments:**

- **Attachment A** - PROPOSED CORE PRINCIPLES FOR ADVOCACY RELATING TO THE ELECTRIC TRANSMISSION AND DISTRIBUTION GRID
- **Attachment B** - PROPOSED UPDATE TO LEGISLATIVE POLICY PLATFORM FOR 2020

## ATTACHMENT A

### PROPOSED CORE PRINCIPLES FOR ADVOCACY RELATING TO THE ELECTRIC TRANSMISSION AND DISTRIBUTION GRID

#### 1. No region left behind

- (a) Grid infrastructure repair costs should be shared equitably across all of PG&E's existing territory (e.g., through ongoing bill fees)
- (b) Future fire liabilities shared across at least all of PG&E's existing territory (e.g., through state insurance)

#### 2. Refocus regulator on safety and rates

- (a) Require CPUC to rebuild capacity to regulate safety (e.g., by hiring grid engineers and first responders)
- (b) Require CPUC to rebuild capacity to analyze and set investor-owned rates (e.g., by hiring accountants and financial auditors)
- (c) Ensure a significant majority of funding and staff at the CPUC are dedicated to safety and rates (e.g., set a minimum threshold for funding and staff at 90% of energy division budget and headcount) rather than the current focus on policy.

#### 3. Financially capable of quickly repairing the grid

- (a) Able to raise the billions of dollars needed to replace or repair large portions of the transmission and distribution grid.

#### 4. Maintain affordability

- (a) Low cost of capital. (Typical national utility cost of equity is between 7 and 9%. PG&E's current cost of equity is 12% with a request to raise to 16%.)
- (b) Remove profit motive OR structure to ensure a reasonable (e.g., 4% to 5%) profit.

#### 5. Financial and Operational Transparency

- (a) Open book operation. All finances are 100% publicly disclosed. Budgeting and Operational decisions around maintenance and capital investments should be disclosed to the public.
- (b) Full-time auditor team works inside accounting department of for-profit utility with access to view all accounts and financial transactions.

## **6. Protect workers by preserving labor agreements and benefits**

(a) Honor existing union contracts and pensions

## **7. Governance with strong public interest**

DISCUSS: Given fiduciary responsibility of corporate boards chartered in Delaware, this may be a difficult to achieve for any for-profit model. Consider alternatives to this principle possibly relating to better public input and/or performance-based returns on investment.

## ATTACHMENT B

### PROPOSED UPDATE TO LEGISLATIVE POLICY PLATFORM FOR 2020

A redline proposal for amendments to the Board's adopted Legislative Policy Platform of February 1, 2018 is attached for consideration.

Sonoma Clean Power supports legislation that protects and fosters CCAs and their customers within the State of California. Sonoma Clean Power's legislative efforts are guided by the following principles:

#### **1. Customer Equity, Rates and Nonbypassable Charges**

Support legislation that provides transparency into the PCIA and all nonbypassable charges, fairly allocates costs among customer classes, and minimizes total customer costs.

#### **2. Procurement Obligation and Local Government Oversight**

Defend the obligations and authority of CCA's local governing Boards of Directors to make decisions about sources of electricity, resource adequacy, customer programs, and distributed energy resources.

#### **3. Climate and Renewable Sources**

Support the decrease in use of greenhouse-gas-emitting sources of electricity by all available means, including through increasing use of renewable energy in the Renewable Portfolio Standard, load management, storage and improved reliance on existing hydropower. Support accurate reporting and labeling of greenhouse gas emissions, and oppose efforts to mischaracterize emissions.

#### **4. Strong Markets and Local Power**

Support strong energy markets to ensure customers have access to the least cost energy available, ~~including through ISO regionalization so long as California's environmental rules can be enforced~~. Support legislation that properly values local resources, such as customer-owned renewable

generation and batteries.

## **5. Electrification and Efficiency of Buildings**

Support fuel shifting from natural gas, propane and wood to electricity.

Support building standards and retrofit funding for targeted energy efficiency to reduce building energy usage, particularly at times-of-day and seasons when emissions or costs are high. Support efforts to go beyond “zero net energy” and refocus energy code requirements on emissions.

## **6. Transportation Electrification**

Support legislation that provides incentives for electric vehicles and funding for charging stations, CCA access to low-carbon fuel standard credits, CCA management of infrastructure funds in cooperation with other local agencies, and the broad promotion of electric vehicles and electric transit.

## **7. Operational Efficiency and Customer Transparency**

Support legislation which makes operating CCAs simpler and less expensive, and oppose unnecessary administrative burdens on CCAs. Support legislation that enhances customer access to accurate information, and oppose legislation which confuses or misleads customers.

## **8. Rebuilding and Renewal**

~~Support legislation that enables financing, investment, grants and incentives to aid in both rebuilding burned structures in a manner that is efficient and climate smart, as well as adding housing and employment opportunities throughout SCP’s territory following a natural disaster. While SCP will not be the lead agency on these efforts, we will play a strong supportive role:~~

### **Energy Resilience**

~~Support legislation that reduces the risk and severity of grid-started fires, reduces the need for large-scale and long-term public safety power shutoffs, improves customer and public entity rights to build clean power microgrids and supports microgrid financing, grants and streamlined authorizations and permitting. Advocate for clean power backup systems, and for solutions that safeguard our local economy from blackouts and which prioritize solutions for medical facilities, schools, government operations and vulnerable populations.~~

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**Staff Report - Item 06**

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**To: Sonoma Clean Power Authority Board of Directors**

**From: Vice Chair Slayter, Director Lynda Hopkins, Director Dave King, and Director Bruce Okrepkie (ad hoc committee appointed by the Board)**

**Issue: Receive Nominations and Appoint CAC Member(s) for the Term Beginning January 1, 2020**

**Date: December 5, 2019**

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**Recommendation:**

Receive nominations and appoint CAC member(s) for the term beginning January 1, 2020.

**Background:**

Sonoma Clean Power's Third Amended JPA establishes guidelines and terms for the CAC. Under section 4.5.1 of the JPA, the CAC is to consist of a minimum of seven and a maximum of eleven members. Appointees to the CAC serve four-year terms, and the following six members have terms ending on December 31, 2019: Bill Mattinson, Paul Brophy, Joe Como, Anita Fenichel, Mike Nicholls, and Ken Wells (see attached table of current CAC members and terms).

At the August 1, 2019 Board meeting, an ad hoc consisting of Vice Chair Slayter and Directors Hopkins, King, and Okrepkie was appointed to review applications, interview interested applicants, and to recommend appointments and/or reappointments by the full Board.

**Discussion:**

Following the August 1, 2019 Board meeting, the ad hoc committee met with staff to review the recruitment timeline, process and solicitation materials. The recruitment went live on August 30<sup>th</sup> with an initial deadline of October 14<sup>th</sup>; the ad hoc subsequently extended the recruitment deadline to November 1<sup>st</sup> to allow for a larger pool of applicants. The ad hoc then interviewed applicants prior to determining their recommendations.

The ad hoc committee will make their recommendation in the meeting and a list of recommended applicants will be provided to the Board at that time.

**Attachments:**

- Community Advisory Committee 2019 Members and Terms





**Community Advisory Committee  
2019 Members and Terms**

NAME	SIGNED OATH	TERM	TERM ENDS
1. Dick Dowd, Chair	September 29, 2014	4- year term	End of 2021
2. Bill Mattinson, Vice Chair	October 17, 2013	4-year term	End of 2019
3. Paul Brophy	October 17, 2013	4-year term	End of 2019
4. Joe Como	February 16, 2016	4-year term	End of 2019
5. Anita Fenichel	February 16, 2016	4-year term	End of 2019
6. Mike Nicholls	February 16, 2016	4-year term	End of 2019
7. Ken Wells	December 16, 2015	4-year term	End of 2019
8. Joel Chaban	January 16, 2018	4-year term	End of 2021
9. Helen Sizemore	January 16, 2018	4-year term	End of 2021
10. Denis Quinlan	January 16, 2018	4-year term	End of 2021
11. Karen Baldwin	January 16, 2018	4-year term	End of 2021

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**Staff Report - Item 07**

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**To: Sonoma Clean Power Authority Board of Directors**

**From: Jessica Mullan, General Counsel**

**Issue: Closed Session - Conference with Legal Counsel - Existing Litigation  
(Paragraph (1) of subdivision (d) of Section 54956.9)  
Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US  
Bankruptcy Court, Northern District of California San Francisco Division,  
Case No. 19- 30088(DM) and Case No. 19- 300889(DM)**

**Date: December 5, 2019**

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There are no written materials for this item.