



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

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**\*\*\*\*GOVERNOR'S EXECUTIVE ORDER N-29-20\*\*\*\***

\*\*RE CORONAVIRUS COVID-19\*\*

The Community Advisory Committee meeting will be conducted pursuant to the provisions of the Governor's Executive Order which suspends certain requirements of the Ralph M. Brown Act. Community Advisory Committee Members will be teleconferencing into the Community Advisory Committee Meeting.

**Members of the public who wish to participate in the Community Advisory Committee Meeting may do so via the following webinar link or teleconference call-in number and meeting code:**

- Webinar link: <https://zoom.us/j/99266222819>
- Telephone number: 1 (669) 900-9128
  - Meeting ID: 992-6622-2819

**PLEASE NOTE: The Sonoma Clean Power Business Office is closed, and this meeting will be conducted entirely by teleconference.**

We ask that should you want to submit public comment that you do so by email before the item is discussed by the Committee. Please state the agenda item number that you are commenting on and limit written comments to three hundred (300) words. Comments can be sent to [meetings@sonomacleanpower.org](mailto:meetings@sonomacleanpower.org). Written comments received prior to the meeting and/or the agenda item you wish to comment on will be read into the record.

**I. CALL TO ORDER**

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

(Comments are restricted to matters within the Committee jurisdiction. The Committee will hear public comments at this time for up to thirty minutes. Please be brief and limit comments to three minutes.)

**III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR**

1. Approve March 23, 2020 Draft Community Advisory Committee Meeting Minutes (Action) - pg. 5
2. Recommend Board Authorization and Delegation for the CEO to Negotiate and Execute an Agreement, and Subsequent Amendments, with Cadmus Group, LLC to Conduct an All-Electric, Zero-Emission School Bus Planning and Engineering Study (Action) - pg. 11
3. Recommend Board Authorization and Delegation for the CEO to Negotiate and Execute an Amendment to the Professional Services Agreement with TRC Engineers, Inc. for Continuation of the Advanced Energy Rebuild Program and Delegation of Authority for the CEO to Further Amend the Professional Services Agreement as Needed (Action) - pg. 15
4. Additional Budget Request for Self-Generation Incentive Program (SGIP) Assistance Program (Action) - pg. 21

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

5. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Discussion) - pg. 25
6. Receive Regulatory Update and Provide Feedback as Appropriate (Discussion) - pg. 37 )
7. COVID-19 Impacts on SCP (Discussion) - pg. 41
8. Resolution to Establish a Rate Stabilization Fund (Action) - pg. 43

#### **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

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**DRAFT MEETING MINUTES  
COMMUNITY ADVISORY COMMITTEE MEETING  
MONDAY, MARCH 23, 2020  
1:00 P.M.**

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*The Community Advisory Committee meeting was conducted pursuant to the provisions of the [Governor's Executive Order N-29-20](#) which suspends certain requirements of the Ralph M. Brown Act due to the COVID-19 virus. Community Advisory Committee Members and staff participated in the meeting by teleconference. Members of the public were provided a teleconference call-in number to listen to the meeting and the opportunity to give public comment in writing.*

**I. CALL TO ORDER**

Chair Dowd called the meeting to order at approximately 1:06 p.m.

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

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

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

None

**III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR**

1. Approve February 20, 2020 Draft Community Advisory Committee Meeting Minutes
2. Recommend that the Board Approve and Delegate Authority to the CEO to Execute Second Amendment to Contract with TLCD Architecture

Public comment: none

Motion to approve the March 23, 2020 Community Advisory Committee Consent Calendar by Vice Chair Baldwin

Second: Member Nicholls

Motion passed: 9-0-0

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

3. Recommend that the Board Adopt a New Commercial Electric Vehicle Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year

Member Quinlan asked why the proposed rate for BEV2 was higher on a per-kilowatt basis than BEV1, as in his experience, when greater quantities of an item are purchased it usually lowers the per unit cost; Director of Customer Service Erica Torgerson advised him that the rates provided by PG&E are illustrative only and subject to change prior to the May 1 implementation date. Director Torgerson told Member Quinlan that she would bring this question to PG&E and will report back at a later meeting.

Motion to Recommend that the Board Adopt a New Commercial Electric Vehicle Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year by Member Quinlan

Second: Member Wells

Motion passed: 9-0-0

4. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate

CEO Geof Syphers updated the Committee on the organization's response to the COVID-19 virus to ensure continuity of daily operations and staff safety. He advised the Committee that the financial impacts to SCP are not yet known, but preliminary data suggests a substantial decrease in commercial energy usage by approximately 10%-50%, and while residential usage may increase, there is insufficient data to quantify by how much at this point. CEO Syphers noted that SCP is abiding by the State of California's and Sonoma County Public Health Officer's shelter in place guidelines and those will determine when the business office is reopened to staff, and potentially later, the general public. He advised the Committee that he will continue to report out on financial impacts and the anticipated reopening of the office at future meetings when more information becomes available. Finally, he advised the Committee that SCP staff recommended against extending service to Lake County and the Board of Directors concurred, as offering service to the region would increase costs for existing SCP customers and/or require that Lake County rates be significantly higher than PG&E's rates.

Chair Dowd noted his support for staff's recommendation on not extending service to Lake County at this time, as well as his support for revisiting this item should conditions change.

Member Quinlan asked about any financial implications to SCP as far as budget and reserves; CEO Syphers stated that expected interest income will be greatly reduced due to low interest rates.

Public comment: none

5. Receive Regulatory Update and Provide Feedback as Appropriate

Director of Regulatory Affairs Neal Reardon advised the Committee that PG&E is no longer pursuing Requests for Offers for their Distributed Generation Enabled Microgrid Services program, which sought to provide alternative generation resources at substations throughout SCP's service territory to provide power during Public Safety Power Shutoff events. CEO Syphers detailed efforts to engage with SCP's member jurisdictions on projects that would not rely on fossil-fuel generators, and instead focus on resources preferred by the local community, such as the City of Fort Bragg's solar-powered microgrid proposal.

Public comment: none

6. Recommend that the Board Adopt a Resolution to Award the Construction Contract for the Sonoma Clean Power Headquarters Project to the Low Bidder, Midstate Construction Corporation, in the Amount of \$9,405,000; Waive Immaterial Bidding Irregularities; Reject Bid Protest from C. Overaa & Co.; Find the Project to be Exempt from CEQA; Authorize the CEO to Execute a Construction Contract and Change Orders; and Make Certain Findings Relating to these Actions

Director of Programs Cordel Stillman introduced the item by detailing staff's requested actions for this item. He detailed the minor bidding irregularities that led to a bid protest, which were determined by outside counsel to be immaterial and did not allow a competitive advantage to Midstate Construction Corporation as the low bidder.

Member Wells noted his support for staff's requested actions and that the second low bidder declined to pursue their bid protest, which supports the determination by outside counsel that the protest lacked merit.

Vice Chair Baldwin noted her concerns with approving the contract during the uncertain economic climate due to the COVID-19 virus; she put forward a motion to table the item which did not receive a second. CEO Syphers detailed the value of the building headquarters as an advanced energy center project with microgrid capabilities, and how this project will showcase SCP's programs and provide customers with an immersive experience, which in his estimation, warrants moving forward even in a relatively unsettled economy given how highly customers view SCP's programs.

Vice Chair Baldwin then offered an amendment to the staff's Resolution, which would add the following:

*"WHEREAS, outside counsel has been consulted and the Sonoma Clean Power Authority have been advised that the project is categorically exempted from the California Environmental Quality Act."*

CEO Syphers noted his support of the amendment.

Similarly, Vice Chair Baldwin requested the following additional amendment to the Resolution:

*"WHEREAS, SCP staff have consulted with outside counsel and have ~~concluded~~ **been advised** (strikethrough & emphasis added) that: (1) the Overaa bid protest lacks merit; (2) the minor bidding irregularities identified by staff may be waived as a matter of law as immaterial, since none of these minor irregularities affected the amount of Midstate's bid, nor afforded it a competitive advantage not available to other bidders; and (3) the bid may be awarded to Midstate Construction Company as the lowest responsible bidder."*

Public comment: none

Motion to Recommend that the Board Adopt a Resolution as Amended to Award the Construction Contract for the Sonoma Clean Power Headquarters Project to the Low Bidder, Midstate Construction Corporation, in the Amount of \$9,405,000; Waive Immaterial Bidding Irregularities; Reject Bid Protest from C. Overaa & Co.; Find the Project to be Exempt from CEQA; Authorize the CEO to Execute a Construction Contract and Change Orders; and Make Certain Findings Relating to these Actions by Vice Chair Baldwin

Second: Member Chaban

Motion passed: 9-0-0

7. Review and Provide Input on the Annual Budget, Customer Rate Setting Strategy for Fiscal Year 2020-2021, Establishment of Customer Bill Stabilization Fund, and Proposed Revision of Financial Policy B2 Regarding Contributions to Reserves

Chief Operating Officer Michael Koszalka introduced the item by noting this is the first of two presentation before the Committee on this topic. He stated the budgetary assumptions are based on data prior to the shelter-in-place order, so no adjustments have been made on the business economic outlook due to the COVID-19 virus, but future iterations of the Annual Budget presented to the Committee will include updated financials to reflect potential impacts from the virus. COO Koszalka then described the upcoming increase to the Power Charge Indifference Adjustment fee ("PCIA") and how that increase informed the budget from the perspective of setting rates and serving the agency's, as well as SCP customers, financial interests. He then outlined the requested actions of the Committee for this item and the proposed budget scenarios under consideration. COO Koszalka highlighted the reasoning in establishing a customer bill stabilization fund, which would be funded by any FY 2019/2020 net income instead of contributing to reserves, to protect customers as far as maintaining competitive rates considering the significant increase in the PCIA fee.

Member Fenichel noted the thoroughness of the staff report as well as her support for staff's recommendations on this item. Similarly, Vice Chair Baldwin



and Members Mattinson, Nicholls, Wells, Chaban, and Quinlan noted their support for staff's recommendations.

Public comment: none

Motion that the Community Advisory Committee Recommend to the Sonoma Clean Power Authority Board of Directors that they Approve Staff's Customer Rate Setting Strategy for Fiscal Year 2020-2021, Establish a Customer Bill Stabilization Fund, and Revise Financial Policy B.2 Regarding Contributions to Reserves by Vice Chair Baldwin

Second: Member Wells

Motion passed: 9-0-0

#### **IV. COMMITTEE MEMBER ANNOUNCEMENTS**

Chair Dowd expressed his hope that everyone is safe during the shelter-in-place and thanked everyone for their efforts to support safe distancing.

#### **V. ADJOURN**

Chair Dowd adjourned the meeting at approximately 3:06 p.m.

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## Staff Report - Item 02

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

**From: Nelson Lomeli, Programs Manager**

**Item: Recommend Board Authorization and Delegation for the CEO to Negotiate and Execute an Agreement, and subsequent amendments, with Cadmus Group, LLC to Conduct an All-Electric, Zero-Emission School Bus Planning and Engineering Study**

**Date: April 20, 2020**

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### **REQUESTED ACTIONS**

Staff requests that the Committee recommend to the Board of Directors ("Board") that they delegate authority to the Chief Executive Officer ("CEO"), or his designee, to negotiate and execute a contract, and subsequent amendments, with Cadmus Group, LLC ("Cadmus") to conduct a planning and engineering study ("Study") that will develop tangible paths to implement an all-electric, zero emission bus deployment for two school bus operators in SCP territory, consistent with the parameters in this staff report, including an aggregate not-to-exceed amount of \$198,306 over the term, subject to the conditions set below.

### **BACKGROUND**

In June of 2019, the Board approved a contract with the Cadmus to conduct a planning and engineering study of similar scope for four transit agencies in SCP territory - Mendocino Transit Authority, Sonoma County Transit, Petaluma Transit, and Santa Rosa CityBus. The study was to assist the transit agencies in meeting the Innovative Clean Transit (ICT) Regulation which requires California transit agencies to transition to zero-emission buses (ZEB) by 2040.

In preparation for transit electrification study, Staff issued a Request for Qualifications (RFQ) for an Electric Bus Charging and Fleet Infrastructure Study in February 2019.

The RFQ asked for consulting services to conduct a planning and engineering study to develop a blueprint for the work needed to meet the transit agencies ZEB mandate and goals. Staff received four Statements of Qualifications (SOQs), of which, Staff selected Cadmus Group to proceed due to their experience in conducting similar studies for other agencies.

Upon the completion of the transit studies in December 2019, Staff started outreach to school bus operators offering to conduct a similar study for their fleet. Two school bus operators - West County Transportation and Mendocino County Unified School District - agreed to participate in the study.

Staff engaged Cadmus for this work for a number of factors:

1. They had responded to the original transit electrification RFQ and were selected by Staff.
2. They have the relevant work experience since they are leading the evaluation of Pittsburg Unified School District's deployment of electric buses combined with solar, wind, and an advanced charge management and optimization system.
3. They had completed a similar study for SCP and the four transit agencies in our service territory.

Leveraging the scope of the transit electrification study and the lessons learned during the study, Staff developed a scope of work for a school bus electrification study that will deliver a report to each of the two school bus operators that will include:

- A technical assessment of the electrical infrastructure at their existing facilities, include the operator's depot yards.
- Technical assistance to identify and describe the infrastructure upgrades needed, if applicable.
- Estimate the range of costs needed to upgrade infrastructure.
- Assessment of applicable processes to develop charging solutions and charging protocols to minimize upfront cost and ongoing charging cost.
- Identify school bus routes currently best suited for electrification.
- Assessment of solar potential at each site.
- Provide information on available funding programs, resources, and monetization options to allow procurement of electric school buses.

## **DISCUSSION**

Staff requests that the Committee recommend to the Board that they delegate authority to the CEO to negotiate and execute a contract, and any subsequent amendments, with Cadmus substantially in the form attached to this staff report. Such delegation to negotiate and execute an agreement with Cadmus would be subject to the conditions set forth below:

- An aggregate not-to-exceed amount of \$198,306 over the term of the Agreement.
- Delegate authority to the CEO to negotiate further amendments to the agreement to address unforeseen needs and adjust budget allocations by tasks, provided the amendment does not otherwise revise the aggregate not-to-exceed amount or the agreement term.
- The agreement, and any subsequent amendments are in a form approved by the General Counsel.

## **FISCAL IMPACT**

Staff is requesting authorization for a not-to-exceed amount of \$198,306 for the study. Staff has budgeted this study into the Fiscal Year 20/21 Programs Budget. Work is scheduled to commence in May 2020 pending Board approval, with some expenditures coming from funds in this Fiscal Year 19/20 Programs Budget.

## **ATTACHMENTS**

- Cadmus Group, LLC Agreement for Professional Services Related to School Bus Electrification Study

**[Attachments for this item can be accessed through this link.](#)**

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**Staff Report - Item 03**

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

**From: Cordel Stillman, Director of Programs  
Scott Salyer, Programs Manager**

**Issue: Recommend Board Authorization and Delegation for the CEO to Negotiate and Execute an Amendment to the Professional Services Agreement with TRC Engineers, Inc. for Continuation of the Advanced Energy Rebuild Program and Delegation of Authority for the CEO to Further Amend the Professional Services Agreement as Needed (Consent)**

**Date: April 20, 2020**

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**Recommendation:**

Staff requests that the Committee recommend to the Board of Directors ("Board") that they delegate authority to the Chief Executive Officer ("CEO") or his designee to negotiate and execute an amendment to the professional services agreement with TRC Engineers, Inc. for the continuation of the Advanced Energy Rebuild program and delegation of authority for the CEO to further amend the professional services agreement as needed, consistent with the parameters in this staff report, including the addition of an aggregate not-to-exceed amount of \$133,000 over the term, subject to the conditions set below. This action does not increase the previously-approved budget for Programs for FY2019-20 and is included in our FY2020-21 budget request.

## **Background:**

In late 2017, local architects, fire survivors, environmental activists and politicians approached SCP staff to ask for financial assistance to help rebuild low carbon, sustainable homes. Based on those conversations, SCP engaged the Bay Area Air Quality Management District (BAAQMD), and PG&E to develop the Advanced Energy Rebuild (AER) Program for victims of the October 2017 fires.

As currently structured, the AER program offers two incentive levels--\$7,500 for homeowners rebuilding with natural gas or propane and \$12,500 for homeowners rebuilding all-electric homes. The program also offers a \$5,000 bonus incentive for any homeowners that install solar panels plus battery storage.

To date, the program has received applications representing over 350 homes, 31% of which are all-electric, and reserved over \$2.4 million in incentives. The projects include 620 kW of solar PV, and 580 kWh of battery storage. An average home participating in Advanced Energy Rebuild is estimated to be 25% more efficient than a standard home, saving \$650 on electricity bills, offsetting 14 metric tons of CO<sub>2</sub>. Based on the success of the AER program, Advanced Energy Rebuild is now also being offered by PG&E and SCE for all areas in their service jurisdictions affected by wildfires.

## **Discussion:**

In April 2017, SCP signed an agreement with TRC Engineers, Inc. to provide administrative services for the Advanced Energy Rebuild program, which expires on April 30, 2020. Under the current agreement, TRC's scope of work includes program administration, customer enrollment, assistance with marketing activities, and incentive processing. Staff is seeking to amend this contract to extend the term and increase TRC's budget, which will allow TRC to continue administering incentives for the remaining pipeline of projects.

To facilitate the continued implementation of Advanced Energy Rebuild, staff now requests that the Community Advisory Committee recommend to the Board an amendment to the contract with TRC Engineers, Inc. to extend the term to December 31, 2022 and allocate an additional \$133,000 for time and material tasks. The attached contract amendment (Exhibit A) reflects these figures and increases the total contract amount from \$99,750 to \$232,750.



**Fiscal Impact:**

The extension of the Advanced Energy Rebuild contract with TRC Engineers, Inc. will require an additional \$133,000 will be from the Programs budget and will be spread over the 2019-20 and 2020-21 fiscal years.

**Attachment(s):**

- First Amendment to the Advanced Energy Rebuild Implementation Agreement Between the Sonoma Clean Power Authority and TRC Engineers, Inc.

**FIRST AMENDMENT TO THE ADVANCED ENERGY REBUILD  
IMPLEMENTATION AGREEMENT BETWEEN THE SONOMA CLEAN  
POWER AUTHORITY AND TRC ENGINEERS, INC.**

This First Amendment ("First Amendment") to the Advanced Energy Rebuild (AER) Implementation Agreement ("Agreement") is entered into between the Sonoma Clean Power Authority ("SCPA"), a California Joint Powers Authority, and TRC Engineers, Inc. ("Consultant"), a California corporation, as of May 1, 2020 ("Effective Date"). SCPA and Consultant are, at times individually referred to herein as "Party" and collectively as "Parties".

WHEREAS, the Parties entered into the Agreement dated April 6, 2018, for Consultant to provide contracted services for select Sonoma Clean Power Authority customers; and

WHEREAS, the Parties now desire to extend the term of the Agreement from April 30, 2020, to December 31, 2022, and

WHEREAS, the Parties now desire to amend the Scope of Work to provide increased funding for contracted services.

NOW, THEREFORE, the Parties agree as follows:

1. Section **4. Term of Agreement** of the Agreement is hereby superseded and replaced as follows:

4. Term of Agreement. The initial term of this Agreement shall be from the Effective Date to December 31, 2022, or until program goals are met, whichever comes first, unless terminated pursuant to Section 5 or amended by a written, executed amendment to the Agreement. Consultant understands and agrees that funding for individual tasks under this Agreement after July 1, 2018 is subject to approval by SCPA's Board of Directors of a budget including such funding, and that SCPA may terminate individual tasks pursuant to Section 5 below if such funding is not approved.

2. Sub-section "**Timeline**" in Section titled "**Scope of Work**" of the Agreement is hereby superseded and replaced as follows:

TRC will commence implementation upon contract authorization, continuing through December 31, 2022. The SCPA AER program is projected to continue past the end of these contract terms, in order to pay out all completed projects. Implementation services to complete the program-cycle will be negotiated at a later time.

3. Sub-section **"Task 1. Management (Time and Material)"** in Section titled **"Scope of Work"** of the Agreement is hereby superseded and replaced as follows:

This task will support minimal program management activities (time and materials), including:

- Reporting and invoicing to SCPA
- Data requests from SCPA
- Progress meetings with SCPA
- Ongoing coordination with SCPA regarding pipeline and incentive fund status

**Task 1 Budget:** \$198,000

**Task 1 Deliverables:**

- Monthly invoice with cover letter summarizing activities and incentive account status in accordance with Exhibit A
- Monthly teleconference call with SCPA to discuss program progress
- Documentation to support up to one (1) data request per quarter
  - If more than one data request is requested per quarter, TRC will review budget with SCPA to ensure that sufficient budget remains to complete the additional request

4. **"Figure 1. SCPA-AER Estimated TRC Budget"** in Section titled **"Scope of Work"** is revised to replace the Task #1 Total of "\$65,000" with "\$198,000," and the Direct Implementation Total of "\$99,750" with "\$232,750."

5. Except as set forth above, all terms and conditions of the Agreement remain in full force and effect.

By signing below, the signatories warrant that each has the authority to execute this First Amendment on behalf of their respective Parties, and that this First Amendment is effective as of the First Amendment Effective Date.

**SONOMA CLEAN POWER  
AUTHORITY**

\_\_\_\_\_  
By: Geof Syphers, CEO

Date\_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_  
Date\_\_\_\_\_

**CONSULTANT**

\_\_\_\_\_  
By: \_\_\_\_\_

Date\_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_  
General Counsel

Date\_\_\_\_\_



## Staff Report - Item 04

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**To:** Sonoma Clean Power Authority Community Advisory Committee  
**From:** Carolyn Glanton, Programs Manager  
**Issue:** Additional Budget Request for Self-Generation Incentive Program (SGIP) Assistance Program  
**Date:** April 20, 2020

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### Recommendation

Recommend that the Board approve additional budget of \$750,000 for Self-Generation Incentive Program (SGIP) Assistance.

### Background

At the encouragement of the Board of Directors to engage on resiliency, staff met with representatives of local battery storage installers who encouraged SCP to create an assistance program to ease issues with the Statewide Self Generation Incentive Program (SGIP).

Staff brought forward an item to the CAC on February 20, 2020 to recommend that the Board Approve Budget for the SGIP Assistance Program and Delegate Authority to the CEO to negotiate, execute, and amend a Professional Services Agreement for SGIP Assistance Processing.

With the CAC's recommendation, the Board approved both items at the March 5, 2020 meeting. This established a revolving fund of \$650,000 for applicants installing residential battery storage systems to receive SGIP incentives upfront, rather waiting months. The SGIP incentive dollars are then assigned to SCP, and once received, the funds are added back into the revolving fund for additional funding of projects. The Board also delegated authority to the CEO to negotiate, execute, and amend a Professional Services Agreement with Your SolarMate (YSM) for SGIP Assistance Processing for an amount not to exceed \$100,000. YSM's scope of work includes working with contractors and installers on submitting SGIP applications and processing the incentives.

## **Discussion**

Staff and YSM have been working closely to launch the program. On March 31, a Training Webinar for Contractors and Installer was held. Twenty six (26) solar and storage companies attended the webinar.

The SCP Assistance Program officially launched on April 7, accepting applications for large-scale residential storage systems (over 10 kilowatts). The SCP Program will accept small-scale residential and equity resiliency applications as soon as possible. The SGIP Equity Resiliency Budget is scheduled to reopen on May 1, 2020 at the State level.

The SCP Assistance Program was designed to help with several known issues with the Statewide program. The SCP Assistance Program provides the anticipated incentive amount upfront, solving the issue of the extended amount of time to receive the incentive funds for SGIP. The SCP Assistance Program helps contractors and installers through the application process which can be lengthy, complicated, and involve significant paperwork.

Another SGIP issue that the SCP Assistance Program seeks to solve is that funds are expended due to program popularity and remaining projects are put on a waitlist until the California Public Utilities Commission (CPUC) can replenish the funds. This delay extends the time customers and contractors must wait to receive the incentive.

Staff has received significant interest in this assistance program already, especially for projects that qualify for the \$1.00 per watt-hour (Wh) Equity Resiliency incentive, which can cover up to 100% of the battery cost. Staff anticipated that the program would be very popular and there would be a great need locally. In recent conversations with contractors and installers, staff has heard the vast number of local projects that plan to apply as soon as the program opens. The amount of funding needed would be more than the \$650,000 currently available. It will take several months to receive the SGIP incentives back to replenish the incentives for the next round of funding. To avoid being a bottle neck in this process, staff requests additional funding of \$750,000 to add to the revolving fund for upfront incentives. If the Board approves the additional \$750,000, it will be added to the original budget of \$650,000. The total upfront incentive funding available will be \$1.4M. This will hopefully increase participation in the SGIP Assistance Program and assist our most vulnerable population in preparing for anticipated PSPS events this Fall

## **Fiscal Impact**

Staff is requesting the CAC recommend the Board approve an additional \$750,000 be added for funding this program from FY19/20 existing programs budget. This

money will be returned to SCP as the SGIP administrator as PG&E, pays the SGIP incentives to SCP. SCP intends to re-insert these returned funds into the program to fund more incentives, creating a revolving incentive fund.

**Attachments**

**None**

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**Staff Report - Item 05**

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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 Feedback as Appropriate**

**Date: April 20, 2020**

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**PROGRAMS UPDATES:**

***Induction Cooktop and DIY Energy & Water Savings Toolkit Checkout Programs***

The induction cooktop and DIY toolkit checkout programs are temporarily on hold, due to the restrictions on public contact. The programs will continue as soon as it is safe for the lending sites to reopen.

***Advanced Energy Rebuild (AER)***

Over 350 homes have applied for Advanced Energy Rebuild, about 30% of which are choosing to rebuild all-electric homes. Of these, 306 are enrolled in the program, including 194 single-family homes, 96 multi-family units, and 16 Accessory Dwelling. Further information on the current status of this program is addressed on Item 3 of this agenda.

***Lead Locally (CEC Grant)***

Phase 1 demolition work at the Advanced Energy Center is now completed and a new fire suppression system has been installed. Due to the Shelter in Place order, work on the Center has been halted until further notice.

Staff continues to communicate with manufacturers and distributors regarding the future displays and the opportunity to deploy emerging technologies at the Advanced Energy Center.

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

The program launched April 7th. This program will provide residential and government customers with SGIP incentives upfront and assist with applications to install battery energy storage systems under 30 kilowatts (kW). Due to the early response an amendment the program budget is included in this packet under Item 4.

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

SCP staff continue to work with consultant TerraVerde, who are conducting 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 and TerraVerde have engaged with most participating jurisdictions to begin the analysis. During the COVID-19 response, delays in jurisdiction staff responses are anticipated due to the non-essential subject matter.

### ***Sonoma Coast Incentive Project - CALeVIP***

In mid-March, the Center for Sustainable Energy (CSE) notified SCP that the Energy Commission decided to move the launch date of the Sonoma Coast Incentive Project to late-June 2020. Staff is engaging with the Energy Commission to discuss the change while simultaneously working with CSE to meet the new launch date. Staff has received a final design package along with a draft Integrated Communications Plan. CSE will continue to develop the application, website, and other materials as staff continue to engage in outreach efforts to the public to help prepare interested parties in applying for funds. Staff encourages anyone interested in hosting charging stations or learning to email [programs@sonomacleanpower.org](mailto:programs@sonomacleanpower.org).

## **MONTHLY COMPILED FINANCIALS STATEMENT**

The year-to-date growth (through 2/29/20) in net position is slightly above projections due primarily to lower operating costs. Revenue from electricity sales and cost of energy are both slightly less than expected. Year-to-date electricity sales reached \$127,261,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$110,473,000, which indicates healthy growth. Of this net position, approximately \$71,374,000 is set aside for reserves (Operating Reserve: \$58,536,000; Program Reserve: \$10,706,000; and Collateral Reserve: \$2,132,000).

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

## **BUDGETARY COMPARISON SCHEDULE**

The accompanying budgetary comparisons include the 2019/20 budget amendment approved by the Board of Directors in February 2020.

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 less than the year-to-date budget by approximately 2%.

The cost of electricity is approximately equal to 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.

### **UPCOMING MEETINGS:**

**BOD - Thursday, May 7, 2020 at 8:45 A.M.**

**CAC - Tuesday, May 19, 2020 at 1:00 P.M.**

**BOD - Thursday, June 4, 2020 at 8:45 A.M.**

### **ATTACHMENTS:**

February 2020 Financial Reports



## 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 February 29, 2020, 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  
March 26, 2020

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION As of February 29, 2020

### ASSETS

Current assets	
Cash and cash equivalents	\$ 69,444,201
Accounts receivable, net of allowance	16,247,647
Other receivables	3,969,654
Accrued revenue	7,776,329
Prepaid expenses	1,239,114
Deposits and other current assets	757,079
Investments	20,133,474
Total current assets	<u>119,567,498</u>
Noncurrent assets	
Land and construction-in-progress	6,167,543
Capital assets, net of depreciation	160,256
Deposits and other noncurrent assets	5,459,242
Total noncurrent assets	<u>11,787,041</u>
Total assets	<u>131,354,539</u>

### LIABILITIES

Current liabilities	
Accounts payable	1,385,627
Accrued cost of electricity	15,730,339
Advanced from grantors	347,000
Other accrued liabilities	2,934,141
User taxes and energy surcharges due to other governments	484,782
Total current liabilities	<u>20,881,889</u>

### NET POSITION

Investment in capital assets	6,327,799
Unrestricted	104,144,851
Total net position	<u>\$ 110,472,650</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2019 through February 29, 2020**

**OPERATING REVENUES**

Electricity sales, net	\$ 126,870,702
Evergreen electricity premium	390,698
Grant revenue	2,866,814
Total operating revenues	<u>130,128,214</u>

**OPERATING EXPENSES**

Cost of electricity	99,262,586
Contract services	9,294,014
Staff compensation	2,732,379
General and administration	708,036
Program rebates and incentives	438,396
Depreciation	42,698
Total operating expenses	<u>112,478,109</u>
Operating income	<u>17,650,105</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	903,278
Other nonoperating revenue	710
Total nonoperating revenues (expenses)	<u>903,988</u>

**CHANGE IN NET POSITION**

	18,554,093
Net position at beginning of period	<u>91,918,557</u>
Net position at end of period	<u>\$ 110,472,650</u>

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS July 1, 2019 through February 29, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 132,640,144
Receipts from grantors	1,021,283
Other operating receipts	20,000
Payments to electricity suppliers	(98,157,440)
Payments for other goods and services	(8,309,010)
Payments for staff compensation	(2,838,309)
Tax and surcharge payments to other governments	(1,758,210)
Payments for program rebates and incentives	(506,621)
Net cash provided (used) by operating activities	<u>22,111,837</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(1,222,170)</u>
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### CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	689,858
Proceeds from certificates of deposit matured	10,274,237
Purchase of certificates of deposit	(20,000,000)
Net cash provided (used) by investing activities	<u>(9,035,905)</u>

Net change in cash and cash equivalents (including County Investment Pool)	11,853,762
Cash and cash equivalents at beginning of year	57,590,439
Cash and cash equivalents at end of year	<u>\$ 69,444,201</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2019 through February 29, 2020**

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

Operating income	\$ 17,650,105
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	42,698
Revenue adjusted for allowance for uncollectible accounts	974,251
(Increase) decrease in:	
Accounts receivable	27,011
Other receivables	(2,819,763)
Accrued revenue	2,632,822
Prepaid expenses	378,022
Deposits	(425,000)
Increase (decrease) in:	
Accounts payable	(545,500)
Accrued cost of electricity	1,165,807
Advance from grantors	(97,625)
Accrued liabilities	3,157,159
User taxes due to other governments	(13,550)
Supplier security deposits	(14,600)
Net cash provided (used) by operating activities	<u>\$ 22,111,837</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 February 29, 2020, 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  
March 26, 2020

**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND**

**BUDGETARY COMPARISON SCHEDULE  
July 1, 2019 through February 29, 2020**

	2019/20 YTD Amended Budget	2019/20 YTD Actual	2019/20 YTD Amended Budget Variance (Under) Over	2019/20 YTD Actual/Budget %	2019/20 Amended Budget	2019/20 Amended Budget Remaining
<b>REVENUE AND OTHER SOURCES:</b>						
Electricity (net of allowance) *	\$ 131,468,835	\$ 126,871,412	\$ (4,597,423)	97%	\$ 196,600,000	\$ 69,728,588
Evergreen Premium (net of allowance)	327,000	390,698	63,698	119%	489,000	98,302
CEC Grant	3,173,333	2,769,189	(404,144)	87%	4,760,000	1,990,811
BAAQMD grant	66,667	97,625	30,958	0%	100,000	2,375
Interest income	883,333	903,278	19,945	102%	1,325,000	421,722
Total revenue and other sources	<u>135,919,168</u>	<u>131,032,202</u>	<u>(4,886,966)</u>	<u>96%</u>	<u>203,274,000</u>	<u>72,241,798</u>
<b>EXPENDITURES AND OTHER USES:</b>						
<b>CURRENT EXPENDITURES</b>						
Cost of energy and scheduling	101,031,117	99,262,586	(1,768,531)	98%	150,630,000	51,367,414
Data management	2,105,333	2,120,936	15,603	101%	3,158,000	1,037,064
Service fees- PG&E	640,667	641,578	911	100%	961,000	319,422
Personnel	2,886,667	2,683,423	(203,244)	93%	4,330,000	1,646,577
Outreach and communications	640,000	422,030	(217,970)	66%	960,000	537,970
Customer service	301,810	298,148	(3,662)	99%	367,000	68,852
General and administration	356,667	475,127	118,460	133%	505,000	29,873
Legal, regulatory and compliance	734,667	674,502	(60,165)	92%	1,102,000	427,498
Accounting	140,667	119,650	(21,017)	85%	211,000	91,350
Legislative	52,000	52,000	-	100%	78,000	26,000
Other consultants	106,667	100,586	(6,081)	94%	160,000	59,414
CalCCA Trade Association	293,333	220,000	(73,333)	75%	440,000	220,000
Program implementation	1,800,000	1,234,127	(565,873)	69%	2,700,000	1,465,873
Program - CEC grant	5,600,000	5,235,918	(364,082)	93%	8,400,000	3,164,082
Program development and evaluation	33,333	994	(32,339)	3%	50,000	49,006
Total current expenditures	<u>116,722,928</u>	<u>113,541,605</u>	<u>(3,181,323)</u>	<u>97%</u>	<u>174,052,000</u>	<u>60,510,395</u>
<b>OTHER USES</b>						
Capital outlay	2,533,333	284,221	(2,249,112)	11%	3,800,000	3,515,779
Total Expenditures, Other Uses and Debt Service	<u>119,256,261</u>	<u>113,825,826</u>	<u>(5,430,435)</u>	<u>95%</u>	<u>177,852,000</u>	<u>64,026,174</u>
Net increase (decrease) in available fund balance	\$ 16,662,907	\$ 17,206,376	\$ 543,469	103%	\$ 25,422,000	\$ 8,215,624

\* Represents sales of approximately 1,556,000 MWh for 2019/20 YTD actual.

	Current Balance	% of FY Target	FY Target Balance
<b>RESERVES</b>			
Operating Cash Reserve	\$ 58,535,752	66%	\$ 88,926,000
Program Cash Reserve	10,706,415	60%	17,785,200
Collateral Cash Reserve	2,131,700	14%	15,063,000
	<u>\$ 71,373,867</u>	<u>59%</u>	<u>\$ 121,774,200</u>

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**July 1, 2019 through February 29, 2020**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 17,206,376
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(42,698)
Add back capital asset acquisitions	<u>1,390,415</u>
Change in net position	<u>\$ 18,554,093</u>

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## Staff Report - Item 06

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**To: Sonoma Clean Power Community Advisory Committee**  
**From: Neal Reardon, Director of Regulatory Affairs**  
**Issue: Receive Regulatory Updates and Provide Feedback as Appropriate**  
**Date: April 20, 2020**

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### **Requested Action:**

Receive Regulatory Updates and Provide Feedback as Appropriate.

### **Regulatory Update**

#### COVID-19

On March 16, 2020, Governor Newsom issued an Executive Order directing the Commission to monitor the consumer protections offered by electrical corporations in response to the COVID-19 pandemic. In response to the Executive Order, PG&E submitted an emergency consumer protection plan on March 19, 2020. This plan would suspend until March 4, 2021, electrical corporations' rights to terminate customer accounts and, further, implement flexible payment plan options.

The economic conditions created by the COVID-19 pandemic, along with the payment accommodations contemplated by the plans, could result in delayed or partial payments by customers or uncollectible balances. These conditions will, in turn, have financial consequences for providers of electrical services, including the electrical corporations and CCAs. Notably, PG&E's proposal would have their outstanding charges take priority over CCA charges.

On April 8, 2020, CalCCA filed a protest to PG&E's plan to ensure a reasonable cash flow to CCAs during the crisis and, further, enable CCAs to obtain any

necessary financing through the crisis under reasonable terms and conditions.

Erica Torgerson played an instrumental role in outlining risks to CCAs and their customers, as well as proposing solutions to best protect customers not just in SCP territory, but across the State.

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

PG&E is no longer pursuing their DGEMS proposal to install permanent fossil-generation at substations within SCP's territory as a solution to PSPS in 2020. Instead, they are focusing on temporary generation solutions which have a one-year permit to operate. At the expiration of this permit, PG&E and affected stakeholders will address whether or not to extend the permit for another year. PG&E detailed this approach in supplemental testimony filed in the Microgrids proceeding. Subsequent to filing this testimony, PG&E met with staff from Customer Service and Regulatory Affairs.

SCP staff continue to push PG&E to first focus on the fundamental problem: a grid that is unsafe to operate. To address this, they should enhance safety of the distribution and transmission system such that it is able to provide reliable service throughout the year. Staff will continue to actively engage in the microgrid and de-energization proceedings to protect customers.

#### Resource Adequacy

On March 26, 2020 by Assigned Administrative Law Judge Chiv issued a Proposed Decision outlining a new framework for central procurement of Resource Adequacy.

As background, Resource Adequacy is an insurance product that Load Serving Entities must purchase to help ensure reliable grid operation. These purchases must then be "shown" to regulators who verify the accuracy of the purchase. If entities are deficient and do not purchase what was required, they are subject to financial penalties.

The Proposed Decision adopts implementation details for the central procurement of multi-year local Resource Adequacy procurement to begin for the 2023 compliance year in Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) service areas. PG&E and SCE, respectively, will serve as the central procurement entity for their territories.

CalCCA is protesting this proposal and has met with Commissioner offices to further explain the reasons behind this. Namely, this would take procurement authority from CCAs and place it in the hands of IOUs; it would threaten the financial viability of developing new, clean resources; and it jeopardizes existing contracts which were entered into based on previous Resource Adequacy rules.

Deb Emerson's procurement expertise and tireless engagement on this topic have been very helpful to not just SCP but CalCCA as an entity.

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## Staff Report - Item 07

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

**From: Michael Koszalka, Chief Operations Officer**

**Issue: COVID-19 Impacts on SCP**

**Date: April 20, 2019**

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### **SCP Response to COVID-19**

A verbal report will be provided for this item based on current information. In the coming months, staff will regularly update the Committee on the impacts of COVID-19 on SCP's operations. This first report will be quite basic, as most of the expected impacts are not yet measured. However, over the next couple of months staff should be able to provide more details on the expected impact to load and revenues.

Most of this report will be verbal, but some limited information is available in advance.

In response to the developments related to the COVID-19 pandemic, SCP has implemented contingency plans for daily operations and for staff safety. These plans include, but are not limited to:

- A COVID-19 Emergency Consumer Protection Policy was approved by SCP management to protect SCP residential and non-residential customers who are experiencing a financial crisis due to the pandemic. All late-payment and pre-collection notices have been halted until May 31, 2020. SCP will not drop any eligible customers and has halted collection activity for eligible customers through May 31, 2020. The dates may be extended if the current situation extends later in the year.
- All SCP staff has been provided equipment needed to work from home during the shelter-in-place period and teams are in communications with each other daily. The SCP office has been closed until at least May 4, 2020, and SCP will follow the guidance of the Sonoma County Health Officer on safe dates for reopening and safe practices upon reopening.

- Following Governor Newsom's [Executive Order N-25-20](#), public meetings and workshops will continue to be held via teleconference or webinar to avoid gatherings that may lead to the spread of the virus.
- The financial impact on SCP is not yet well-determined. Staff are actively studying changes needed for our load forecast and sales projections and will update the Committee and Board as we learn more over the coming months.



## Staff Report - Item 08

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

**From:** Mike Koszalka, Chief Operating Officer

**Issue:** Resolution to Establish a Rate Stabilization Fund

**Date:** April 20, 2020

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### **Recommendation:**

Recommend the SCP Board of Directors approve Resolution 2020.02 Establishing an Operating Account Fund under Government Accounting Standard Board (GASB) Standard 62 for the purpose of stabilizing customer bills.

### **Background:**

At the last CAC meeting on March 23, 2020, staff presented a report outlining staff's recommended financial strategy for the next several years in order to navigate several market and financial uncertainties, including the large customer Power Charge Indifference Adjustment (PCIA) charge from PG&E. This strategy included a recommendation regarding rates and the FY 2020-21 budget. The CAC supported this strategy as did the Board of Directors at their meeting on April 2, 2020. As part of that strategy, staff recommended setting up a Customer Bill Stabilization Fund with funds from SCP's increase in net position from the current fiscal year (FY2019-20). Standard accounting practice refers to a rate or bill stabilization fund as an "Operating Account Fund," so that term is used throughout this report, however the sole purpose of this fund, as proposed, is to stabilize customer bills.

### **Discussion:**

On April 2, 2020, the SCP Board of Directors approved a revision to Financial Policy B2. that specifies under what conditions funds will be added to the Agency's reserves.

This policy change anticipated a need to set aside funding in order to keep SCP customers' total bills close to PG&E bundled customer bills.

Staff proposes creating an Operating Account Fund to be funded from SCP revenues. This fund would be created under the Government Accounting Standard Board (GASB) Standard 62. GASB 62 specifies that current revenues would be deferred into the fund when it is determined that excess revenues are available to make deposits into the fund. The Board will need to approve these transfers. From an accounting standpoint, a deferral of current revenue into the Operating Account Fund would result in a reduction in the same amount of revenue in that fiscal year which would reduce net revenues and the consequent addition to SCP's net position. By deferring revenues into the Operating Account Fund before it is recognized as revenue, SCP would effectively "bank" revenue for use in a future fiscal year.

Staff's intent for this fund is to use it to stabilize customer rates so that their total bills remain competitive with PG&E bundled customer bills. We have been working with our accounting firm, Maher Accounting, in development of this Operating Reserve Fund to ensure that we are following GASB 62. Any deferral of current revenues into the fund or withdrawals from the fund in the future would require action by the SCP Board.

### **Fiscal Impact:**

Establishing this policy has no immediate fiscal impact. Fiscal impacts will come as the SCP Board approves deferring revenues into the fund which would have a negative effect on net revenues in that fiscal year. Withdrawals from the Operating Account Fund would have a positive effect on net revenues in the fiscal year in which they are withdrawn.

### **Attachments:**

- Draft Board Resolution 2020.02

## **RESOLUTION 2020.02**

**(NOT YET ADOPTED)**

### **A RESOLUTION ESTABLISHING AN OPERATING ACCOUNT FUND FOR THE SONOMA CLEAN POWER AUTHORITY (SCPA)**

WHEREAS, Financial Policy B2 contemplates that the SCPA annual increase in net position may be utilized as needed by the SCPA to maintain competitive rates; and

WHEREAS, governmental accounting standard GASB 62 allows for the use of regulatory accounting to smooth earnings into future fiscal years; and

WHEREAS, GASB 62 transactions must be approved by the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors hereby establishes a fund designated as the "Operating Account Fund". This fund will be used to defer excess revenues, as determined by management, that will be recognized in future periods. This deferral will create an accounting liability, and the future recognition of revenue will decrease that liability.
2. The Board of Directors hereby authorizes the Chief Executive Officer, or the Chief Operating Officer, to transfer in or transfer out, from time to time, such amount as each such officer may determine as prudent and appropriate into or out of the Operating Account Fund; provided, the Board of Directors later approves such transfer at its next scheduled meeting.
3. The Operating Account Fund shall be recognized in accordance with GASB 62 and provide a contingency available upon approval by the Board of Directors to provide customer electric rate stabilization.
4. The Chief Executive Officer or the Chief Operating Officer, are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

DULY ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2020

<b>JURISDICTION</b>				<b>ABSENT</b>
Cloverdale	Director Bagby			
Cotati	Director Landman			
County of Mendocino	Director Gjerde			
County of Sonoma	Director Hopkins			
Petaluma	Director King			
Point Arena	Director Torrez			
Rohnert Park	Director Belforte			
Santa Rosa	Director Tibbetts			
Sebastopol	Director Slayter			
Sonoma	Director Harrington			
Windsor	Director Okrepkie			

*In alphabetical order by jurisdiction*

\_\_\_\_\_  
Chair, Sonoma Clean Power Authority

Attest:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Special Counsel,  
Sonoma Clean Power Authority