



**AGENDA  
COMMUNITY ADVISORY COMMITTEE MEETING  
FEBRUARY 20, 2020  
1:00 P.M.**

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

**I. CALL TO ORDER**

**II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

**III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR**

1. Approve January 23, 2020 Community Advisory Committee Meeting Minutes (Action) - pg. 3

**IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

2. Receive Operations Report and Provide Input as Appropriate (Discussion) - pg. 9
3. Receive Legislative and Regulatory Updates and Provide Input as Appropriate (Discussion) - pg. 23
4. Recommend that the Board Approve Budget for Self-Generation Incentive Program (SGIP) Assistance and Delegate Authority to the CEO to Negotiate, Execute, and Amend a Professional Services Agreement for SGIP Assistance Processing (Action) - pg. 31
5. Discussion of SCP and PG&E's Potential Partnership to Accelerate Solutions to Public Safety Power Shutoffs (Discussion) - pg. 37

**V. COMMITTEE MEMBER ANNOUNCEMENTS**

**VI. ADJOURN**

*DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk of the Board at (707) 890-8491, as soon as possible to ensure arrangements for accommodation.*

## COMMONLY USED ACRONYMS AND TERMS

<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  
COMMUNITY ADVISORY COMMITTEE MEETING  
JANUARY 23, 2020  
1:00 PM**

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

**I. CALL TO ORDER**

Chair Dowd called the meeting to order at 1:00 p.m.

Committee Members present: Chair Dowd, Vice Chair Mattinson, and Members Baldwin, Chaban, Fenichel, Morris, Nicholls, Sizemore, Quinlan, and Wells.

Staff present: Michael Koszalka, Chief Operating Officer; and Stephanie Reynolds, Director of Internal Operations.

New Committee Member ("CM") Patricia Morris introduced herself and spoke about her personal and professional background.

**II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

Deborah Tavares spoke on matters related to the PG&E bankruptcy.

**III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR**

1. Approve December 18, 2019 Draft Community Advisory Committee Meeting Minutes

Recommend that the Board Approve and Authorize the CEO to Execute a Furniture Procurement and Installation Purchase Order for the Advanced Energy Center

Public comment: None

Motion to move Item #3 (Recommend that the Board Adopt a New Agricultural Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year) from the Consent Calendar to the Regular Calendar by CM Baldwin.

Second: CM Mattinson.

Motion passed: 10-0-0

Motion to adopt the January 23, 2020 Community Advisory Committee Consent Calendar by CM Wells

Second: CM Nicholls

Motion passed: 10-0-0

#### **IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

##### **2. Election of Chair and Vice Chair for 2020**

CM Quinlan proposed a more robust process for future elections, wherein incumbents and other interested members could provide a statement of interest with their qualifications to inform deliberations. CM Wells voiced his support for adding additional background information in future staff reports, and his comfort with electing a Chair and Vice Chair for the upcoming term. Vice Chair Mattinson also supported more information in future staff reports as it could potentially assist new members.

Public comment: None

Motion to appoint CM Baldwin as CAC Vice Chair for 2020 by CM Fenichel

Second: CM Sizemore

Motion passed: 10-0-0

Motion to appoint Chair Dowd as CAC Chair for 2020 by CM Quinlan

Second: CM Chaban

Motion passed: 10-0-0

##### **3. Receive Operations Report and Provide Input as Appropriate**

Director of Internal Operations Stephanie Reynolds advised the Committee that SCP's Annual Report was just released in video format for the first time, and shared a one-page piece of marketing collateral for the Annual Report. She provided brief updates on the Advanced Energy Center as well as the Advanced Energy Rebuild program, which has over 340 applicants to date.

Chief Operating Officer Michael Koszalka advised the Committee that CEO Syphers was absent for the day and that SCP's General Counsel, Jessica Mullan, recently resigned to take a new position. Director Reynolds told the Committee that staff is currently utilizing outside counsel and evaluating SCP's overall legal staffing needs before recruiting for a general counsel position.

Public comment:

Deborah Tavares spoke about heat pump technologies.

Paul Brophy asked about the Annual Report and whether it contains SCP's Final Audited Financial Report for the Fiscal Year; Director Reynolds told Mr. Brophy that the Report is available on the SCP website.

#### 4. Receive Regulatory Update and Provide Input as Appropriate

Director of Regulatory Affairs Neal Reardon advised the Committee about the likelihood of a very significant increase in the Power Charge Indifference Adjustment (PCIA) fee, which will likely take effect on April 1<sup>st</sup> or May 1<sup>st</sup>. Director Reardon then described a proposed PG&E plan to build new substation generation resources to operate during Public Safety Power Shutoff (PSPS) events, and SCP's concerns about the plan given the apparent lack of planning to repair transmission lines and long-term reliance on fossil-fuel powered generators.

Public comment: Deborah Tavares spoke about the PCIA fee and PG&E's proposed substation generation plan.

#### 5. Receive Programs Strategic Action Plan and Recommend Board Approval

Director of Programs Cordel Stillman provided an update on the Programs Strategic Action Plan which is presented to the Committee twice a year. He highlighted short-term, near-term, long-term, and proposed action plans for the upcoming year. Director Stillman noted the success of the GridSavvy program; the expansion of the D.I.Y. Toolkit program to Mendocino County; the Induction Cooktop program expanding to Petaluma; the high number of participants in Advanced Energy Rebuild program; efforts underway with the LEAD Locally program; SCP receiving \$5.1 million in CALeVIP grant funding towards the installation of EV charging stations; and completion of transit electrification studies for select transit agencies within SCP's service territory.

Director Stillman then advised the Committee about a few select programs that have been added to the Strategic Plan since its last iteration, which include assistance to commercial and industrial customers for audits on mitigating adverse effects due to PSPS events; an analysis of existing municipally-owned solar systems and what is needed to add backup battery storage; undertaking a transit electrification study for local school districts; an electric bike rebate incentive program; and hiring a consultant to assist SCP customers with securing incentives for residential battery storage.

Vice Chair Baldwin asked about the Transit Electrification Feasibility Reports and next steps; Director Stillman advised VC Baldwin that now the reports are complete, any next steps are incumbent on the transit agencies although staff will continue to follow up and support their future efforts.

CM Quinlan asked about the addition of a new program to reduce greenhouse gas emissions in agricultural practices and the nexus with SCP's mission; Director Stillman acknowledged that the program isn't necessarily

energy-related but does very much align with the goals of SCP under its Joint Powers Authority agreement.

Public comment:

Rick Learned spoke in support of staff recommendations.

Deborah Tavares expressed her concerns about various wireless technologies and land use issues.

Chair Dowd thanked staff for their efforts on the Action Plan and recognized the somewhat fluid nature of document.

Motion to recommend Board Approval of the Programs Strategic Action Plan by CM Quinlan

Second: CM Sizemore

Motion passed: 10-0-0

8. Recommend Board Approval of a Budget Adjustment for Fiscal Year 2019-2020 and Change in Customer Rates as of March 1, 2020

COO Koszalka introduced the item by noting the likely increase in the PCIA fee and the subsequent reasoning for staff's recommended actions on this item.

CM Quinlan asked about any implications that raising rates may have, in particular to customer participation rates; COO Koszalka noted that MCE had higher rates than PG&E for a period of time and did not see a strong correlation between higher rates and higher percentages of customer opt-outs. CM Wells asked staff to clarify the percentage increase. Power Services Manager Rebecca Simonson advised CM Wells that rates will increase by 2% should the Committee recommend, and the Board ultimately approve, a change in customer rates.

Public comment: Deborah Tavares spoke about numerous concerns related to PG&E.

Motion to Recommend Board Approval of a Budget Adjustment for Fiscal Year 2019-2020 and Change in Customer Rates as of March 1, 2020 as Requested by Staff by CM Mattinson

Second: CM Nicholls

Motion passed: 10-0-0

9. Recommend that the Board Adopt a New Agricultural Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year

Director of Customer Service Erica Torgerson reviewed past Committee deliberations on commercial rate changes and how staff's requested actions will harmonize and time of use peak period hours with those of PG&E's.

Public comment: None

Motion to recommend that the Board Adopt a New Agricultural Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year as Recommended by Staff by Vice Chair Baldwin

Second: CM Sizemore

Motion passed: 10-0-0

#### **V. COMMITTEE MEMBER ANNOUNCEMENTS**

None

#### **VI. ADJOURN**

Chair Dowd adjourned the meeting at 3:03 P.M.

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## **Staff Report - Item 02**

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

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

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

**Date:** February 20, 2020

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### **RECOMMENDATION:**

Informational report only, no action is required.

### **NEW SCP TEAM MEMBER**

In late January, SCP welcomed Carolyn Glanton to our team. Carolyn is working with the Programs Team as a Programs Manager and will be working on various projects including potential battery storage programs. Around seven years ago, Carolyn was one of the interns working at the Sonoma County Water Agency (now Sonoma Water) when the concept of CCA programs was being introduced to our area. We are lucky to have her join us!

### **COMMUNITY ADVISORY COMMITTEE CHAIR AND VICE CHAIR FOR 2020**

At the February 6, 2020 meeting of the Board of Directors, Sebastopol Mayor Patrick Slayter was elected as Chair and Cloverdale City Councilmember Melanie Bagby as Vice Chair for the New Year.

## **EVERGREEN TREE PLANTING PROGRAM**

After several rain-out dates, on Friday, January 24<sup>th</sup>, SCP team members joined the Wildlands Conservancy and several of our EverGreen customers in the Jenner area to plant trees. The group braved the cold, wet and very steep terrain and planted over 700 saplings in one day!

## **PROGRAMS UPDATES:**

### *Transit Electrification Study*

The transit electrification study has been completed and final reports turned over to the four transit agencies: Santa Rosa CityBus, Petaluma Transit, Sonoma County Transit, and Mendocino County Transit. SCP will continue to support the transit agencies as they move forward with their electrification efforts.

### *CALeVIP*

Staff continues to work with our consultant, CSE, and the partnership to finalize the Program Design package. Staff has been engaging in early outreach efforts to the public to help prepare interested parties in applying for funds in October 2020. Staff encourages anyone interested in hosting charging stations or learning more about the program to send an email to [programs@sonomacleanpower.org](mailto:programs@sonomacleanpower.org).

### *Lead Locally (CEC Grant)*

Phase 1 demolition work at the Advance Energy Center is now completed and a new fire suppression system has been installed. The construction team has shifted work towards the renovation of the Advanced Energy Center; framing, electrical and drainage.

A purchase order for furniture procurement and installation at the Advanced Energy Center was approved by the Board on February 6. The contracted furniture contractor has begun constructing that furniture for the space.

The Lead Locally Research Team (Team) has completed installation of new technologies for Phase 1 residential technologies and will begin to study the energy savings at those residential homes.

The Team completed their home evaluations for Phase 2 residential sites. The Team also continues to recruit commercial properties for the Phase 2 Technology Demonstration study on market-ready technologies; daylighting retrofits, induction cooktops, heat recovery system for dish machines, and phase change materials.

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)***

Over 340 homes have applied for Advanced Energy Rebuild, about 30% of which are choosing to rebuild all-electric homes. Of these, 261 are enrolled in the program, including 150 single-family homes, 96 multi-family units, and 13 Accessory Dwelling Units (ADU).

### ***Induction Cooktop Checkout***

To date, 206 cooktops have been checked out by customers. The induction cooktops are available for customers to check out from the Daily Acts offices in Petaluma, as well as the SCP office.

### ***DIY Energy & Water Savings Toolkits***

Due to the popularity of the DIY toolkits after the promotion of the kits in the annual Power Content Label, check-outs for the toolkits have been increasing in both Sonoma and Mendocino counties. To date, the kits have been checked out 869 times. The kits provide residents with options to be more energy efficient while staying more comfortable in their homes.

### ***Self-Generation Incentive Program (SGIP)***

SCP staff met with representatives of local battery storage installers who encouraged staff to design a program to help increase battery energy storage system installations. SCP's Residential Battery Energy Storage SGIP Program would establish a revolving incentive fund and provide assistance with applications to the California Public Utilities Commission's (CPUC) SGIP program. This program would reduce the upfront price of battery energy storage systems by taking advantage of SGIP funding and help compile all necessary information and documents needed for SGIP funding. Staff is requesting the CAC recommend the Board of Directors approve budget and

delegate authority to negotiate, execute and amend a PSA. More information can be found in Item 5.

### ***Municipal Solar + Storage Analysis***

A contract has been executed with consultant TerraVerde to conduct a technical analysis of municipal solar and energy storage. The analysis will look at existing solar facilities owned or operated by our member municipalities in order to maximize their value, determine feasibility of adding energy storage, and identify the requirements and cost to disconnect or “island” during emergency events. Staff are re-engaging with member jurisdictions and look forward to working with TerraVerde on this subject.

### **MONTHLY COMPILED FINANCIAL STATEMENTS, DECEMBER, 2019**

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 \$98,392,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$108,672,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately \$71,147,000 is set aside for reserves (Operating Reserve: \$58,365,000; Program Reserve: \$10,672,000; and Collateral Reserve: \$2,109,000).

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

### **BUDGETARY COMPARISON SCHEDULE, DECEMBER, 2019**

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 slightly greater than the year-to-date budget by less than 1%.

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:**

December 2019 Financial Statement and Budgetary Comparison

#### **UPCOMING MEETINGS:**

**BOD - Thursday, March 5, 2020 at 8:45 A.M.**

**CAC - Tuesday, March 17, 2020 at 1:00 P.M.**

**BOD - Thursday, April 2, 2020 at 8:45 A.M.**

**CAC - Tuesday, April 14, 2020 at 1:00 P.M.**



## 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 December 31, 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  
January 28, 2020

**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND**

**BUDGETARY COMPARISON SCHEDULE  
July 1, 2019 through December 31, 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) *	\$ 97,746,680	\$ 98,131,570	\$ 384,890	100%	\$ 187,866,000	\$ 89,734,430
Evergreen Premium (net of allowance)	234,655	261,162	26,507	111%	451,000	189,838
CEC Grant	2,380,000	1,669,189	(710,811)	70%	4,760,000	3,090,811
BAAQMD grant	50,000	42,125	(7,875)	0%	100,000	57,875
Interest income	505,500	676,854	171,354	134%	1,011,000	334,146
Total revenue and other sources	100,916,835	100,780,900	(135,935)	100%	194,188,000	93,407,100
<b>EXPENDITURES AND OTHER USES:</b>						
<b>CURRENT EXPENDITURES</b>						
Cost of energy and scheduling	78,846,228	74,504,902	(4,341,326)	94%	152,301,000	77,796,098
Data management	1,579,000	1,590,150	11,150	101%	3,158,000	1,567,850
Service fees- PG&E	480,500	481,667	1,167	100%	961,000	479,333
Personnel	2,165,000	1,922,610	(242,390)	89%	4,330,000	2,407,390
Outreach and communications	480,000	303,668	(176,332)	63%	960,000	656,332
Customer service	269,214	274,468	5,254	102%	367,000	92,532
General and administration	282,500	334,587	52,087	118%	505,000	170,413
Legal, regulatory and compliance	463,000	548,886	85,886	119%	926,000	377,114
Accounting	105,500	100,306	(5,194)	95%	211,000	110,694
Legislative	39,000	39,000	-	100%	78,000	39,000
Other consultants	80,000	85,249	5,249	107%	160,000	74,751
CalCCA Trade Association	220,000	165,000	(55,000)	75%	440,000	275,000
Program implementation	1,700,000	789,648	(910,352)	46%	3,400,000	2,610,352
Program - CEC grant	4,480,000	2,784,594	(1,695,406)	62%	8,960,000	6,175,406
Program development and evaluation	25,000	-	(25,000)	0%	50,000	50,000
Total current expenditures	91,214,942	83,924,735	(7,290,207)	92%	176,807,000	92,882,265
<b>OTHER USES</b>						
Capital outlay	4,350,000	120,003	(4,229,997)	3%	8,700,000	8,579,997
Total Expenditures, Other Uses and Debt Service	95,564,942	84,044,738	(11,520,204)	88%	185,507,000	101,462,262
Net increase (decrease) in available fund balance	\$ 5,351,893	\$ 16,736,162	\$ 11,384,269	313%	\$ 8,681,000	\$ (8,055,162)

\* Represents sales of approximately 1,163,000 MWh for 2019/20 YTD actual.

	Current Balance	% of FY Target	FY Target Balance
<b>RESERVES</b>			
Operating Cash Reserve	\$ 58,365,935	63%	\$ 92,753,500
Program Cash Reserve	10,672,452	58%	18,550,700
Collateral Cash Reserve	2,109,057	14%	15,230,100
	\$ 71,147,444	56%	\$ 126,534,300

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**July 1, 2019 through December 31, 2019**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 16,736,162
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(31,541)
Add back capital asset acquisitions	<u>336,033</u>
Change in net position	<u><u>\$ 17,040,654</u></u>





## 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 December 31, 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  
January 28, 2020

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of December 31, 2019

### ASSETS

#### Current assets

Cash and cash equivalents	\$ 68,193,755
Accounts receivable, net of allowance	16,118,872
Other receivables	1,552,719
Accrued revenue	8,940,225
Prepaid expenses	1,489,014
Deposits and other current assets	707,079
Investments	20,082,297
Total current assets	117,083,961

#### Noncurrent assets

Land and construction-in-progress	5,124,440
Capital assets, net of depreciation	162,810
Deposits and other noncurrent assets	5,459,242
Total noncurrent assets	10,746,492
Total assets	127,830,453

### LIABILITIES

#### Current liabilities

Accounts payable	1,420,397
Accrued cost of electricity	14,701,773
Advanced from grantors	402,500
Other accrued liabilities	1,819,733
User taxes and energy surcharges due to other governments	526,839
Total current liabilities	18,871,242

### NET POSITION

Investment in capital assets	5,287,250
Unrestricted	103,671,961
Total net position	\$ 108,959,211

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2019 through December 31, 2019**

**OPERATING REVENUES**

Electricity sales, net	\$ 98,130,860
Evergreen electricity premium	261,162
Grant revenue	1,711,314
Total operating revenues	<u>100,103,336</u>

**OPERATING EXPENSES**

Cost of electricity	74,504,902
Contract services	6,512,451
Staff compensation	1,971,566
General and administration	506,940
Program rebates and incentives	212,846
Depreciation	31,541
Total operating expenses	<u>83,740,246</u>
Operating income	<u>16,363,090</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	676,854
Other nonoperating revenue	710
Total nonoperating revenues (expenses)	<u>677,564</u>

**CHANGE IN NET POSITION**

	17,040,654
Net position at beginning of period	<u>91,918,557</u>
Net position at end of period	<u><u>\$ 108,959,211</u></u>

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS July 1, 2019 through December 31, 2019

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 102,309,360
Receipts from grantors	1,021,283
Payments to electricity suppliers	(73,170,590)
Payments for other goods and services	(5,732,219)
Payments for staff compensation	(2,054,449)
Tax and surcharge payments to other governments	(1,289,867)
Payments for program rebates and incentives	<u>(506,621)</u>
Net cash provided (used) by operating activities	<u>20,576,897</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(752,429)</u>
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### CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	504,611
Proceeds from certificates of deposit matured	10,274,237
Purchase of certificates of deposit	<u>(20,000,000)</u>
Net cash provided (used) by investing activities	<u>(9,221,152)</u>

Net change in cash and cash equivalents (including County Investment Pool)	10,603,316
Cash and cash equivalents at beginning of year	<u>57,590,439</u>
Cash and cash equivalents at end of year	<u>\$ 68,193,755</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2019 through December 31, 2019**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 16,363,090
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	31,541
Revenue adjusted for allowance for uncollectible accounts	753,165
(Increase) decrease in:	
Accounts receivable	376,873
Other receivables	(392,828)
Accrued revenue	1,468,926
Prepaid expenses	128,122
Deposits	(375,000)
Increase (decrease) in:	
Accounts payable	33,616
Accrued cost of electricity	(374,859)
Advance from grantors	(42,125)
Accrued liabilities	2,592,469
User taxes due to other governments	28,507
Supplier security deposits	(14,600)
Net cash provided (used) by operating activities	<u>\$ 20,576,897</u>

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## **Staff Report - Item 03**

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

**From:** Geof Syphers, CEO  
Neal Reardon, Director of Regulatory Affairs

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

**Date:** February 20, 2020

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### **Requested Committee Action:**

Receive Legislative and Regulatory Updates and Provide Input as Appropriate

### **Regulatory Update**

#### PG&E Energy Resource Recovery Account (ERRA)

PG&E's Application for approval of 2020 ERRA revenue requirements is pending with the Commission. The most recent version incorporates a reduction in the PCIA from what was originally proposed from \$3,149 million to \$3,034 million. This Decision is on the agenda for the February 27<sup>th</sup> Commission meeting. If it is adopted then, rates would most likely be implemented on May 1<sup>st</sup>. As noted in the last meeting's packet, under collections as of January 1<sup>st</sup>, 2020 are being tracked in a balancing account which SCP customers will be held liable for in the future.

#### PG&E RFO for Generation at PSPS-impacted-substations

On December 11, 2019, PG&E issued a Request for Offers (RFO) for generation facilities that would power "resiliency microgrids" at 20 PG&E-owned substations in SCP and Marin Clean Energy's service areas. The RFO is all-source, and requires resources that are dispatchable and can maintain delivery of energy for days at a time. These resources would be owned-and-operated by PG&E and would

contribute to their rate of return. During times of PSPS events, PG&E would use these resources to provide generation to CCA and PG&E customers – alleviating the impact of their PSPS strategy at that substation.

SCP staff have met with PG&E several times over the course of the past month to better understand their intentions. We have questioned PG&E about many aspects of this RFO including whether they first evaluated options to repair the grid, how cost-allocation would be treated, whether an exemption of California Environmental Quality Act and other local permitting processes is indeed feasible, if they evaluated sites not owned by PG&E, and how jurisdiction within CCA territories would be addressed.

On January 15, 2020, SCP issued a letter to PG&E and relevant staff at the CPUC outlining our concerns, proposing that PG&E retract the RFO and work collaboratively with SCP on solutions best tailored to our community's needs and preferences. PG&E responded in a public letter to SCP, but failed to address the majority of SCP's concerns.

SCP staff recently met with PG&E staff to discuss the results of the RFO under a non-disclosure agreement, and to identify questions that still require answers before SCP can sincerely evaluate this proposal. SCP staff plan to issue a data request to PG&E to better understand where they plan to invest in grid repairs, the timeline and costs of those activities, and need for additional generation following appropriate grid repair work.

## **Legislative Update**

Governor Newsom released the 2020-21 budget on January 10<sup>th</sup> stating California is poised to collect a sizable cash surplus of projections in the \$222.2 billion state budget.

Governor Newsom stated in his letter to the members of the Legislature "there are deep, structural challenges that threaten our state's future and demand our urgent attention. These problems—catastrophic wildfires and their impacts, the expanding homelessness crisis, and growing inequality of opportunity—have been decades in the making and won't be fixed overnight. California can and must do more to tackle these challenges and fortify our future."



Climate resilience is one of Governor Newsom's top priorities. The governor believes the state must reduce climate risk, while transitioning to a carbon neutral economy by 2045. The proposed budget reflects the following priorities to address both short- and long-term climate risks:

- Transportation – Decarbonization in the state's largest sector of emissions by providing clean vehicles, clean fuels, low-carbon transportation options, and transit-oriented development.
- Invest \$12.5 billion over the next five years which will include a \$4.75 billion climate resilience bond to be placed on the November 2020 ballot. The bond is structured based on climate risks, and approximately 80 percent of the funds are allocated to address immediate near-term risks (floods, drought, and wildfires), while the remaining funds lay the groundwork for addressing long-term climate risk (sea level rise and extreme heat). If approved by the voters, the bond will allocate the following:
  - \$750 million to harden critical public infrastructure in high-fire-risk communities and makes additional investments in forest health.
  - \$220 million to support Salton Sea habitat and air quality mitigation projects necessary for the 2018 Salton Sea Management Plan.
  - \$25 million to Community Resilience Planning
  - \$225 million to Community Resiliency Centers

The proposed budget recognizes the scale and immediacy of the climate issues. The budget includes a \$1 billion General Fund investment (\$250 million in 2020-21) for a Climate Catalyst Fund to be administered by the state's infrastructure Economic Development Bank in consultation with the Strategic Growth Council and the Labor and Workforce Development Agency.

The Climate Catalyst Fund projects will be focused on the following key areas:

- Transportation Emission Reduction
- Climate Smart Agriculture and Forestry
- Circular Economy

Governor Newsom did urge legislators to limit their requests for more spending in light of the expectations that the state and national economies will grow more slowly in the immediate future.

### *2020 Legislative Calendar*

January 31	Last day to pass bills introduced in the House of Origin in 2019
February 21	Last day for bills to be introduced
April 2	Spring Recess
April 13	Legislature Reconvenes from Spring Recess
April 24	Last day for policy committees to hear and report to fiscal committees
May 1	Last day for policy committees to hear and report to the floor nonfiscal bills
May 8	Last day for policy committees to meet prior to June 1
May 15	Last day for fiscal committees to hear and report to the floor
May 29	Last day to pass bills introduced in that house
June 15	Budget Bill must be passed by midnight
June 25	Last day for legislative measure to qualify for the Nov 3 General Election Ballot
June 26	Last day for policy committees to hear and report fiscal bills
July 2	Last day for policy committees to meet and report bills Summer Recess Begins
August 3	Legislature reconvenes from Summer Recess
August 14	Last day for fiscal committees to meet and report bills
August 17-31	Floor Session only.
August 21	Last day to amend bills
August 31	Last day for each house to pass bills Final recess begins upon adjournment

The four bills highlighted in table below and reported on in the last report were all heard in the Senate Committee on Appropriations.

<b>Bill</b>	<b>Description</b>	<b>Location</b>	<b>CalCCA Position</b>	<b>SCP Position</b>
SB 45 (Allen)	Wildfire Prevention, Safe Drinking Water, Drought Preparedness, and Flood Protection Bond Act.	Senate Committee on Appropriations, 1/21 & 1/23	None	None
SB 378 (Wiener)	Ratepayer Protections; PSPS events; Municipalization & DERs code of conduct.	Senate Committee on Appropriations, 1/21 & 1/23	None	None

SB 605 (Hueso)	Expedited CPUC proceedings; catastrophic wildfires.	Senate Committee on Appropriations, 1/21	None	None
SB 702 (Hill)	RPS long-term contracting requirements; energy service providers	Senate Committee on Appropriations, 1/21	None	None
SB 917 (Wiener)	Public purchase of all PG&E stock and public takeover of PG&E	Senate Energy Utilities and Communications Committee	None	None

Senate Bill 45 was amended to add Senator Melissa Hurtado (D-Sanger) as a co-author, increase the bond amount from \$4.2 billion to \$5.5 billion, and make some definitional changes, most notably to grants for wildfire prevention and community resilience. Specifically, funding in the bond changed in the following ways:

- Wildfire prevention, drought, or other natural disaster prevention and community resilience from climate change impacts increased from and community resilience increased from \$1.6 billion to \$2.2 billion;
- Safe drinking water and water supply protection from climate change increased from \$1.1 billion to \$1.4 billion;
- Fish and wildfire protection from climate change increased from \$520 million to \$620 million
- Coastal lands, oceans, bays, and other waters protection from climate change increased from \$630 million to \$970 million;

The bills provision related to community resiliency incentive grants for clean energy distribution systems for local agencies, state agencies, joint powers authorities and tribes was expanded to include special districts and vulnerable populations. The grant program was also clarified to apply to microgrids, distributed generation and storage systems and in-home backup power systems powered by clean energy. This is an area where CCAs are providing feedback to the author and legislative leadership.

SB 605 passed the committee on Tuesday and SB 702 was sent directly to the floor by the Senate Committee on Rules without an appropriations committee hearing as the cost was determined to be negligible. Both bills were heard on the Senate floor at the end of January.

## **Senator Wiener's Call for Public Takeover of PG&E**

No official legislative analysis of SB 917 is available yet, since the bill was just recently introduced. However, SCP staff and CalCCA's Legislative Committee have begun to analyze the bill, and have learned it effectively calls for the public to purchase all outstanding shares of PG&E Corporation and assume public ownership of the company. The bill contrasts with the City of San Jose's non-legislative proposal to create a mutual benefit corporation in which customers purchase and operate PG&E, more like a rural electric cooperative. As of this writing, neither of these proposals are expected to have a high likelihood of success, but both are also important to provide the Governor and the CPUC with potentially viable options to the existing corporate structure.



## SENATE ACTION PLAN TO ADDRESS THE GROWING CLIMATE EMERGENCY AND KEEP CALIFORNIANS SAFE FROM WILDFIRES

ACROSS THE PLANET AND THE GOLDEN STATE, we are experiencing the warmest weather on record. California's wildfires are the most destructive in history and the latest drought was the longest ever recorded. While the climate is changing around us, Californians are among the most resilient people in the world and this state has a track record of leading the way on climate change. However, we know that new tools and resources are needed to protect our quality of life as we continue to tackle this crisis.

Led by Senate President pro Tem Toni G. Atkins, the California Senate is developing one of the boldest action plans in America, one that advances innovative solutions to some of this century's biggest challenges: The climate crisis, wildfires, energy and insurance stability.

The Action plan includes a series of oversight hearings and bold policy recommendations that will be carried forward in the coming months.

### SPRING 2020 SENATE OVERSIGHT HEARINGS:

1. Three hearings by the Senate Energy, Utilities and Communications Committee (*Hueso, Chair*):
  - a. Holding electric utilities accountable and avoiding another catastrophic year of Public Safety Power Shutoffs
  - b. Exploring future utility governance options
  - c. Ensuring the California Public Utilities Commission (CPUC) is keeping Californians safe
2. Senate Budget Sub-Committee #2 on Resources, Environmental Protection, Energy and Transportation (*Wieckowski, Chair*):
  - a. Identify what resources are needed to hold utilities accountable for grid modernization, hardening and vegetation management, as well as other needed upstream fire prevention resources.
3. Three hearings by the Senate Insurance Committee (*Rubio, Chair*):
  - a. The availability and affordability of homeowners insurance in high fire risk areas.
4. Three hearings by the Senate Natural Resources and Water Committee (*Stern, Chair*):
  - a. The cost of the climate emergency and potential solutions.

### 2020 POLICY RECOMMENDATIONS:

#### ENERGY AND INSURANCE STABILITY:

1. Fast-track electric grid hardening, modernization and reliability and vegetation management
2. Implement public safety power shutoff strategies to avoid another catastrophic year
3. Develop home and community hardening strategies to keep Californians safe
4. Address homeowner insurance non-renewals and help stabilize California's home insurance market

#### WILDFIRE RESPONSE AND RESILIENCY:

5. Reduce fire risks around neighborhoods to protect people and property
6. Improve community land use planning and emergency preparedness
7. Train and deploy a resiliency workforce
8. Pass the Wildfire Prevention, Safe Drinking Water, Drought Preparation and Food Protection Bond Act of 2020 (*SB 45, Allen*)

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## **Staff Report - Item 04**

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

**From:** Cordel Stillman, Director of Programs  
Carolyn Glanton, Programs Manager

**Issue:** Recommend that the Board Approve Budget for Self-Generation Incentive Program (SGIP) Assistance Program and Delegate Authority to the CEO to negotiate, execute, and amend a Professional Services Agreement for SGIP Assistance Processing

**Date:** February 20, 2020

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### **Recommendation:**

Recommend the Sonoma Clean Power Authority Board of Directors approve the use of \$650,000 from the Programs budget for SCP Residential Battery Self-Generation Incentive Program (SGIP) to establish a revolving incentive pre-payment fund.

Recommend the Sonoma Clean Power Authority Board of Directors delegate authority to the Chief Executive Officer or his designee to negotiate, execute, and amend a Professional Services Agreement ("PSA") with Your SolarMate ("YSM") using SCP's standard form PSA with the attached scope of work (Exhibit A) and Fee Schedule (Exhibit B). for an amount not to exceed \$100,000.

### **Background:**

At the encouragement of the Board of Directors to engage on resiliency, staff met with representatives of local battery storage installers. They encouraged SCP to create the Battery Energy Storage SGIP program (SGIP Program).

SCP's SGIP Program will help residential and government customers install battery energy storage systems under 30 kilowatts (kW) and reduce the price of their system

by streamlining the SGIP funding process. SCP will provide the projected SGIP incentive to the customer/contractor in anticipation of a successful SGIP application. SCP will receive the SGIP incentive once the application is processed.

Staff in December 2019 issued a Request for Qualifications (RFQ) to solicit Statements of Qualifications ("Submittals") for SCP's Battery SGIP Program Processing.

The RFQ sought qualified consultants to work with SGIP-approved developers (contractors) to gather all necessary information and documents and apply for SGIP-funding on behalf of the developer. The Consultant will also serve as the entity to provide the upfront incentive from an escrow account funded by SCP. Submittal packages were due at 4pm on January 24, 2020.

The RFQ drew three (3) respondents submitting a Statement of Qualification ("SOQ"). Staff reviewed the SOQs and engaged with Your SolarMate ("YSM") to finalize a scope of work and begin contract negotiations.

SCP's target date for commencement of the program is April 2020.

**Discussion:**

The California Public Utility Commission's (CPUC) Self-Generation Incentive Program (SGIP) provides incentives to support existing, new, and emerging distributed energy resources. SGIP, administered by PG&E, provides rebates for qualifying distributed energy systems installed on the customer's side of the utility meter.

One issue with the SGIP incentive is the extended amount of time between submitting the rebate reservation request form and receiving the incentive funds. Incentive funds are released after project completion and can take many months. By providing the anticipated incentive amount upfront, SCP solves the problem of the customer or contractor needing to provide a large amount of funds up front, making SGIP more accessible to SCP customers.

Another issue is that the popularity of the program routinely has resulted in available funds being expended and remaining projects put on a waitlist until CPUC can replenish the funds. This extends the time customers and contractors must wait to receive the incentive.

This program would follow the following process:



1. SGIP-approved developer (contractor) applies to YSM for the upfront incentive from SCP and assigns the incentive to SCP.
2. YSM works with SGIP-approved developer to gather required documentation for SGIP submission.
3. YSM verifies documents are aligned with SGIP program rules and include all information necessary for a successful SGIP application.
4. YSM pays the SGIP-approved developer the upfront incentive.
5. YSM applies to receive SGIP funding and manages the application through approval.
6. YSM secures SGIP funding and lists SCP as the payee.

The process would be similar to a revolving loan fund, a gap financing measure which will be replenished by the SGIP incentives.

This program would be open to SCP customers for new energy storage systems. Incentive amounts will vary based on program step, size of the system, income and fire zone. The CPUC recently reallocated funds in SGIP to create a new equity resilience budget to encourage the installation of more storage systems in low-income, high fire risk communities. The Equity Resiliency Incentive is \$1 per watt hour of energy storage installed and is four times the normal residential incentive.

**Fiscal Impact:**

Staff is requesting \$100,000 for the YSM agreement and \$650,000 for upfront funding from FY19/20 existing programs budget. The \$650,000 of upfront incentive funding will be returned to SCP as PG&E pays the SGIP incentives to SCP. SCP intends to re-insert these returned funds into the program to prefund more incentives thus creating a revolving incentive pre-payment fund.

**Attachments:**

Attachment A – Scope of Work

Attachment B – Fee Schedule

## **Exhibit A**

### **Scope of Services**

#### **Task 1. Establish SGIP process for working with contractors**

- Create a thorough checklist of all necessary documentation and information to be provided by the contractors to qualify for SGIP funding.
- Develop a process to accept inquiries and/or applications from contractors.
- Create process for tracking projects and application documentation.
- Provide Program Implementation Manual documenting the process created for tracking projects along with a process flow diagram.
- Provide two (2) trainings via webinar to contractors on program participation, expectations, and requirements specifically for what YSM needs in order to handle the rebate process. (All contractors to attend training as a group and a recorded version of webinar can be shared for reference or future contractors)
- Provide contractors with participation agreement. Once contractors have executed the agreement provide to SCP Program Manager.

#### **Task 2. Project intake and document review**

- Verify customer is SCP customer and would qualify for requested SGIP rebate.
- Verify contractor is an eligible participating contractor in SGIP and in the SCP program.
- Obtain customer signature on SCP customer participation agreement.
- Communicate and work with contractors to obtain all necessary documentation for SGIP application
- Verify that submitted documents satisfy SGIP requirements and determine the maximum amount of funding eligible from SGIP.
- Generate, complete, and obtain signatures for rebate reservation form and upload all required supporting documentation on SGIP web-tool.

#### **Task 3. Submit and track SGIP application, troubleshoot all issues until SGIP rebate is approved and issued**

- Once Program Administer (PG&E) emails the “Reservation Request Form (RRF) Submitted Notification” which confirms an application has been selected for review, initiate ACH transfer or physical check issuance to contractor.
- Track the status of the application as it moves through each step in the process.
- Troubleshoot all issues, corrections, and clarification requests made by Program Administrator until SGIP rebate funding is successfully reserved.
- At incentive claim stage, generate, complete, and obtain signatures for the incentive claim form which will indicate SCP as the rebate payee.
- Submit incentive claim form and all required supporting documentation on SGIP web-tool.

**Exhibit A**  
**Scope of Services**

- Troubleshoot all issues, corrections, and clarification requests made by program administrator until incentive claim is approved. YSM will also work with contractor to obtain necessary discharge report if project is selected for inspection.

Task 4. Project management

- Manage SCP's escrow account to issue incentive payments to contractors via ACH transfers and physical checks and track all transactions.
- Request additional escrow funding in accordance with a Professional Service Agreement.
- Answer all contractor/SCP questions or concerns in order to successfully process SGIP rebates. Be available via phone and email during business hours (Monday-Friday, 8:00am to 5:00pm) throughout the life of the contract.
- Provide SCP with copies of SGIP project milestones emails and documents which include Confirmed Reservation Letters, Incentive Claim Forms, and other relevant supporting documents/emails. To be shared with SCP via shared Dropbox folder.
- Submit Invoice to SCP ([cglanton@sonomacleanpower.org](mailto:cglanton@sonomacleanpower.org)) on monthly basis in accordance with a Professional Service Agreement
- Provide access to shared Google Sheet to SCP for tracking and reporting purposes. Google Sheet to include the following:
  - Contractor Name
  - Customer Name
  - Outstanding incentive amounts applied for
  - Incentive amount paid from escrow account

## **Exhibit B Fee Schedule**

- SGIP Rebate Processing for residential/government projects equal to or less than 10kW:
  - \$575 (inclusive of escrow-related fees and all project tracking/management)
- SGIP Rebate Processing for residential/government projects greater than 10kW and up to 30kW:
  - \$775 (inclusive of escrow-related fees and all project tracking/management)
- Webinar Training (Creation and Hosting):
  - \$125 per hour (anticipated 5 hours, not to exceed \$625)
- Payment Terms:
  - YSM will submit one invoice to SCP for each calendar month in which services are performed. SCP shall pay Consultant within 30 calendar days upon receipt and SCP acceptance of an accurate invoice.



## Staff Report - Item 05

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

**From:** Geof Syphers, CEO

**Issue:** Discussion of SCP and PG&E's Potential Partnership to Accelerate Solutions to Public Safety Power Shutoffs

**Date:** February 20, 2020

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**Discussion:** No action.

In December 2019, PG&E released a Request for Offers to obtain bids to construct electric generation resources at 20 substations located in high fire risk areas. Seven of those substations are in SCP's service territory. The criteria for bids included requirements that initially made bids for renewable energy difficult or impossible, such as:

- Must fit inside PG&E's existing substation property; and
- Must have 100% reliability for serving an entire substation's peak load for a minimum of 48 continuous hours.

These conditions led a number of bidders to propose natural gas fired generators because they are compact and can be sized to meet fairly large loads.

There were several assumptions made in PG&E's Distributed Generation Enabled Microgrid Services (DGEMS) project that bear a closer look.

First, DGEMS assumes that high-voltage transmission lines will be frequently turned off during future high fire threat weather, and that repairs to the transmission system and efforts to "harden" it to allow operation through most high fire threat events is too expensive. SCP is requesting data from PG&E to find out if PG&E has performed work

to evaluate those costs. But to date, SCP staff are unaware that any input from transmission planning has been considered as part of the DGEMS project. This apparent error of ignoring repairs to the transmission system is problematic for many entities, even in situations where full back-up power is provided, such as:

- The City of Santa Rosa's Subregional Wastewater System – outages of transmission could cause Geysers geothermal units to shut down, which would reduce or potentially stop flows of treated wastewater to the Geysers, increasing the winter risk of wastewater discharges.
- NCPA owns geothermal units at the Geysers and would not have access to their energy output.
- The Cities of Healdsburg and Ukiah might not have access to their transmission or Geysers geothermal output. In addition, energy would potentially flow to their customers with no ability for PG&E to recover costs for that energy. In this case, PG&E would likely charge its bundled service customers for energy delivered to municipal utility customers, potentially causing a long-term misallocation of costs.
- SCP itself would be cut-off from access to its largest local renewable resource of geothermal energy, causing emissions to increase. In addition, PG&E would be delivering energy to CCA customers without any clear basis for charging for that energy. It is far from clear how emissions associated with PG&E's generating systems would be accounted, since it appears that there are no existing rules governing that in California.

Second, PG&E's DGEMS project initially assumed that local governments were not able to aid in accelerating solutions to the PSPS problem. SCP has begun to reach out to cities and recently learned that the City of Fort Bragg has proposed a solar and battery microgrid solution to solve its PSPS problems. The City voted unanimously on January 13, 2020 to pass a proposal to keep all critical services energized with a generating system that is rapid to construct and uses only renewable resources. See Attachment A for Fort Bragg's letter to PG&E. PG&E is starting to engage with SCP to explore other potential local government

Third, DGEMS assumes that all loads connected to a substation must be kept energized, and that systems must be sized to meet a substation's peak load. Doing this would essentially duplicate the electric generation system and treat all loads as critical. In reality, local governments have already identified priorities for loads, placing hospitals, water pumping and cell phone towers above homes, for example.

In the example from Fort Bragg, PG&E's request was to supply 17 MW to meet the City's peak load, when the City of Fort Bragg identified just 600 kW as critical (3.5% of PG&E's number), making a project that utilized solar and battery storage practical from a land-use standpoint and also far less expensive than options proposing to address all 17 MW.

In recognizing all of these problems, it is also important to point out that helping our member cities and counties reduce the frequency, scale and harm of PSPS events is an extremely important and urgent goal of SCP. With that in mind, SCP staff met with PG&E recently to discuss how a partnership might emerge to develop more rapid and cleaner solutions than through PG&E's existing DGEMS program. Those talks are under way and staff will continue to report on progress.

The SCP Board also recently adopted a Policy Governing Preferred Resources for Serving Multiple SCP Customers During Public Safety Power Shutoffs. See attached.

In the meantime, SCP staff have identified several urgent tasks that will likely aid in achieving SCP's clean power goals while accelerating solutions to PSPS outages. These include:

- Request cities and counties to identify their critical loads.
- SCP staff can aid in calculating the size of solar and battery resources necessary to serve critical loads to a reasonable reliability standard.
- Identify land that is proximate to feeder circuits of the seven identified PG&E substations sufficient to accommodate solar and battery. See attachment of substation locations.
- Provide the above data to SCP to collect and analyze the initial potential for circuit segmentation and report back to PG&E and the CPUC.

Any quick aid from the public and the Community Advisory Committee in this work will greatly increase the chance that credible proposals for clean power PSPS solutions will prevail. Staff expect that decisions at the CPUC could begin in March, so organized responses before then are welcome.

Attachments:

- Attachment A: Letter from City of Fort Bragg to PG&E
- Attachment B: Mendocino Coast Hospital endorsement of Fort Bragg microgrid
- Attachment C: Mendocino County endorsement of Fort Bragg microgrid
- Attachment D: SCPA adopted policy governing microgrid power sources
- Attachment E: Maps of substations PG&E has identified for new power generation



# Attachment A



## CITY OF FORT BRAGG

*Incorporated August 5, 1889*

416 N. Franklin Street

Fort Bragg, CA 95437

Phone: (707) 961-2823

Fax: (707) 961-2802

January 15, 2020

Pacific Gas and Electric Company  
2019 System Reliability  
Request for Offers  
Distributed Generation Enabled Microgrid Services Phase

RE: Letter of Support for Microgrid in the City of Fort Bragg, California

Dear Sirs/Madams:

The City of Fort Bragg is excited about and supportive of a Distributed Generation Enabled Microgrid for our isolated coastal community. The ability to maintain critical electric service during extended power outages, whether caused by severe coastal storms or Public Safety Power Shutoff events (PSPS), would greatly improve our community's resiliency during such events.

Fort Bragg is surrounded by the Jackson State Forest and Pacific Ocean and is home to approximately 7,300 local residents. The City also serves as a regional center for the entire Mendocino Coast providing essential services such as food, gasoline and medical services (including a 25-bed Critical Access Hospital) to more than 20,000 people between Westport and Point Arena. The City's beautiful coast and proximity to magnificent redwood forests, also draws thousands of visitors every year. In recent years, this has included evacuees during the increasingly deadly and destructive wildfire season here in Northern California. The coast is often a refuge from poor or hazardous air quality caused from wildfire smoke. Consequently, the City's population taken alone understates the importance of Fort Bragg to the region. Fort Bragg is the largest city on the coast between San Francisco to the south 180 miles and Eureka to the north 135 miles.

At the same time, the City is a Severely Disadvantaged Community as determined by the current American Community Survey. In the Fort Bragg Unified School District seventy-three percent (73%) of students are Socioeconomically Disadvantaged. This is due in part to our depressed economy which never fully recovered from the collapse of the local fishing and lumber industries near the turn of the last century and the impacts of the 2007-2009 Recession.

Extended power outages have a long-term impact on the financial well-being of many of our City residents and residents of the greater coastal community we serve. We estimate that only about 10% of local businesses have generators or alternative power sources. So those businesses and other employers without simply close during extended power outages, including the Fort Bragg Unified School District. For many locals this means no work, no paycheck and no school or daycare during the outages. If one lives in poverty, a week without pay can be financially



devastating. Local nonprofits reported a significant increase in requests for basic assistance with food, utility bills and medication during and after the extended PSPS events in October of 2019. Preliminary sales tax figures for October, 2019 indicate a decrease compared to the prior year same month of more than \$1.3 million in taxable sales for our City.

Mendocino County customers, including all of Fort Bragg, did not have power restored between the October 26, 2019 and the October 29, 2019 PSPS events. This resulted in more than five days without power. The Fort Bragg Unified School District lost more than \$12,000 in food that spoiled during the outage. Many residents and businesses threw out food due to spoilage at the same time there was concern about restocking our local grocery stores. During the October PSPS events the Kincadee fire caused Highway 101 and Highway 1 northbound to be shut down at the same time, leaving Fort Bragg without a means for local grocery stores with generators to restock supplies.

Living in a remote rural community, we understand that electric services, like other supplies, may not be restored as quickly as they may be in more densely populated urban communities. It also seems reasonable to conclude that PG&E's extensive project to fortify and harden the transmission lines serving our community will occur in the later years of PG&E's fortification project. This means that a microgrid in Fort Bragg could serve the community for a much longer period of time than it may in other communities. Further, our isolation makes self-sufficiency that much more important to our well-being.

In March, 2019, the Fort Bragg City Council set goals and priorities for the next term. A shared intention for all of the City Council's priority areas was enhancing local self-sufficiency and supporting healthy ecosystems. Without a doubt, a generation enabled microgrid fits perfectly with the future Fort Bragg is striving to create. A solar-based microgrid with storage also supports healthy local ecosystems. The City is in full support of the attached Proposal and is a committed partner to the project. The microgrid, if funded, will have a positive and lasting influence on the health and wellness of our Community. Thank you for your careful consideration of this proposal.

Sincerely,



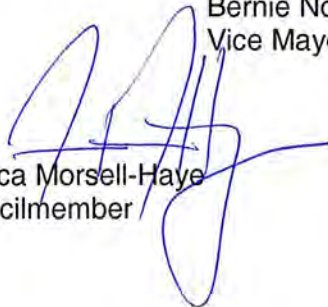
William V. Lee  
Mayor



Bernie Norvell  
Vice Mayor



Teresa K. Albin-Smith  
Councilmember



Jessica Morsell-Haye  
Councilmember



Lindy Peters  
Councilmember



## Attachment B

MENDOCINO COAST DISTRICT HOSPITAL

January 15, 2020

Pacific Gas and Electric Company  
2019 System Reliability  
Request for Offers  
Distributed Generation Enabled Microgrid Services Phase

RE: Letter of Support for Microgrid in the City of Fort Bragg, California

The Mendocino Coast District Hospital (MCDH) and its clinics were without power for five days at the end of October due to PG&E's PSPS. The hospital itself has a backup diesel generator but only for critical loads, meaning only emergency surgeries were performed. Other surgeries, clinic visits, imaging services and other specialty services were unavailable leading to, in some cases, an inability to recharge medical devices and replenish oxygen bottles.

Aside from the medical impacts, MCDH lost an estimated \$0.5M during the PSPS. For a rural hospital in serious financial difficulties, this was a near fatal blow. We are still struggling to recover from this setback and are laying off employees as a result.

We are therefore excited about and supportive of a Distributed Generation Enabled Microgrid ("Fort Bragg Critical Loads Microgrid") for our isolated coastal community. The ability to maintain critical electric service during extended power outages, whether caused by severe coastal storms or Public Safety Power Shutoff events (PSPS), would greatly improve our community's resiliency during such events.

Living in a remote rural community, we understand that electric services, like other supplies, may not be restored as quickly as they may be in more densely populated urban communities. It also seems reasonable to conclude that PG&E's extensive project to fortify and harden the transmission lines serving our community will occur in the later years of PG&E's fortification project. This means that a microgrid in Fort Bragg could serve the community for a much longer period of time than it may in other communities. Further, our isolation makes self-sufficiency that much more important to our well-being.

MCDH endorses and fully supports the attached Proposal. Furthermore, we intend to be a partner in the project. Our hope is that this generation enabled microgrid will soon become a reality and help safeguard the health of our community during a future PSPS.

Sincerely,

Wayne Allen,  
Interim CEO, MCDH



## Attachment C

CARMEL J. ANGELO  
Chief Executive Officer  
Clerk of the Board



### COUNTY OF MENDOCINO BOARD OF SUPERVISORS

CONTACT INFORMATION  
501 Low Gap Road • Room 1010  
Ukiah, California 95482  
TELEPHONE: (707) 463-4221  
FAX: (707) 463-7237  
Email: [bos@mendocinocounty.org](mailto:bos@mendocinocounty.org)  
Web: [www.mendocinocounty.org/government/board-of-supervisors](http://www.mendocinocounty.org/government/board-of-supervisors)

January 21, 2020

Pacific Gas and Electric Company  
2019 System Reliability  
Request for Offers  
Distributed Generation Enabled Microgrid Services Phase

RE: Letter of Support for Microgrid in the City of Fort Bragg, California

Dear Sirs/Madams,

The County of Mendocino is excited about and supportive of a Distributed Generation Enabled Microgrid for the isolated coastal community of Fort Bragg, which serves as the service center for the Mendocino Coast. The ability to maintain critical electric service during extended power outages, whether caused by severe coastal storms or Public Safety Power Shutoff events (PSPS), would greatly improve our community's resiliency during such events.

The Fort Bragg community is surrounded by the Jackson State Forest and Pacific Ocean and is home to approximately 7,300 local residents in city limits, with another 6,000 people living just outside of city limits. The City also serves as a regional center for the entire Mendocino Coast providing essential services such as food, gasoline and medical services (including a 25-bed Critical Access Hospital) to more than 24,000 people between Westport and Point Arena. The City's beautiful coast and proximity to magnificent redwood forests, also draws thousands of visitors every year. In recent years, this has included evacuees during the increasingly deadly and destructive wildfire season here in Northern California. The coast is often a refuge from poor or hazardous air quality caused from wildfire smoke. Consequently, the City's population taken alone understates the importance of Fort Bragg to the region. Fort Bragg is the largest city on the coast between San Francisco to the south 180 miles and Eureka to the north 135 miles.

At the same time, the residents of the City of Fort Bragg qualify the City as a Severely Disadvantaged Community as determined by the current American Community Survey. In the Fort Bragg Unified School District seventy-three percent (73%) of students are Socioeconomically Disadvantaged. This is due in part to our depressed economy which never fully recovered from the collapse of the local fishing and lumber industries near the turn of the last century and the impacts of the 2007-2009 Recession.

Extended power outages have a long-term impact on the financial well-being of many of our City residents and residents of the greater coastal community we serve. We estimate that only about 10% of local businesses have generators or alternative power sources. So those businesses and other employers without simply close during extended power outages, including the Fort Bragg Unified School District. For many locals this means no work, no paycheck and no school or daycare during the outages. If one

#### THE BOARD OF SUPERVISORS

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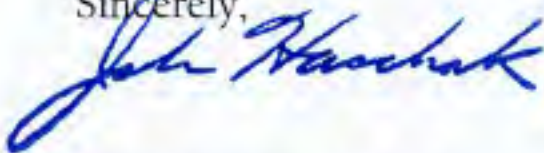
lives in poverty, a week without pay can be financially devastating. Local nonprofits reported a significant increase in requests for basic assistance with food, utility bills and medication during and after the extended PSPS events in October of 2019. Fort Bragg does not yet have the results of sales tax revenues for October 2019 but we anticipate a measurable drop in revenues for the month from the prior year.

Mendocino County customers, including all of Fort Bragg, did not have power restored between the October 26, 2019 and the October 29, 2019 PSPS events. This resulted in more than five days without power. The Fort Bragg Unified School District lost more than \$12,000 in food that spoiled during the outage. Many residents and businesses threw out food due to spoilage at the same time there was concern about restocking our local grocery stores. During the October PSPS events the Kincadee fire caused Highway 101 and Highway 1 northbound to be shut down at the same time, leaving Fort Bragg without a means for local grocery stores with generators to restock supplies.

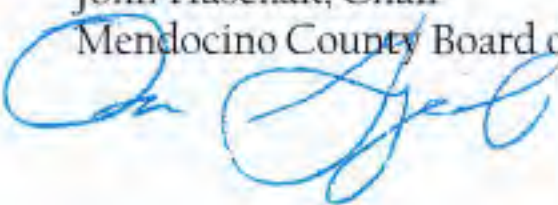
Living in a remote rural community, we understand that electric services, like other supplies, may not be restored as quickly as they may be in more densely populated urban communities. It also seems reasonable to conclude that PG&E's extensive project to fortify and harden the transmission lines serving our community will occur in the later years of PG&E's fortification project. This means that a microgrid in Fort Bragg could serve the community for a much longer period of time than it may in other communities. Further, our isolation makes self-sufficiency that much more important to our well-being.

A solar-based microgrid with storage also supports healthy local ecosystems. The County of Mendocino is in full support of the attached Proposal and is a committed partner of the project. The microgrid, if funded, will have a positive and lasting influence on the health and wellness of our Community. Thank you for your careful consideration of this proposal.

Sincerely,



John Haschak, Chair  
Mendocino County Board of Supervisors



Dan Gjerde, Vice-Chair  
Mendocino County Board of Supervisors

## SCPA Policy Governing Preferred Resources for Serving Multiple SCP Customers During Public Safety Power Shutoffs

Adopted February 6, 2020

The Governing Board of the Sonoma Clean Power Authority (SCPA) establishes the following requirements for electric energy resources serving more than one SCP customer account in microgrids and any situation where customers are disconnected or islanded from transmission and/or distribution service.

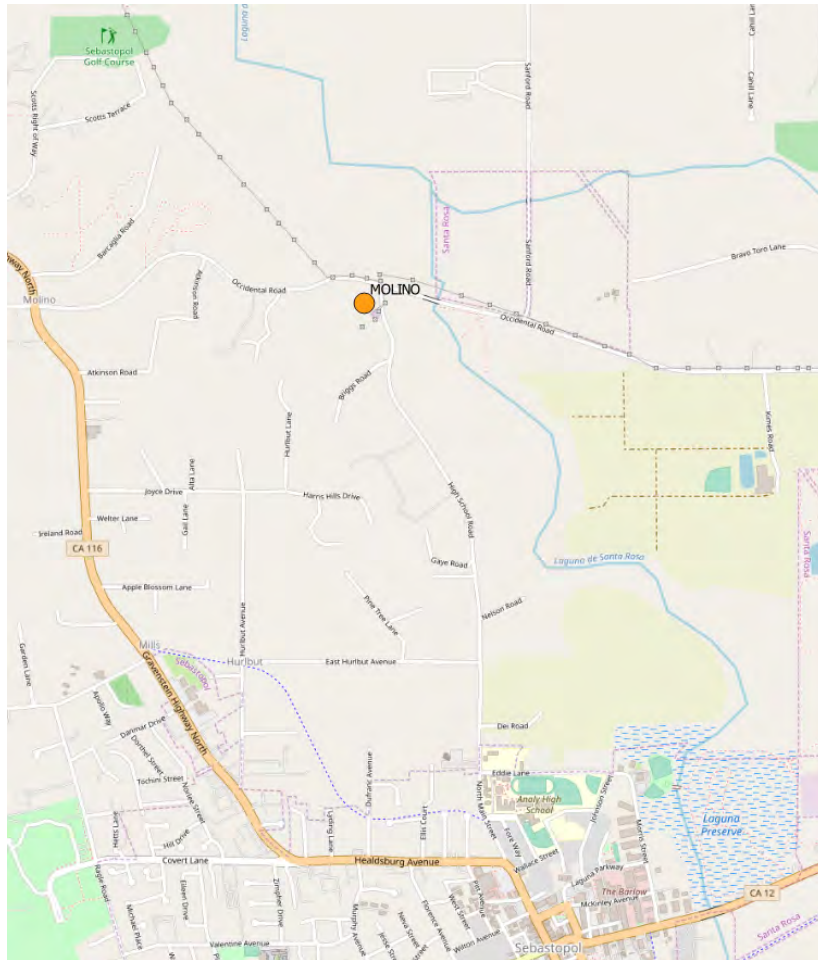
1. **Short-term.** Any backup power options that will be in use for less than 3 years are recognized as transitional. SCP creates no additional requirements for these transitional resources beyond the requirements provided by federal and state agencies.
2. **Minimize the Need and Cost for Local Generation and Storage.**
  - a. The IOU should create a baseline schedule and budget for fully repairing and hardening the transmission grid before any consideration of local generating or storage resources is made. SCP finds it unacceptable to assume that high-voltage transmission lines will be shutoff for any appreciable frequency or duration in PSPS events for a period lasting more than 3 years.
  - b. The IOU should minimize the number of customers affected by PSPS events through circuit segmentation, substation reconductoring, targeted undergrounding, tree management, and all other practical means before any consideration of local generating or storage resources is made.
3. **Use the State's Adopted Loading Order.** When using the CPUC and CAISO's adopted loading order for microgrids, some resources are naturally excluded, such as large hydropower, coal and nuclear power due to an inability to locate in the distribution grid. The remaining resources are listed here in order:
  - a. Demand Response and Energy Efficiency is first. In the case of microgrids, this should also prioritize essential loads ahead of flexible loads. Electric vehicle charging and heat pump water heating are examples of flexible loads under SCP dispatch.
  - b. Renewable Portfolio Standard (RPS) eligible resources are next. This includes solar, wind, small hydropower, geothermal, biomass and biogas. Note that SCP's governing board does not allow biomethane offsets of local natural gas use in this category.
  - c. Batteries and other means of storing electricity is next.

- d. Combined Heat & Power (CHP) is next. This category is the first that allows the use of a fossil energy resource (usually natural gas), but with the condition that waste heat is captured and put to a valuable use and that all local natural gas use is offset with biomethane.
- e. Finally, other forms of natural gas power may be considered to meet any remaining residual need. Biomethane offsets of local natural gas are prioritized above projects that do not offset local natural gas use.

For both 3(d) and 3(e), SCP's governing board makes an additional requirement. The IOU should provide detailed information about the likely number, duration and scope of PSPS events if no local natural gas powered systems were installed. In the case that the remaining shutoffs are likely to be infrequent, short in duration and otherwise cause minimal harm, SCP's governing board reserves the right to seek input from the affected community and make a determination of the best pathway.

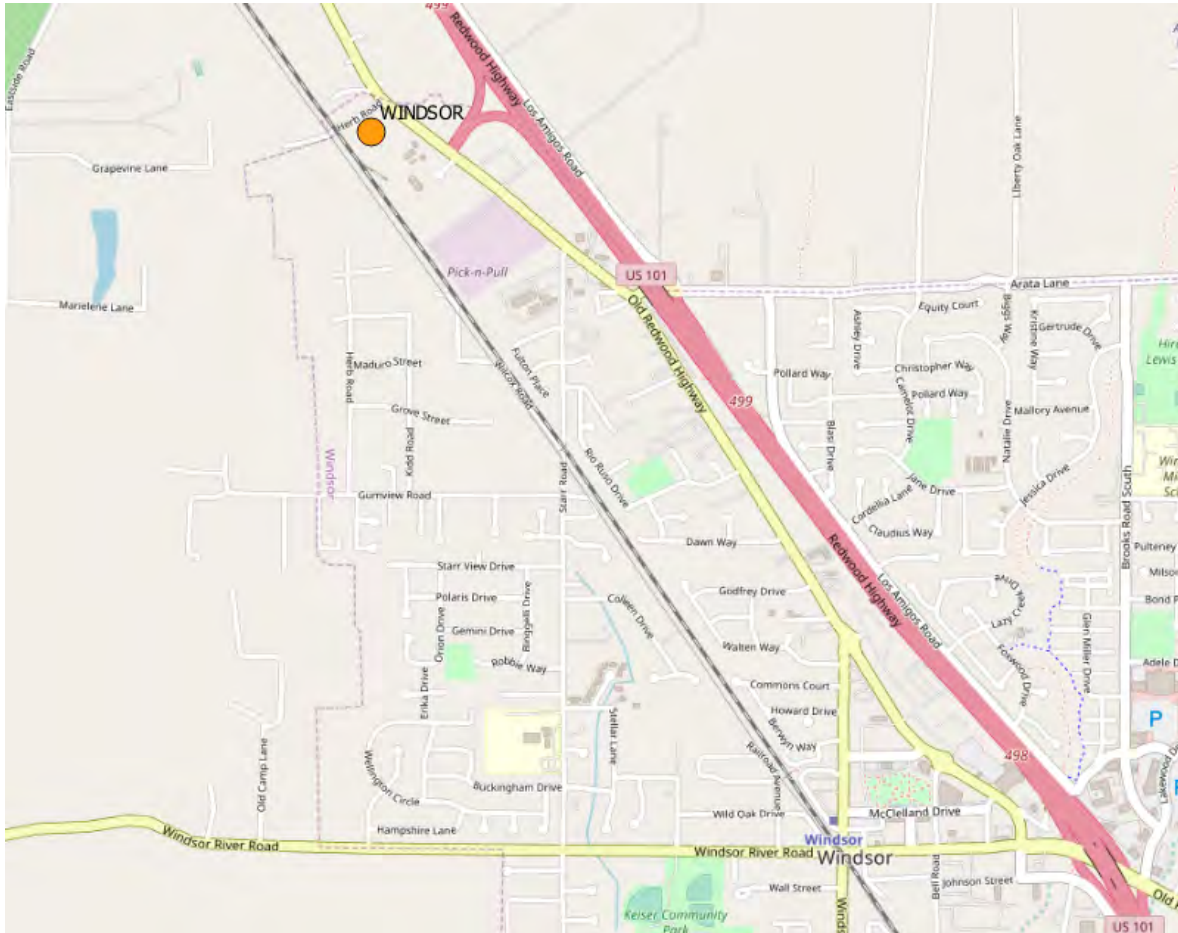


## Attachment E



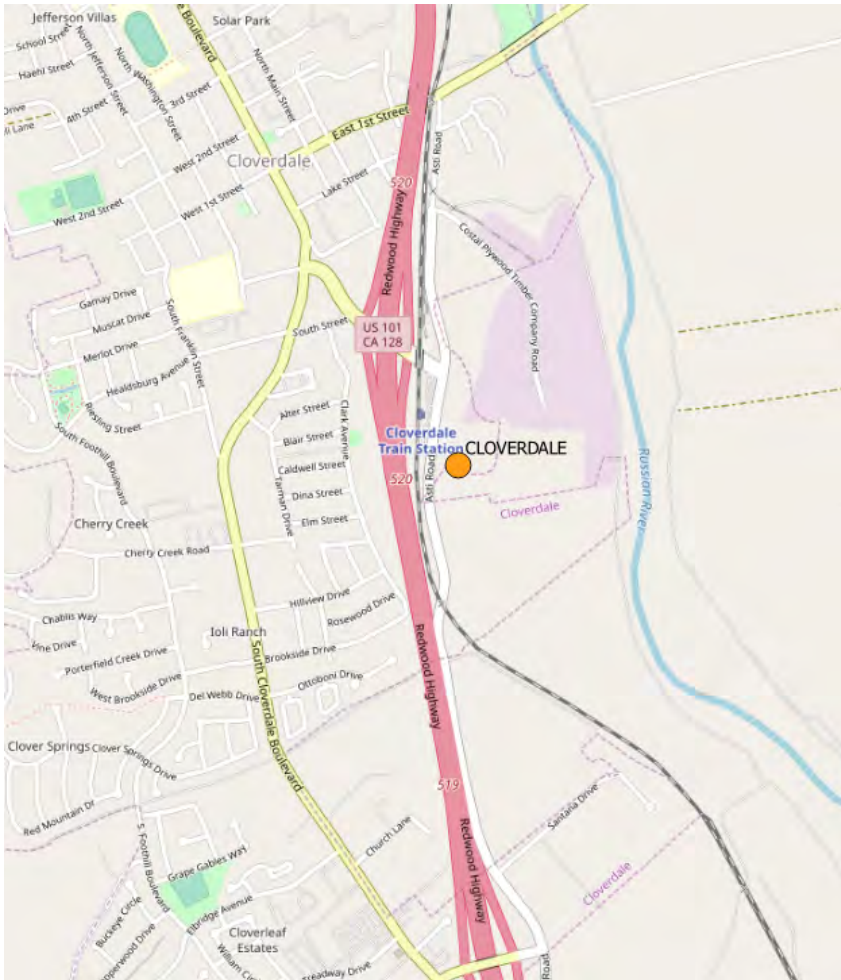
### **MOLINO SUBSTATION**

1703 High School Road, Sebastopol, CA

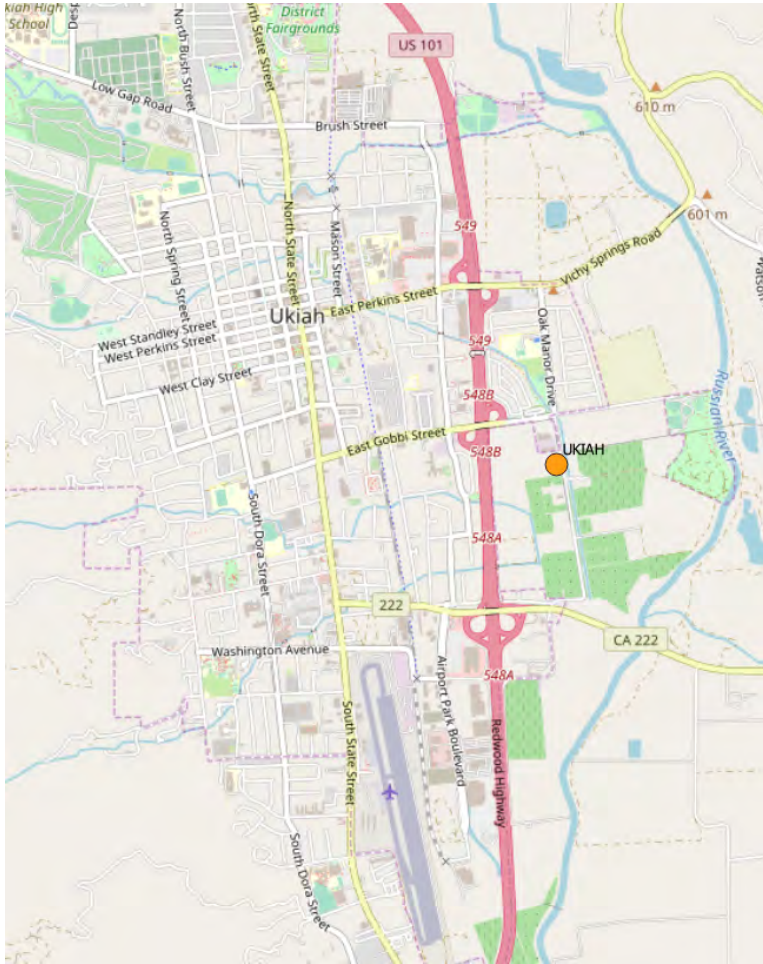


**WINSOR SUBSTATION**  
10789 Old Redwood Hwy, Windsor, CA





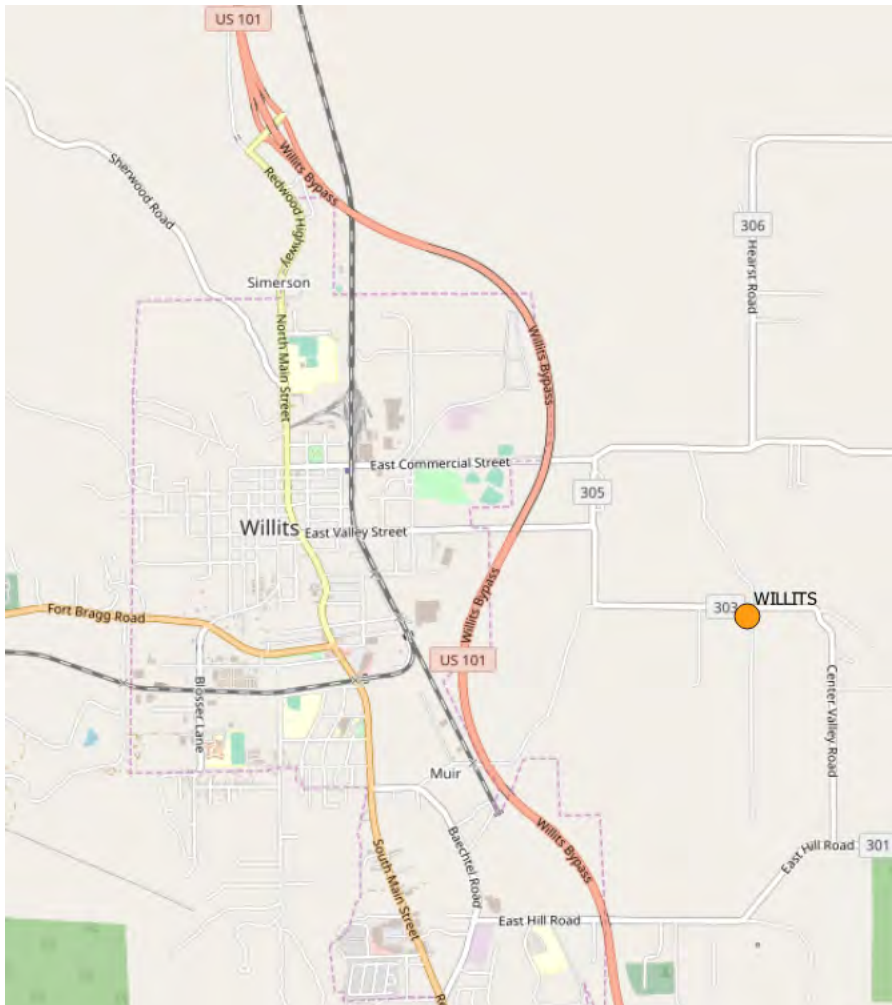
**CLOVERDALE SUBSTATION**  
150 Asti Rd, Cloverdale, CA

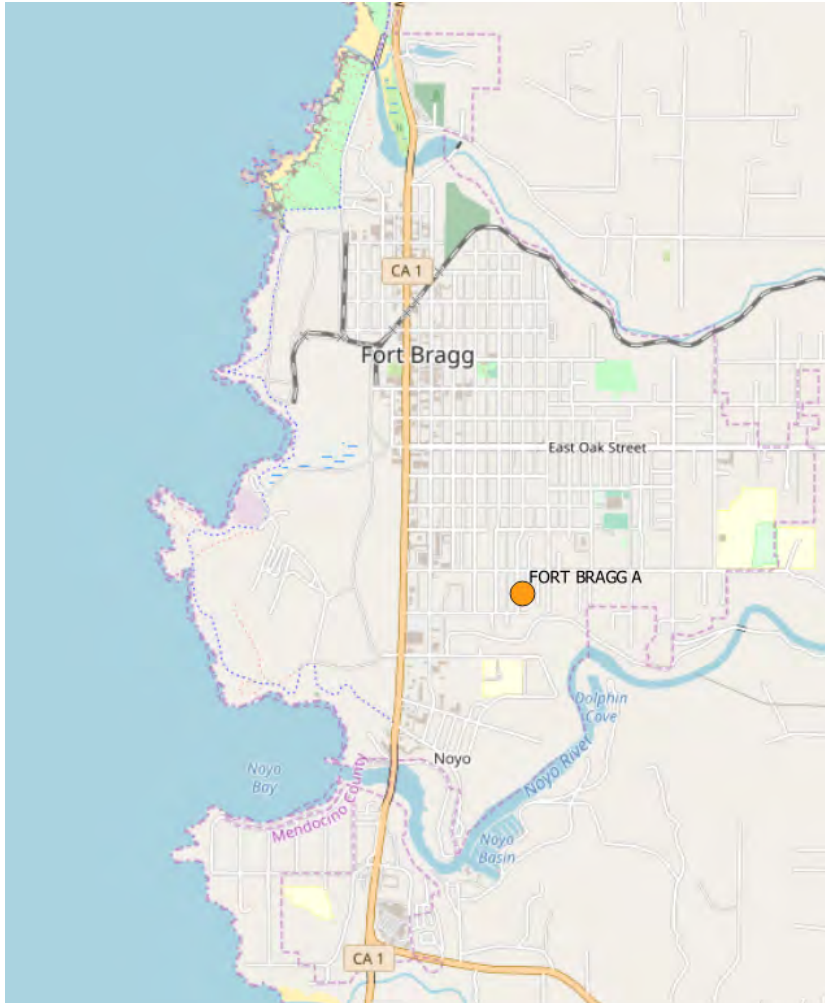


**UKIAH SUBSTATION**  
700 Babcock Ln, Ukiah, CA

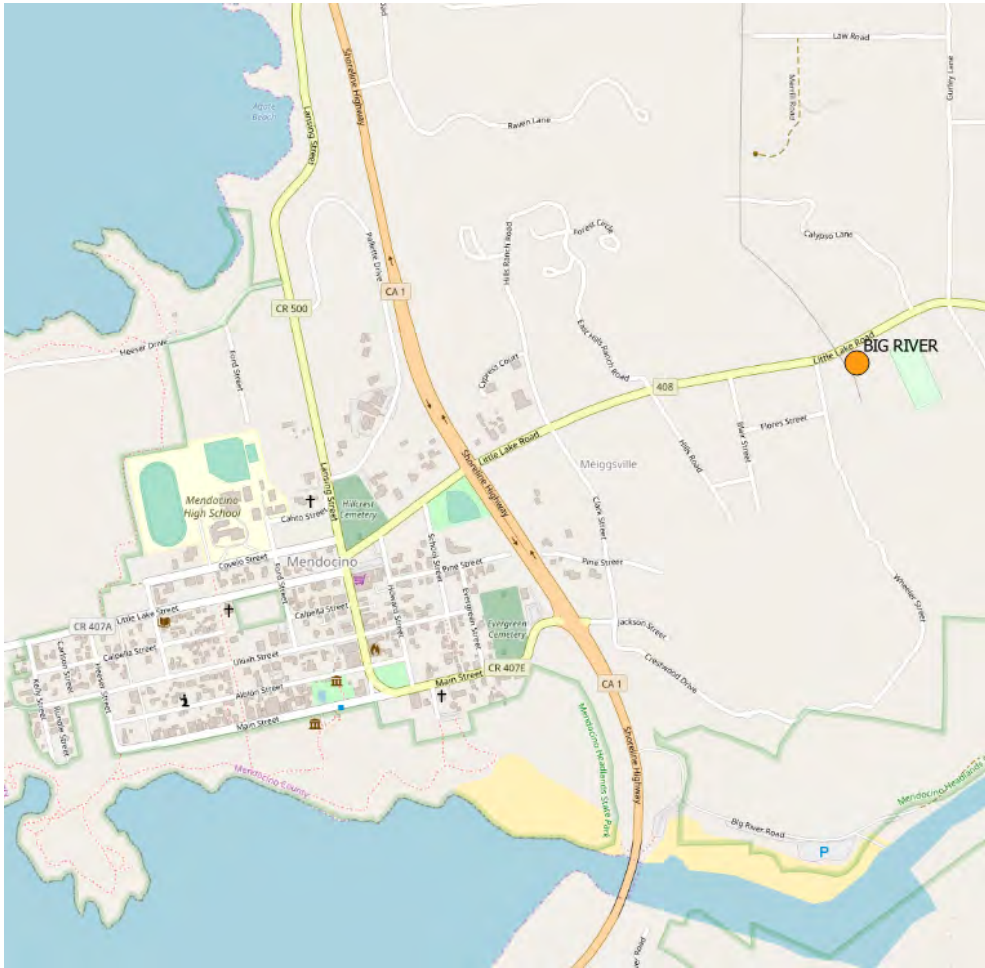
## **WILLITS SUBSTATION**

1742 Center Valley Rd, Willits, CA





**FORT BRAGG A SUBSTATION**  
198 Grove St, Fort Bragg, CA



## BIG RIVER SUBSTATION

44325 Little Lake Rd, Mendocino, CA