



**AGENDA  
BOARD OF DIRECTORS REGULAR MEETING  
THURSDAY, MARCH 5, 2020  
8:45 A.M.**

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

**I. CALL TO ORDER**

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve February 6, 2020 SCPA Board of Directors Draft Meeting Minutes (Action) - pg. 3

**III. BOARD OF DIRECTORS REGULAR CALENDAR**

2. Receive Internal Operations Report and Provide Direction as Appropriate (Discussion) - pg. 9
3. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (Discussion) - pg. 15
4. 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 (Action) - pg. 21
5. Presentation on PG&E Substation Generator Proposal and Approve Letter of Support for Fort Bragg Microgrid (Action) - pg. 29
6. Presentation of Lake County Feasibility Study and Provide Direction as Appropriate (Action) - pg. 37

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

(Comments are restricted to matters within the Board jurisdiction. Please be brief and limit comments to three minutes.)

**V. BOARD 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



**MEETING MINUTES  
BOARD OF DIRECTORS MEETING  
THURSDAY, FEBRUARY 6, 2020  
8:45 A.M.**

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

**I. CALL TO ORDER**

Chair Landman called the meeting to order at 8:45am

Board Members present: Chair Landman, Vice Chair Slayter, and Directors Bagby, Belforte, Hopkins, Gjerde, King, Okrepkie, Tibbetts, and Torrez.

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

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve January 9, 2020 SCPA Board of Directors meeting minutes
2. Approve and Authorize the CEO to Execute a Furniture Procurement and Installation Purchase Order for the Advanced Energy Center

Adopt a New Agricultural Rate Structure and Rates for the Remainder of the 2019/2020 Fiscal Year

Public comment: None

SCPA Board of Directors February 6, 2020 Consent Calendar adopted by unanimous consent.

**III. BOARD OF DIRECTORS REGULAR CALENDAR**

3. Appointment of Chair and Vice Chair of the Board for One-Year Terms

Chair Landman introduced the item by outlining the nomination process, then thanked staff, members of the public, and his fellow Board Members for the honor to serve as Chair.

Director Hopkins nominated Vice Chair Slayter as Chair, followed by a second by Director Bagby.

Public comment: none

Motion to appoint Vice Chair Slayter as Chair of the Sonoma Clean Power Board of Directors for a one-year term by Director Hopkins.

Second: Director Bagby

Motion passed: 10-0-0

Motion to appoint Director Bagby as Vice Chair of the Sonoma Clean Power Board of Directors for a one-year term by Director Hopkins.

Second: Director Belforte

Motion passed: 10-0-0

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

Director of Internal Operations Stephanie Reynolds introduced the item by advising the Board that there was no change in Board Member assignments for 2020, except for a new Alternate Director from Cloverdale, Marta Cruz. She then introduced SCP's newest staff member, Programs Manager Carolyn Glanton. Director Reynolds advised the Board that the Community Advisory Committee appointed Dick Dowd as Chair and Karen Baldwin as Vice Chair for one-year terms. Director Reynolds then gave an overview of the upcoming budget cycle and Title 24 building standards.

Public comment: None

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

Chief Executive Officer Geof Syphers introduced Harriet Steiner who is serving as SCP's Special Counsel. He then provided a regulatory report on PG&E's Energy Resource Recovery Account ("ERRA") and a proposed CPUC rulemaking decision which will likely favor PG&E. He then detailed the financial implications to SCP due to the likely increase in exit fees. SCP Lobbyist Katherine Brandenburg then gave a legislative update on the session that began January 6<sup>th</sup> and some of the key bills that SCP is monitoring, which include AB 1839 (Climate change: California Green New Deal) and SB 917 (California Consumer Energy and Conservation Financing Authority: eminent domain: Northern California Energy). CEO Syphers clarified some of the key differences between SB 917 and the City of San Jose's efforts to municipalize PG&E's service territory. CEO Syphers then advised the Board that CalCCA is developing a bill to run in the current session for capacity and reliability resources.

Director Landman requested a staff assessment of SB 917 and the City of San Jose's proposal so the Board can determine which, if any, to support.

Public comment: Woody Hastings spoke on SB 917 and thanked former Chair Landman for his support of community choice.

6. Receive Report on Programs Strategic Action Plan

Director of Programs Cordel Stillman gave his biannual update to the Programs Strategic Action Plan, which details immediate actions, near-term actions, and long-term actions that are underway by the Programs team. He then noted that select programs were discontinued and described the following programs that have been added to the current iteration of

Strategic Action Plan: PSPS assistance for commercial & industrial customers; analysis of municipal solar systems for battery storage assistance; a Self-Generation Incentive Program ("SGIP") assistance program; the Advanced Energy Build program; a Battery Incentive program; electric bike incentives; and on-bill financing through the Advanced Energy Center to assist decarbonization.

Director Belforte asked how Programs determines which items should be placed in the Strategic Action Plan; Director Stillman detailed how these initiatives come from a variety of areas and Director Belforte requested that staff distribute a survey to SCP customers to solicit future program ideas. Vice Chair Bagby requested that staff reach out to the Cities of Healdsburg and Ukiah for partnering on the proposed e-bike incentive program. Chair Slayter suggested contacted local cycling advocacy groups for outreach on e-bike incentives and his support for an e-bike loaner program

Public comment:

Woody Hastings thanked the Board and staff SCP for their support of the recently discontinued Solar Sonoma County program.

Ken Wells spoke in support of the proposed e-bike incentive program and suggested modeling the program after the Drive EV model.

Director Okrepkie noted the thoroughness of the Strategic Action Plan and commended staff's efforts for securing grant funding when possible. Chair Slayter asked for additional details on the battery storage incentive program; Director Stillman stated that the SGIP program is administered by PG&E and that SCP intends to contract services to assist customers with securing SGIP incentives.

*Director Hopkins left at approximately 9:39 a.m.*

7. Approve Budget Adjustment for Fiscal Year 2019/2020 and Change in Customer Rates as of March 1, 2020

COO Michael Koszalka introduced the item by outlining staff's request to align SCP's rates with those of PG&E and requesting approval of the proposed budget adjustment. He explained that the PCIA fee to SCP customers will increase by anywhere from \$14.8 million to \$41.7 million in 2020, and adjusting rates now will smooth the transition between the current rate structure and future rates with the additional PCIA fee.

Director Tibbetts asked about any impacts to SCP's efforts to secure a credit rating that a budget adjustment may have; CEO Syphers noted that he suspended SCP's pursuit of a credit rating due to the highly-unsettled nature

of the energy market given PG&E's ongoing bankruptcy proceedings, and the impacts to credit ratings as a result.

Director Landman stated his support for staff's requested actions for this item.

Public comment: Community Advisory Committee Chair Dick Dowd noted the Committee's support of this item, as well as similar concerns to those raised by the Board.

Motion to Adopt a Change in Customer Rates as of March 1, 2020 so that Total Electric Bills are Equal to PG&E Bundled Services Total Electric Bills by Director King

Second: Director Tibbetts

Motion passed: 9-0-0

Motion to Approve Budget Adjustment for Fiscal Year 2019/2020 as Requested by Staff by Director King

Second: Vice Chair Bagby

Motion passed: 9-0-0

8. Adopt Policy Governing Preferred Resources for Serving Multiple SCP Customers During Public Safety Power Shutoffs

CEO Syphers introduced the item by detailing a PG&E proposal wherein the organization would install generation assets at substations for backup power during Public Safety Power Shutoffs (PSPS) events, and the likelihood that these generation facilities would be natural-gas powered. He then noted his belief that PG&E lacks jurisdiction within SCP's service territory to create generation resources on behalf of SCP or other municipal utility providers, and that this proposal should not be a substitute for grid safety and resiliency. Given these issues, CEO Syphers requested Board guidance for adopting a policy for preferred resources during PSPS events.

Director Landman shared his concerns with PG&E's proposed plan, as it does not address what he characterized as core issues with grid reliability & safety and will likely rely on non-renewable power sources. Director Tibbetts shared his preference for advocating for undergrounding of utilities for future grid resiliency.

*Director Tibbetts left at approximately 10:59 a.m.*

Public comment:

Dick Dowd spoke about impacts from PSPS events and the need for a flexible and multi-faceted approach to grid hardening.

Andy Ferguson spoke in support of staff's recommendations and local distributed resources.

Motion to Adopt Policy Governing Preferred Resources for Serving Multiple SCP Customers During Public Safety Power Shutoffs by Director King

Second: Director Belforte

Motion passed: 8-0-0

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

None

**V. BOARD MEMBER ANNOUNCEMENTS**

None

**VI. ADJOURN**

Chair Slayter adjourned the meeting at 11:20 a.m.

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## Staff Report - Item 02

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

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

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

**Date:** March 5, 2020

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	2/1/2020			
	EverGreen Participation %	Participation %	Opt Out %	Participation % Change
CLOVERDALE INC	0.6%	83.8%	16.2%	0.0%
COTATI INC	3.4%	90.8%	9.2%	0.0%
FORT BRAGG INC	0.9%	82.8%	17.2%	0.0%
PETALUMA INC	0.8%	89.1%	10.9%	0.0%
POINT ARENA INC	1.0%	85.3%	14.7%	0.0%
ROHNERT PARK INC	0.3%	88.5%	11.5%	0.1%
SANTA ROSA INC	0.7%	88.9%	11.1%	0.0%
SEBASTOPOL INC	4.0%	91.1%	8.9%	0.0%
SONOMA INC	1.5%	86.9%	13.1%	0.0%
UNINC				
MENDOCINO CO	0.9%	78.8%	21.2%	0.0%
UNINC SONOMA CO	1.1%	87.1%	12.9%	0.0%
WILLITS INC	0.6%	80.8%	19.2%	0.0%
WINDSOR INC	0.5%	87.9%	12.1%	0.0%
Grand Total	0.9%	86.9%	13.1%	0.0%
Mendocino	0.9%	79.4%	20.6%	0.0%
Sonoma	0.9%	88.2%	11.8%	0.0%

## **COMMUNITY EVENTS & SPEAKING ENGAGEMENTS**

Events season is officially underway. Below are some of the upcoming efforts SCP is supporting in Sonoma and Mendocino counties:

Community Child Care Council's Wild West Gala, Lead Locally Business Energy Workshop (Gualala), Anderson Valley Winegrowers Winter White Wine Festival, Equity Education Initiative's Latino Family Educational Summit, 74<sup>th</sup> Annual Sebastopol Apple Blossom Festival, Chop's Teen Club's "Who's Got the Chops" Lip Sync Battle, Petaluma Butter & Egg Days, and Elsie Allen High School Foundation's Annual Fiesta.

Additionally, SCP is in demand to provide speakers for a variety of groups and conferences, including the Association of Energy Service Professionals Conference's Panel on Electrification, Tri-County Regional Energy Network's (3C-REN) Forum: Achieving Resilience in Wildfire Areas through Energy Codes, and the Sonoma-Mendocino Economic Development District Industry Resiliency Session.

## **BUSINESS ENERGY WORKSHOP HELD IN MENDOCINO COUNTY**

On Thursday, 2/27/20, SCP staff and consultants held a Business Energy Workshop at the North Coast Brewing Company in Fort Bragg. This event was held to continue SCP's presence in Mendocino County and bring SCP & our Programs (including Lead Locally and information about the AEC) into the forefront for the County. Information was also presented by The Energy Alliance Association (TEAA), who facilitates a "Direct Install" program designed to address the needs of small to medium commercial customers for performance based Energy Efficiency installations. TEAA's programmatic work is a part of the funding from the Public Purpose Program (PPP), which is required by the CPUC, administered on behalf of PG&E, but funded directly by all California rate payers.

## **KINCADE FIRE (2019) UPDATE**

In December 2019, SCP staff received approval from CEO Syphers to work with PG&E to write-off accounts receivable balances for victims of the Kincade Fire. The decision follows suit to the bill forgiveness approved by the Board for the 2017 Wine Country Fires. This process required significant work with our billing team at Calpine Energy Solutions and PG&E to ensure balances and write-off amounts were accurate. The

final bill forgiveness analysis was completed in February. Here are the final numbers: 195 accounts received bill forgiveness as a result of the fire for a total of \$5,389.48.

## **PROGRAMS UPDATES:**

SCP staff is developing a “Solar + Battery Storage” class to tentatively be held mid-April. The class will focus on residential SCP customers who want to incorporate solar and battery storage into new and existing homes. We are currently working with potential speakers and outlining an agenda. SCP customers who are interested may sign up for email updates at [www.sonomacleanpower.org/sign-up-for-email-updates](http://www.sonomacleanpower.org/sign-up-for-email-updates) and chose “Solar Plus Storage Class”.

### *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 Advanced 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.

Following the purchase order for furniture procurement and installation at the Advanced Energy Center that was approved by the Board in February, the furniture contractor has begun constructing 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***

Since January, 2018, cooktops have been checked out 206 times 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. Since late 2016, 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 SCP 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. Further detail is included in this report as Item 4, which requests Board approval of funding for the program.

### *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.

#### **UPCOMING MEETINGS:**

**CAC - Monday, March 23, 2020 at 1:00 P.M.**

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

**CAC - Monday, April 20, 2020 at 1:00 P.M.**

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

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## **Staff Report - Item 03**

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

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

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

**Date:** March 5, 2020

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### **Requested Board Action:**

Receive Legislative and Regulatory Updates and Provide Direction 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 1st. As noted in the last meeting's packet, under collections as of January 1st, 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 continue to discuss this RFO and alternative solutions with PG&E.

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 issued 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.

PG&E indicated that they intend the projects developed under this RFO to count towards their required procurement in the Integrated Resource Planning (IRP) proceeding. This requirement for a collective 3,300 MW of new resources applies to all CPUC-jurisdictional LSEs. New fossil resources are not allowed to meet that IRP target.

However, on February 21<sup>st</sup> the CPUC issued a Proposed Decision that would allow for the type of projects considered under this RFO to count for IRP. The presiding judge reasoned that “resiliency projects at substations utilizing biomethane” and “creative projects that may utilize some amount of fossil fuels” be permitted. This raises a host of complexities as PG&E could potentially be building new fossil generation in SCP territory which would serve SCP customers during PSPS events but be owned and operated by PG&E. Additionally, SCP customers are paying for SCP to meet the IRP target and be double-paying if they are also held liable for PG&E's portion of the IRP target.



## PCIA Working Group #3 Allocation Proposal

On Feb. 21<sup>st</sup>, CalCCA, Southern California Edison, and Commercial Energy jointly submitted their final working group report on recommended changes to the PCIA methodology. The most significant change is that CCAs will now have the option to take allocations of resources from the IOU portfolio which CCA customers are already paying for. Today, CCAs only have the option to pay the existing PCIA and then to separately procure their own resources. This allocation will cover a host of products: Resource Adequacy (local, flex, and system), RPS energy, and GHG-free energy.

The option for a GHG-free allocation has received attention, as PG&E's GHG-free portfolio contains hydro resources and a nuclear plant, Diablo Canyon. The CPUC has required CCA customers to pay for PG&E's expensive nuclear power since 2010, even though they were not allowed to use that power or get any benefit from their payments. Today, the CPUC is forcing CCAs to make a choice between continuing to pay for their share of PG&E's nuclear power or paying almost double the GHG-free premium for the right to reject it. In effect, it is not a real choice, and forces CCAs to use nuclear power or pay even more to replace it with safer sources. It is good thing that the Diablo Canyon nuclear facility is scheduled to close in 2025 for both environmental reasons and to bring rates back down to more affordable levels.

## **Legislative Update**

The California Legislature has been very busy since they returned to Sacramento in January. In a period of seven weeks, members of both houses introduced 2,302 pieces of legislation.

A good amount of the legislation introduced this year relates to California's homelessness and mental illness crisis. This concern was echoed by Governor Newsom during his State of the State address last week where he devoted virtually all of his speech to this crisis. While homelessness is on the minds of the Governor and legislators, it does not mean they have forgotten about the wildfires and PG&E. This issue is still at the top of the list for Senators McGuire and Dodd and Assembly Members Wood and Levine. A number of bills related have been introduced relating to de-energization, centralized procurement, resource adequacy, electric vehicle charging stations, and the reorganization of PG&E and its territory.

CalCCA is the sponsor of AB 3014 (Muratsuchi) which will propose a central reliability backstop procurement system. Assembly Member Kalra is authoring AB 2689 for with a goal of creating transparency around IOU ratepayer costs and fees. Both bills as introduced make nonsubstantive changes to the law. In order for the bills to be scheduled for a policy hearing, the bills will need to be amended with substance by March 4.

We will be closely monitoring five pieces of legislation Senator Bradford has introduced that could have an effect on CCAs. As introduced, all five pieces of legislation make nonsubstantive changes to the law and thus are categorized as a "spot" bill. (SB 1321, SB 1358, SB 1416, SB 1422, and SB 1451)

Lastly, it wouldn't be a complete list of issues without a pumped storage bill. Assembly Member Eggman has introduced AB 2255 as a placeholder for this issue. The introduced language makes nonsubstantive changes to the law but as soon as it is amended we will bring this to the Board's attention.

We are reviewing over 100 bills and will have a list of recommendations to the Board to either support or oppose the legislation in the coming weeks.



## 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 Board of Directors

**From:** Carolyn Glanton, Programs Manager

**Issue:** 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:** March 5, 2020

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### **Recommendation:**

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.

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. The proposed term of the contract is through December 31, 2020, for an amount not to exceed \$100,000.

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.

**Community Advisory Committee Review:**

The Committee recommends the Board approve the use of \$650,000 from the Programs budget for SCP Residential Battery Self-Generation Incentive Program (SGIP).

The Committee recommends the Board 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.

**Attachments:**

Attachment A - Draft Scope of Work

Attachment B - Draft Fee Schedule



## **Exhibit A**

### **Draft 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**  
**Draft 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**  
**Draft 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.

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## **Staff Report - Item 05**

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Geof Syphers, CEO  
**Issue:** Presentation on PG&E Generator Proposal and Letter of Support for Ft. Bragg Microgrid  
**Date:** March 5, 2020

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### **Requested Board Action:**

Receive a presentation on Fort Bragg's proposed solar and battery microgrid and approve a letter of support.

### **Background**

See attached slides.

### **Fiscal Impacts**

The successful construction of the Fort Bragg microgrid would reduce SCP's sales by the volume of energy the 2 MW facility produces. It would also proportionately decrease SCP's energy expenditures, so the net cost to SCP would be small and was not further studied.

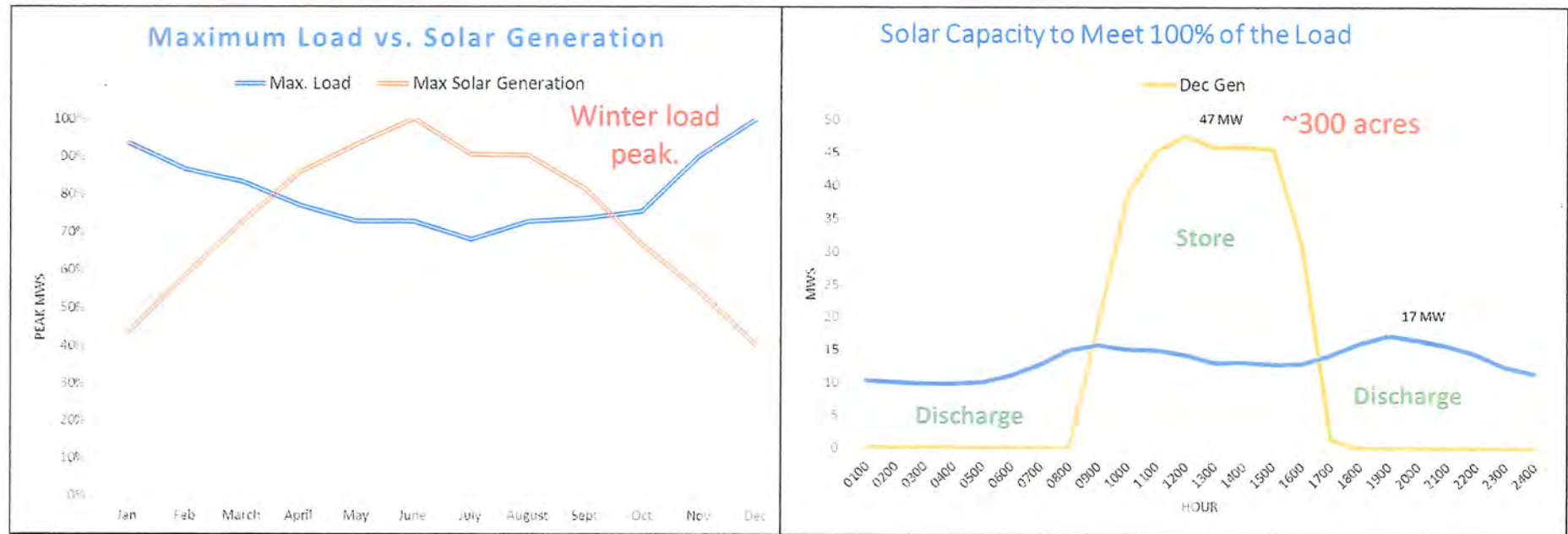
## Overview of the *Fort Bragg Critical Loads Microgrid Project*

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- The five-day PSPS had a significant financial and health impact on our coastal community.
- The *Fort Bragg Critical Loads Microgrid Project* is our community's response to mitigate the impact of future PSPS.
- We submitted a proposal in response to PG&E's 2019 System Reliability RFO – Distributed Generation Enabled Microgrid Services ("DGEMS") Phase.
- Project Basics:
  - ❖ Microgrid will serve the critical loads of Fort Bragg
  - ❖ Solar + Storage technology supplied by NEXTracker
  - ❖ Land made available by Mendocino Coast District Hospital (MCDH), Mendocino County and the City of Fort Bragg
  - ❖ Under the terms of the RFO, PG&E would own the generation resource, lease the property, and be responsible for the interconnection and permitting if the Project is accepted.

## Two Problems with the Bid Requirements.

#1: Microgrid must meet 100% of the load, which is 17 MWs.



2/21/2020



## Two Problems with the Bid Requirements.

#2: Generation must be located on PG&E property.

Substation	Peak Load (MW)	Land Info (Sq ft.)	
		Potential Land/Site Identified	Outside Substation Fence
SAN RAFAEL	69.9	Y	8,600
BRUNSWICK	60.3	Y	14,430
ALTO	31.8	Y	28,000
MOLINO	33.8	N	
HIGHWAY	50.0	Y	54,400
LAS GALLINAS A	33.4	N	
IGNACIO	30.5	Y	684,000
GREENBRAE	23.5	Y	
CALISTOGA	15.2	Y	84,000
FORT BRAGG A	13.8	Y	15,000
JESSUP	20.8	Y	45,000
WILLITS	15.2	Y	
CARQUINEZ	11.9	Y	22,800
HIGHLANDS	24.7	Y	30,000
WINDSOR	22.3	Y	20,000
MIDDLETOWN	15.5	Y	
MIRABEL	12.6	N	
UKIAH	17.5	Y	31,571
SALT SPRINGS	4.9	N	
KONOCTI	14.5	Y	

1/3 of an acre



## Our Goal:

### Develop a Much Smaller Microgrid That Serves Critical Loads

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• Mendocino Coast District Hospital	300 kW at peak
• Fort Bragg Water Treatment facility	tbd
• Police and Fire buildings	tbd
• PG&E substation – cell tower	<u>tbd</u>
<b>Estimate of Peak Critical Loads (Dec.)</b>	<b>600 kW</b>
<b>Estimate of Solar Capacity Needed</b>	<b>1,500 kW</b>

**Note: this amount of solar capacity can serve much higher loads during the fire season because there are more irradiance and longer days.**

*A bonus for us: There is an existing “Express Circuit” that can be configured from the existing distribution network during a PSPS or other equivalent events.*



## Space for a 1,500 – 2,000 kW of Solar + Storage Capacity



2/21/2020



## **DRAFT Letter of Support for Fort Bragg Critical Load Microgrid Proposal**

The Sonoma Clean Power Authority (SCPA) serves the majority of load in Mendocino County, which includes four of the substations identified by PG&E in its December RFO as candidates for Distributed Generation-Enable Microgrid Services. Several of these substations include critical infrastructure such as hospitals, fire stations, law enforcement, water treatment, cell phone towers and other critical facilities.

One of the four substations is in Fort Bragg, the largest population center on the Mendocino Coast and the location of many essential services for that region. It also has a substantial population of seniors and economically disadvantaged residents who have been adversely affected by the Public Safety Power Shutoffs (PSPS). Indeed, power was out in October 2019 for roughly five days, with major negative consequences for the local economy and its citizens.

Fort Bragg has submitted a proposal for a microgrid using co-located solar and storage resources which would use an "express circuit" that already exists to provide power to critical facilities, including the Police Department, the Fire Department, the Mendocino Coast District Hospital, the Water Treatment Plant, the PG&E substation, and a cell tower. The proposal has the support of the two county supervisors in the area, the Mayor and City Manager of Fort Bragg, and the Mendocino Coast District Hospital. Indeed, the Hospital, the City and the County have all agreed to provide land to be used to host the proposed solar and storage resources to power the microgrid.

The project clearly has substantial local support, and creatively solves the most pressing PSPS risks while using clean power technologies and avoiding the long-term use of diesel or other fossil fuel systems. Importantly, the proposed microgrid serves the critical needs as identified by Fort Bragg itself. It also uses resources that align with the State's loading order and SCPA's adopted Policy Governing Microgrid Resources.

Although it does not meet PG&E's stated goals for (a) being located entirely within the substation footprint, and (b) powering the substation's entire peak load, it can



provide essential services during a PSPS. The project can also be expanded over time as land is committed for solar installations to serve more load. The project also meets the local desire, consistent with SCPA's own policy goals, to minimize greenhouse gas emissions. Given the delays in PG&E's response to the RFO, it may be impossible to make this project fully operational by September 2020, but the proposal should be implemented in parallel with any short-term interim solution using fossil resources that PG&E may be planning (noting there is no natural gas in the area). The solar plus storage solution should be rolled out as quickly as possible. SCPA supports this local effort to meet local needs and help all the citizens of the area. We believe that it provides an example that can be copied by other communities facing similar challenges.

/s/ SCPA Chair on behalf of the SCPA Board



## **Staff Report - Item 06**

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

**From:** Geof Syphers, CEO  
Rebecca Simonson, Power Services Manager  
Ryan Tracey, Energy Analyst

**Issue:** Receive Presentation on the Feasibility of Service to Lake County and Provide Direction

**Date:** March 5, 2020

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### **Requested Board Action:**

Receive a staff presentation of SCP's technical study on the feasibility of expanding SCP's service territory to include Lake County and provide direction as appropriate.

### **Background**

On May 20, 2019, SCP received a request from the County of Lake to consider offering service to the County and its incorporated cities. The SCP Board asked staff to begin studying this option at the June 6, 2019 board meeting. Staff then began requesting data from PG&E and started the feasibility analysis in November 2019, after receiving all of Lake County's electric usage history. The results of the analysis were shared with Lake County staff in February for feedback, and is now presented as an attachment to this item.

### **Discussion**

The results and options are presented in the attached feasibility study.

## **Fiscal Impacts**

Staff recommend against extending an offer for service to Lake County at this time due to a disproportionately high PCIA for new territories and the fact that this makes rates significantly higher. The alternative actions proposed in the feasibility report to support Lake County are expected to cost less than \$50,000 for the next year.

## **Attachments**

SCP Lake County Service Feasibility Study

# SCP Lake County Service Feasibility Study

February 25, 2020

## 1 Recommendation

Staff recommends against providing service to Lake County at this time due to an inability to provide competitive rates.

The addition of Lake County to SCP's service territory has a relatively minor impact on SCP's direct costs on a unit basis. In fact, that impact is slightly favorable due to spreading out SCP's existing higher-priced renewable contract costs from 2014 over a larger volume of sales. However, because Lake County would be launched with a PCIA vintage rate that is far higher than SCP's existing customer base, there is a large effective cost to SCP customers to maintain competitive rates for Lake County. In order to provide the same generation rates across SCP territory and Lake County while maintaining competitive rates for Lake County, SCP would take a financial hit of approximately \$33 million per year. This is not feasible with SCP's costs to serve. In order to provide service to Lake County, SCP would either need to 1) implement differential generation rates to Lake County customers that would be less than SCP's current customer rates resulting in \$4 million of annual revenue deficit or 2) serve Lake County residents with the same rates as SCP customers, imposing 5-8% higher bills for Lake County than throughout the rest of SCP's territory. These annual figures are expected to remain in that range at least through 2026, and then begin to drop. Protecting SCP's existing customers from this cost with higher total rates in Lake County would make SCP uncompetitive there.

Since SCP clearly wishes to aid a neighboring county, staff propose the following actions in lieu of making an offer for service at this time:

- SCP advocacy at the CPUC and in Sacramento arguing for more equitable treatment of regions with limited industrial and commercial customers, and with greater access to CCA service and clean power, using Lake County as a prime example;
- SCP advocacy at the CPUC and in Sacramento arguing for a PCIA buyout or more appropriate long-term planning process for PCIA;
- A re-check and report from staff to the Board of Directors to test whether this situation changes with significant new CPUC rulings and market conditions;
- Continued dialog between SCP staff and Lake County staff about renewable energy development opportunities and other areas of potential collaboration, even potentially without providing service to the region;
- SCP advocacy for Lake County to be formally recognized as containing a Disadvantaged Community or other status valuable for obtaining state funding.

Should the Board decide to proceed with service to Lake County anyway, SCP would need to have a final vote extending a formal offer of service by July 2020 in order to begin service in June 2022.

The following table summarizes the analysis of SCP extending service to Lake County against the criteria established in the Board Adopted General Policy D.4 New Customer Communities.

Policy Criteria	Policy Criteria	Discussion	Pass/ Fail
1	Proximity to current territory	Lake County is adjacent to both Sonoma & Mendocino County, though long, winding roads may make it difficult to access during inclement weather or night-time hours.	Pass
2	Adherence to JPA	Pending each Lake County and incorporated city jurisdiction vote	TBD
3a	Decreases GHG emissions	SCP has provided 48% GHG savings from PG&E since inception. CCA is the most effective way of decreasing GHG emissions. The difference in power portfolio emissions is narrowing, but SCP is leading decarbonization of buildings and transportation.	Pass
3b	Does not impose additional costs or financial risk	Increases costs to existing SCP customers by approximately \$4 million per year by implementing preferred lower rates for Lake County, or must charge rates that would result in 5-8% higher total bills in Lake County than the rest of SCP's territory.	Fail
3c	Promotes renewable energy & energy efficiency	SCP could promote more renewable energy procurement and energy efficiency programs with the addition of Lake County.	Pass
4	Aligns with politics & public interest	SCP Board of Directors to advise on this item.	TBD
5	Increases regulatory/ legislative voice	With more customers and a more economically diverse customer base, SCP's voice is likely to be heard more.	Pass
6	Maintains autonomy to serve community interest	A larger program generally increases the challenge of understanding local needs and meeting them. The first indication would require each jurisdiction's vote to be included in the program and the final outcome would only become evident with their subsequent representation on the Board.	TBD
7	Does not negatively impact quality of service or create operational risk	PCIA impacts mean that Lake County residents could be faced with increased total bills, increasing the likelihood of opt-outs, unsatisfied customers, and potentially risking SCP's mission to cut greenhouse gas emissions due to lower participation.	Fail



## 1.1 Lake County at a Glance

- Population 64,382
- Two incorporated cities: Clearlake and Lakeport.
- Weather is generally colder in winter and warmer in summer compared with SCP's existing territory.
- Higher average elevations with peaks up to 7,059 ft.
- Electric customer load is predominantly residential.
- Power generation with solar and batteries may be more welcome and cost effective than in SCP's current territory.
- Includes a majority of the Geysers geothermal complex.
- Has no designated "Disadvantaged Communities" despite having a Median household income of \$40,446 and double the households on the low-income CARE rate as compared with SCP. NOTE: this may present a further opportunity for political advocacy.

## 1.2 Concerns with Extending Service at this Time

- The primary concern is that the high cost of late vintage PCIA fees makes it very likely that total rates (generation + PCIA + delivery rates) to Lake County would have to be significantly higher than PG&E's rates for at least five years. Given that SCP's existing customers are facing increases in PCIA that could bring rates to 4-5% over PG&E, it is likely that Lake County's rates would have to be between 8% and 13% higher than PG&E.
- Lesser concerns include:
  - Serving Lake County could impair SCP's credit, as Moody's has identified average household income as the primary element in a CCA credit rating. While a consideration, this should not be the primary determining factor, since SCP is capable of operating without an official credit rating.
  - Uncertainty over the amount and type of generation resources the CPUC will assign to SCP from PG&E's portfolio would be increased. This factor alone is not determining either, but introduces some additional risk related to an inability to forecast those volumes accurately in advance.

## 2 Background

### 2.1 SCP's purpose and policy on expansion

When considering expansion to service a new territory, SCP must keep our guiding documents at the forefront of decision-making.

SCP is governed by its Third Amended and restated Joint Powers Agreement (JPA) Relating to and Creating the Sonoma Clean Power Authority, which lists the purposes of SCP as:

- a. Reducing greenhouse gas emissions in Sonoma County and neighboring regions;
- b. Providing electric power and other forms of energy to customers at a competitive cost;
- c. Carrying out programs to reduce total energy consumption;
- d. Stimulating and sustaining the local economy, including by developing or promoting local distributed energy resources; and
- e. Promoting long-term electric rate stability, energy security, reliability, and resilience

The Board has been providing actions in response to requests for service from Lake County since the summer of 2015. Protecting current customers has always been stated as a high priority. At the December 3, 2015 Board Meeting Administrative and General Policy D.4 New Customer Communities was formally adopted and is provided as Exhibit A. The policy requires the following 7 criteria be met to serve a new community:

1. The community is relatively close to existing SCPA service territory, so that regular meeting attendance and community engagement is practical.
2. The community agrees to abide by the SCPA Joint Powers Agreement, all existing SCPA adopted policies, and any conditions of service proscribed by SCPA's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the SCP program, with governance representation determined by the existing SCPA Board of Directors.
3. The SCPA Board of Directors finds that service to the new region:
  - a. will decrease greenhouse gas emissions;
  - b. will not increase costs or financial risks to existing SCP customers;
  - c. will be consistent with SCPA's purposes of promoting renewable energy, energy efficiency and conservation
4. There should be significant political and public alignment of values between existing and proposed participants, so that fundamental conflicts over key underlying issues are less likely. This would be important, for example, in determining the balance of environmental and economic goals.
5. The addition of the new community is likely to increase the voice of SCPA in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and other relevant venues.
6. The addition of the new community will not harm SCPA's autonomy over its portfolio of power sources, customer programs, and its ability to serve local, community interests.
7. The addition of the new community will not harm the quality of service to existing SCPA customers and will not give rise to operational risks that could significantly harm SCPA's existing functions.

Most recently, the Board provided action at the June 6, 2019 Board meeting for Staff to pursue the feasibility of expansion to Lake County. The Board also adopted new contract goals for CEO Syphers at the October 3, 2019 Board meeting that included the completion of a “feasibility analysis of the costs and benefits of providing service to Lake County, and provide briefings of the results to both the SCP Board and to Lake County’s Board of Supervisors and the incorporated cities of Lakeport and Clearlake.”

## 2.2 Lake County Interest

Lake County adopted an ordinance in 2015 allowing the operation of a community choice program. During the formation of SCP and throughout the first year of service, SCP was regularly asked about whether the agency would consider expansion to serve other regions. Lake County showed strong interest at this time and was weighing the option of engaging with a for-profit CCA provider, California Clean Power.

At the request of Lake County, a feasibility study began in September 2015 and Staff provided a preliminary study to the Board in December 2015.

Lake County then issued an RFO in 2016 for CCA electricity generation services for a five-year agreement for a comprehensive service provider to design, initiate and operate a Lake County CCA. SCP formally responded on March 1, 2016 that SCP was not prepared to provide those services for Lake County, however SCP recommended initiating a dialogue on how Lake County could be aided by SCP or served by SCP in the future. Lake County shortly thereafter suspended the exploration of CCA options.

In May 2019, a request from the County Administrator for Lake County, Carol Huchingson, indicated the County’s renewed interest in joining Sonoma Clean Power. Staff began a dialog with Lake County Staff in July 2019. Subsequently staff initiated a feasibility study in September 2019 to explore service to Lake County by requesting load and demand data from PG&E. This load data forms the basis of SCP’s following feasibility study.

## 2.3 Timeline

The timeline for launching service to a new geographic territory is now about 15 to 16 months longer than it was when Mendocino County joined SCP. CPUC rule E-907 now requires a one-year noticing period and a required extended procurement cycle for Resource Adequacy. These factors put the earliest start of service at the beginning of the summer rate season in 2022.

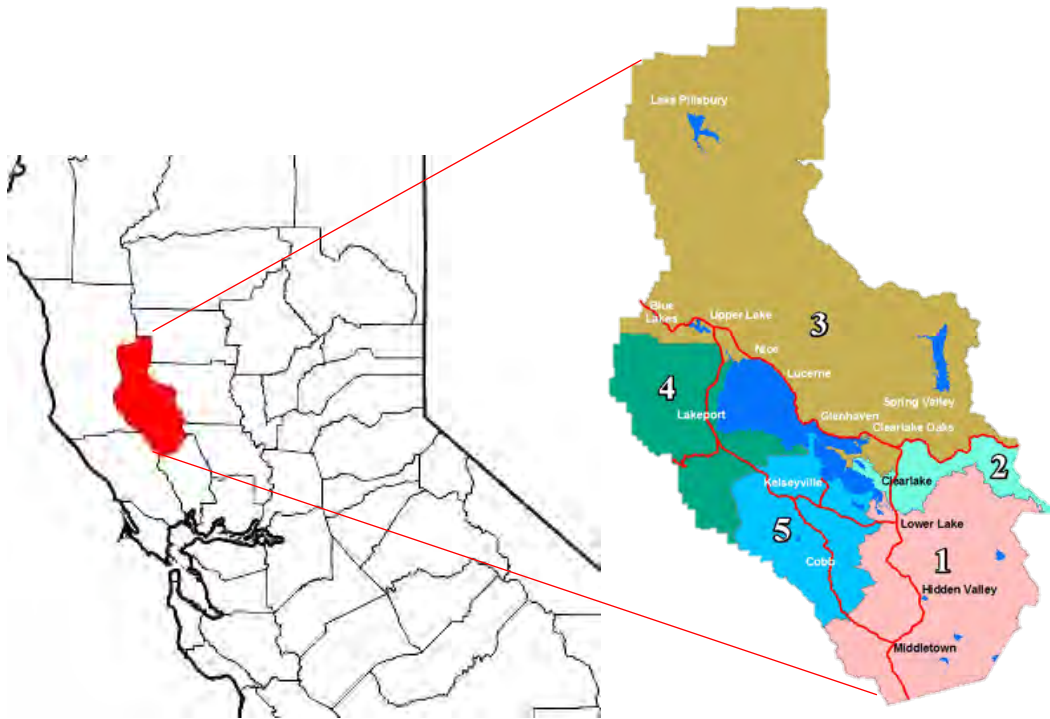
If SCP’s Board chooses to extend service, it is important that an updated Implementation Plan be completed and filed with the CPUC before the end of 2020 to begin service in 2022. This timeline also depends on the passage of all Lake County ordinances by October 2020.

# 3 Discussion

## 3.1 Lake County geography and subdivisions

Lake County is geographically located to the east of Sonoma and Mendocino Counties as shown in red in Figure 1 below. Figure 1 also shows the district subdivisions of the county. Lake County has 2 incorporated cities (Clearlake and Lakeport) and 5 unincorporated districts.

Figure 1: Lake County location and county districts



## 3.2 Lake County demographics

Table 1 shows US census data for Lake County compared to SCP's existing customer base.

Table 1: US census data

	Sonoma	Mendocino	Lake
Population (ex Healdsburg & Ukiah)	487,838	71,429	64,382
Housing Units (ex Healdsburg & Ukiah)	205,225	40,926	34,745
Home Ownership Rate (%)	60.3%	59.2%	65.9%
Median Household Income (\$/yr)	\$71,769	\$46,528	\$40,446
Per Capita Income (\$/pers/yr)	\$37,767	\$27,093	\$23,345
Persons below Poverty level (%)	9.3%	16.3%	20.2%
Land Area (sq mi)	1,571	3,502	1,257
Persons/sq mi	310.5	20.4	51.5
Climate zones	1 & 2	1, 2 & 16	2

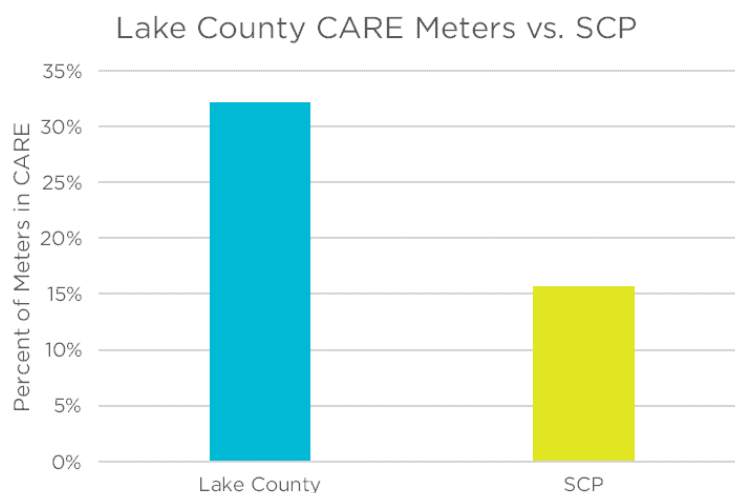
### 3.2.1 California Alternative Rates for Energy & Family Electric Rate Assistance (CARE/FERA)

CARE rates provide a 30-35% discount on total electricity charges and FERA rates provide a 12% discount. All discounts are applied to the delivery portion of the bill, meaning that all SCP customers

receive the same discount and bundled PG&E customers. Customers that are eligible for CARE rates are low-income customers that must demonstrate a household income less than California determined income limits. They may also be eligible if they demonstrate they are enrolled in public assistance programs. Customers that exceed the income limits for CARE rates, may be eligible for FERA rates if they demonstrate they are below a determined percentage of Federal Poverty Guidelines.

Lake County has over twice the rate of CARE customer accounts as SCP (note that FERA data is not available for Lake County, but for reference only 0.3% of SCP customer accounts are FERA). Figure 2 shows that over 30% of total Lake County customers are on a CARE rate compare to approximately 15% for SCP.

Figure 2: Percent of CARE meters



### 3.3 Lake County Electricity Load

#### 3.3.1 Annual load

Lake County's total electricity usage is approximately 17% of SCP's current load assuming a 100% participation rate and excluding customers receiving electricity from 3<sup>rd</sup> party Electricity Service Providers.

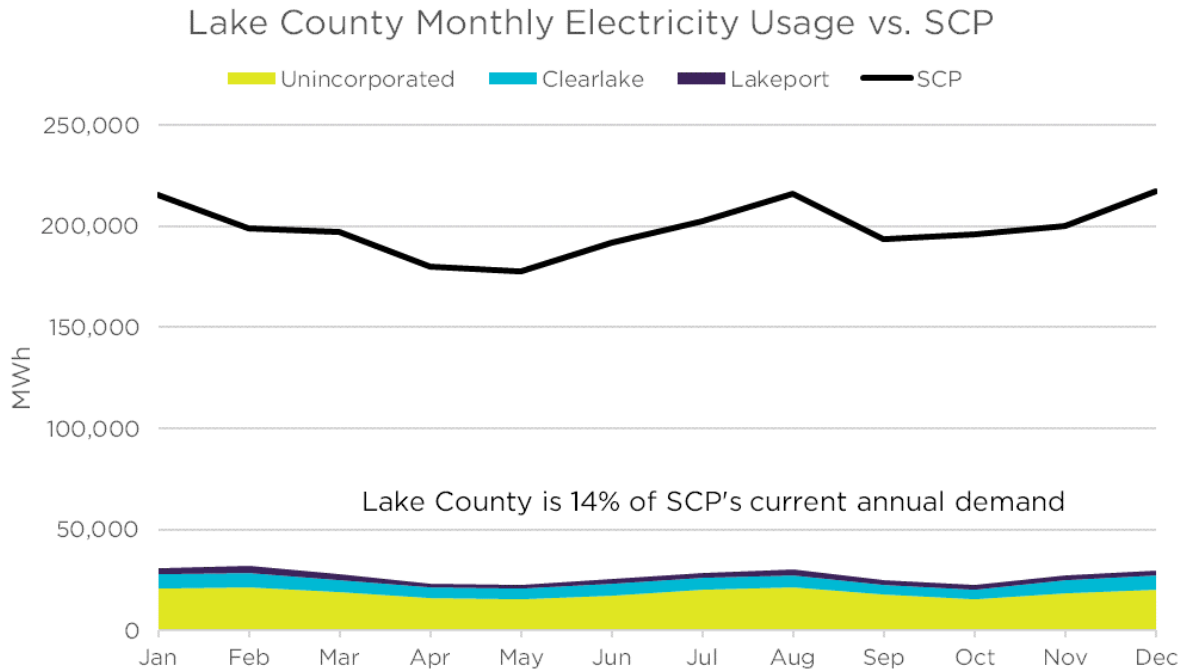
Although the total potential Lake County load could be 17% of SCP current load, SCP's feasibility analysis assumes participation rates on par with the current Mendocino County rates to establish a reasonable anticipated percentage of load. The assumed participation rates for Lake County are shown in Table 2.

Table 2: Assumed Lake County Participation Rates

Participation Rates:	
Residential:	79.1%
Commercial & Industrial:	81.6%
Agricultural:	71.2%

Figure 3 shows the monthly usage profile of each of the jurisdictions in Lake County compared to SCP's current usage. This figure incorporates the participation rates shown in Table 2. Lake County would add an anticipated 14% to SCP's current electricity usage.

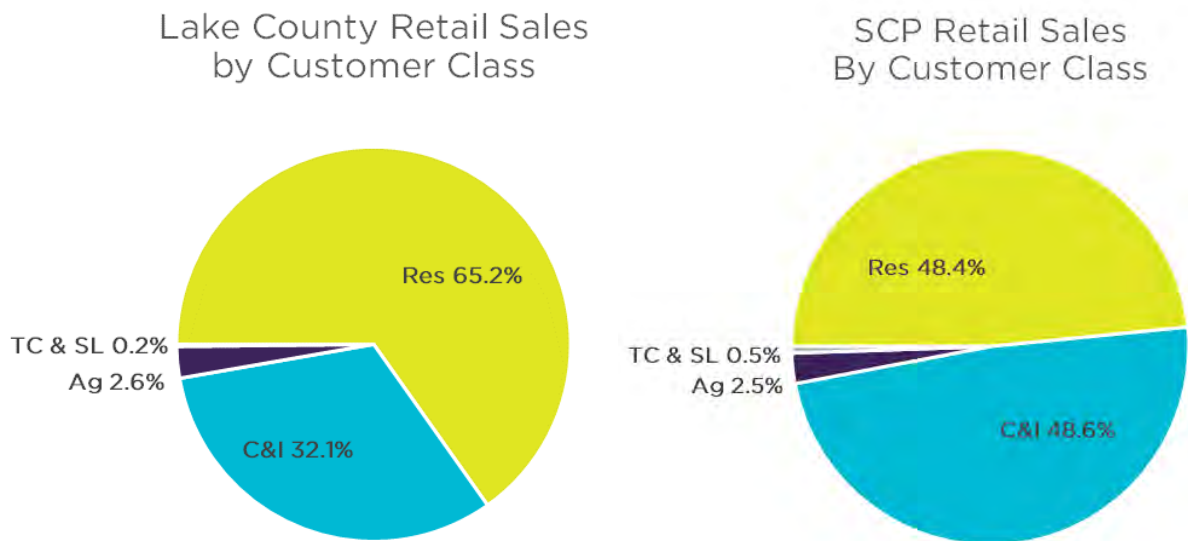
Figure 3: Anticipated Lake County Electricity Usage compared to SCP



### 3.3.2 Load per customer type

Lake County electricity use is significantly weighted towards the residential sector compared to SCP's current customer base. Figure 4 shows the electricity usage breakdown by customer type for Lake County alongside SCP's current breakdown. This shows that Lake County residential usage makes up approximately 65% of the total county usage compared to SCP's current residential load percentage of 48%.

Figure 4: Electricity Usage Breakdown by Customer Type



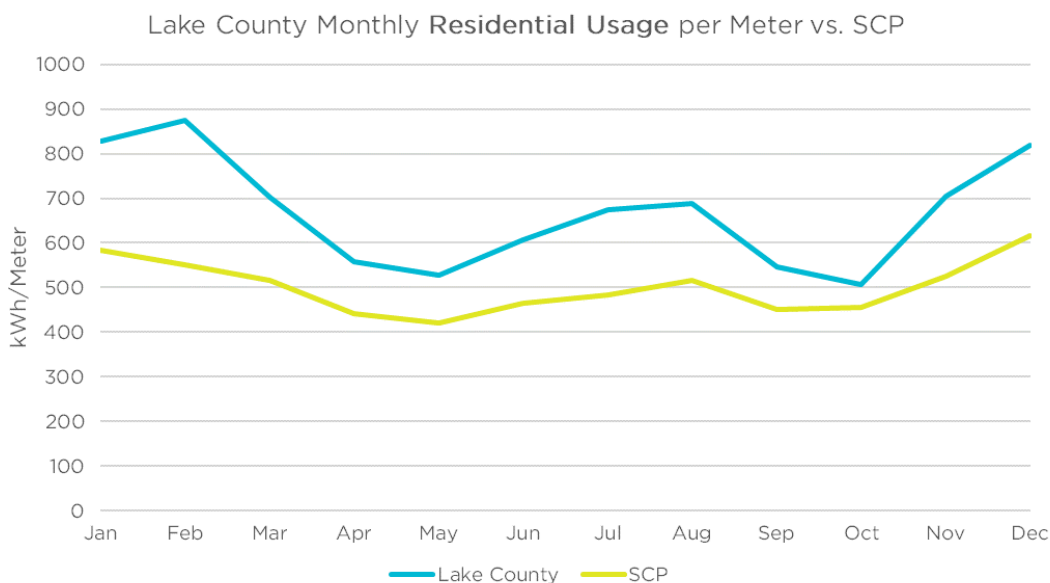
Lake County’s higher residential usage is due to; 1) a higher percentage of residential customers (87% of accounts in Lake County are residential compared to 85% for SCP), 2) a higher residential usage per meter, and 3) a lower commercial usage per meter. Table 3 shows the comparison of average monthly usage/meter for each customer type.

Table 3: Average kWh/meter by Customer Type

Customer Type	Average Monthly Usage per Meter (kWh/meter)	
	Lake County	SCP
Residential	670	502
Commercial & Industrial	2,806	3,500
Agricultural	1,381	1,688

Figure 5 shows that the average electricity use per customer account is higher than SCP’s current residential customer usage every month of the year.

Figure 5: Monthly RESIDENTIAL Electricity use per customer (kWh/meter)



Lake County’s higher residential usage per account is likely explained by the more extreme temperatures in Lake County, the higher fraction of electric heating, and the lower average level of insulation in buildings. Figure 6 shows the average temperature by month in Lake County is hotter in summer and colder in winter compared to Sonoma County likely corresponding to more air conditioning electricity use in summer and higher heating loads in winter (especially coupled with increased electric heating). Figure 7 shows that 67% of residential accounts in Lake County have electric heating sources whereas only 21% of SCP’s current residential accounts have electric heating.

Figure 6: Average Temperature by Month

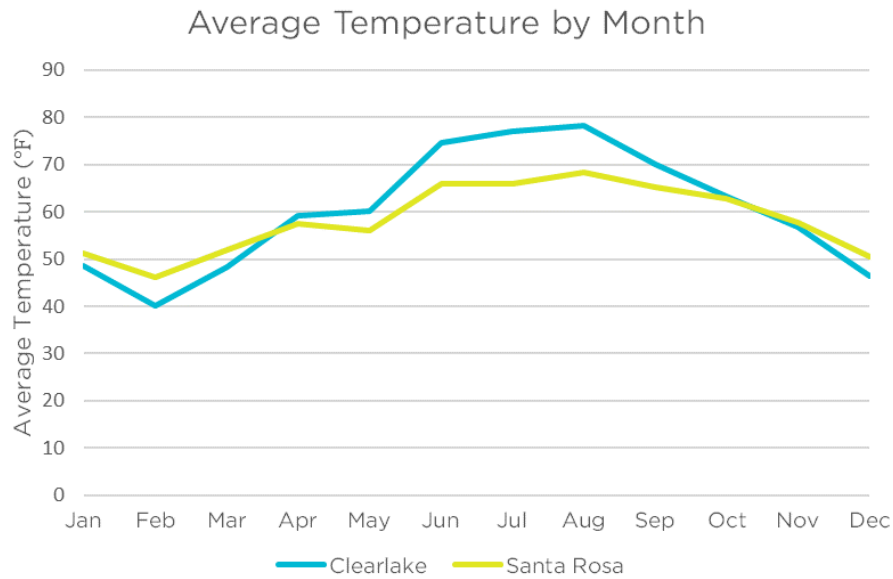
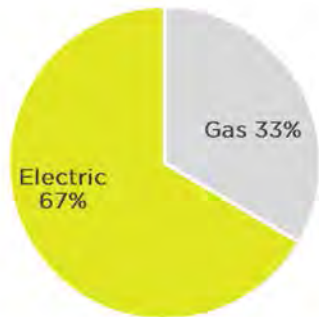
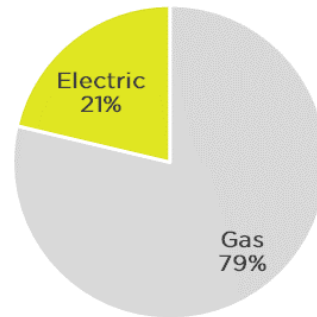


Figure 7: Residential Heating Source

Lake County Residential Customers  
by Heating Source



SCP Residential Customers  
by Heating Source



### 3.3.3 Average hourly profile

The Lake County hourly profile is similar to SCP's hourly profile (however with higher residential usage and lower commercial usage). Figure 8 shows the current SCP hourly profile, the Lake County hourly profile and the combined hourly profile for residential and commercial customers separately. Figure 9 shows the combined total customer electricity usage profiles. The result of the increased residential electricity use and decreased commercial electricity use results in essentially the same overall hourly electricity usage profile on a per customer basis.



Figure 8: Average weekday hourly electricity usage per customer- RESIDENTIAL & COMMERCIAL

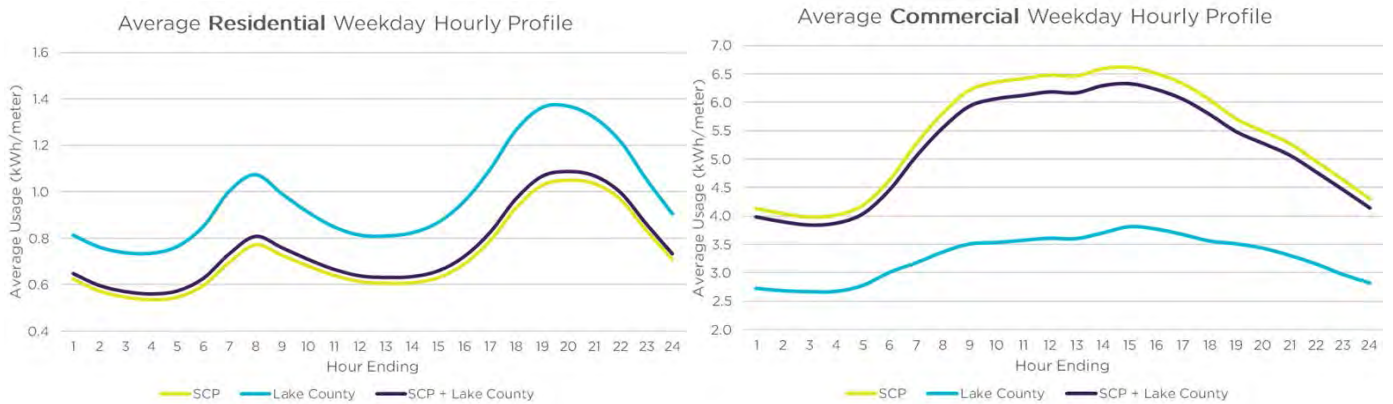


Figure 9: Average weekday hourly electricity usage per customer- ALL CUSTOMERS

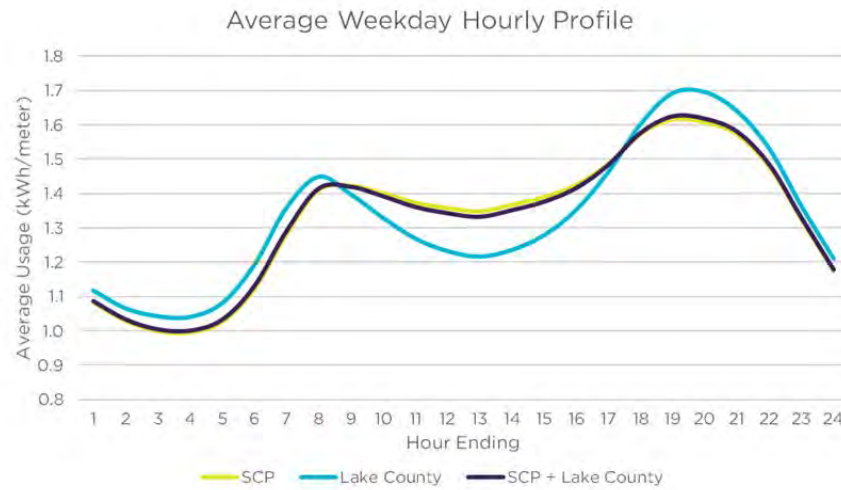
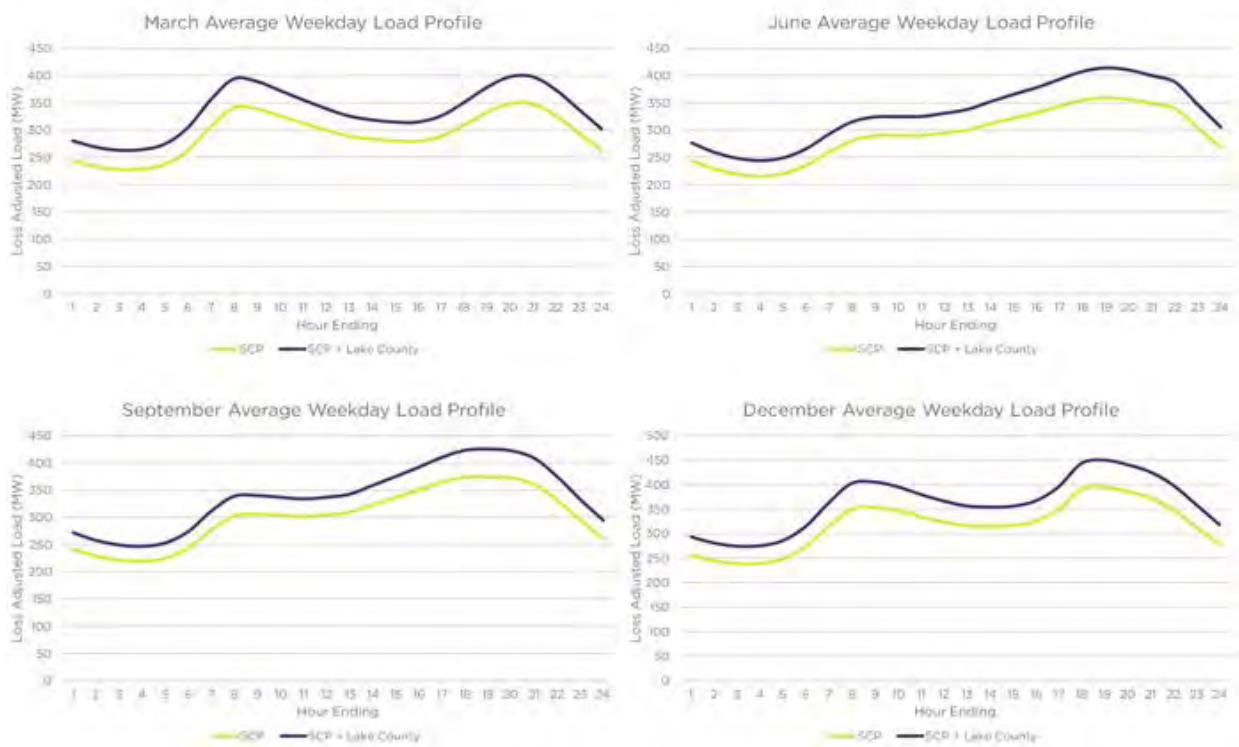


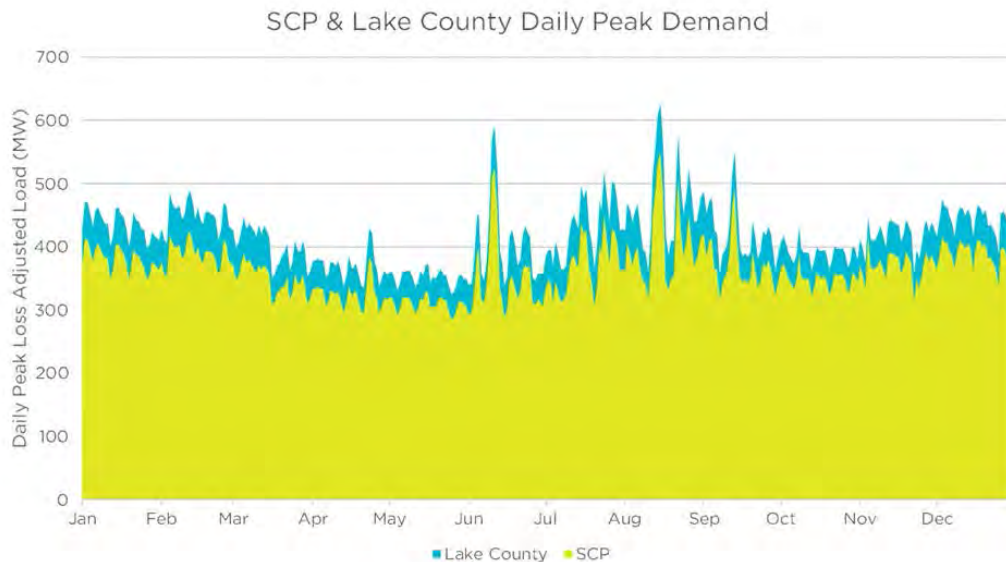
Figure 10 shows the seasonal hourly electricity use profile for all SCP customers and the profile result of adding Lake County. This figure shows the aggregate electricity use while the previous figures showed electricity use per customer. The addition of Lake County increases electricity use, however the overall profile shape for each season remains relatively the same.

Figure 10: Season average weekday hourly electricity use profiles



Peak demand is a measure of the highest coincident electricity demand over a period of time. Figure 11 shows the current daily peak demand (including losses) of SCP's current customer base and what would result with the addition of Lake County.

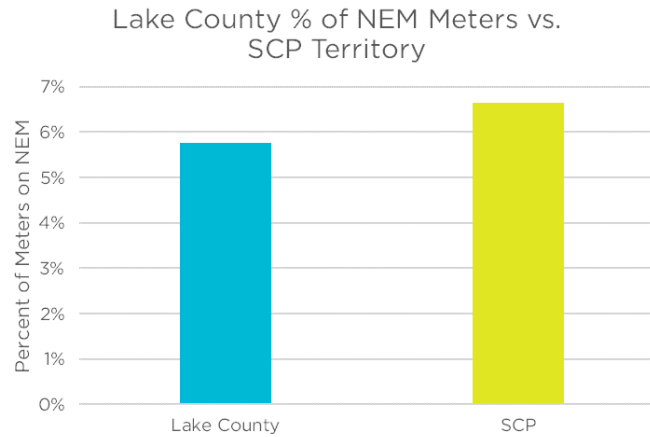
Figure 11: Daily Peak Demand



### 3.3.4 Behind the Meter Solar

Lake County has a similar percentage of meters participating in solar net energy metering (NEM) as SCP. Figure 12 shows that approximately 5.8% of Lake County meters are NEM meters compared to SCP's 6.7%

*Figure 12: Percentage of Meters that are solar NEM*



The total installed solar NEM capacity by year is shown in Figure 13 and the year on year growth trends is shown in Figure 14.

Figure 13: Installed Solar NEM Capacity by Territory

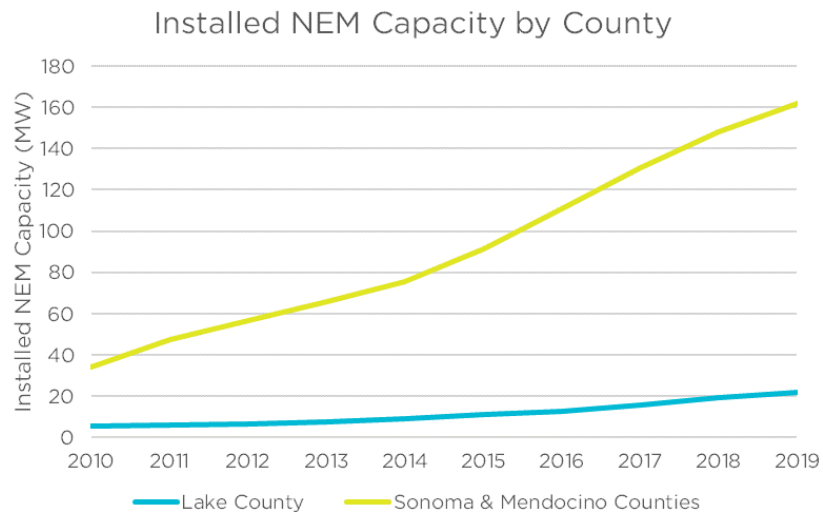
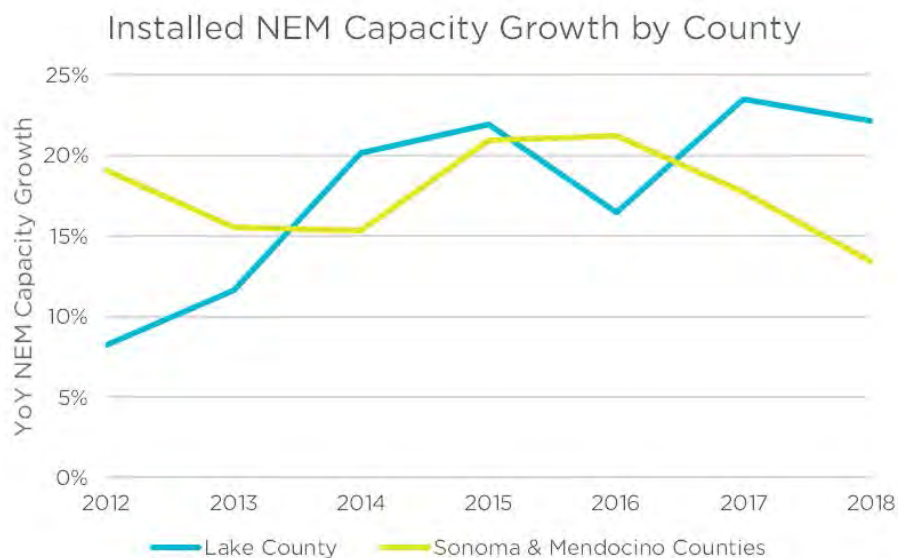


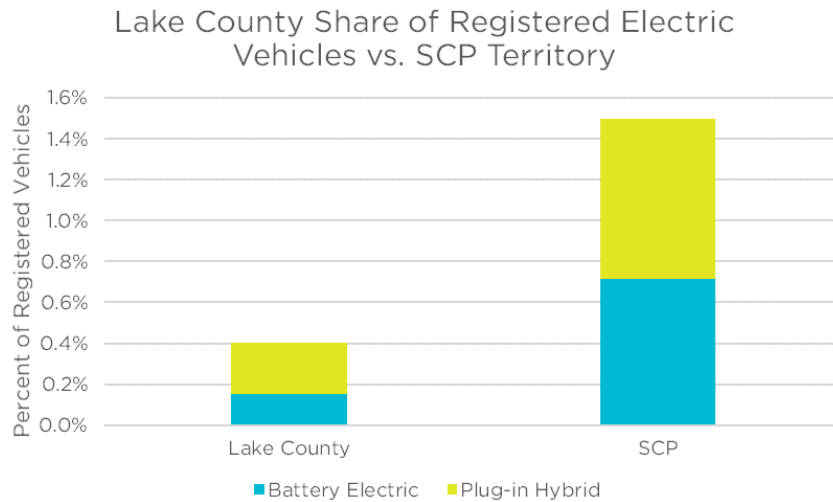
Figure 14: Installed Solar NEM Growth by Territory



### 3.3.5 EV

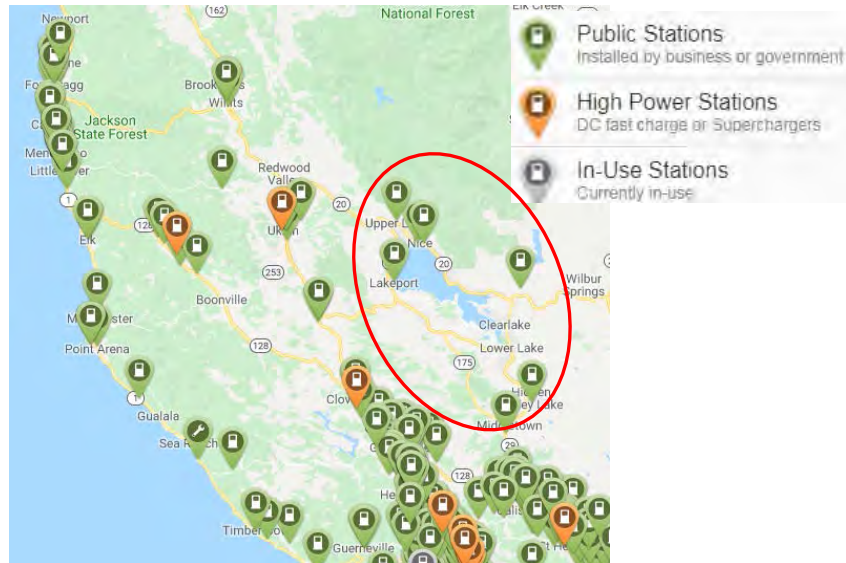
Lake County's share of registered electric vehicles (EVs) is approximately a quarter of the share of that seen in Sonoma and Mendocino counties. This data comes from the California Department of Motor Vehicles (DMV) as of October 2018. Figure 15 shows the percentage breakdown of full battery electric and plug-in hybrid vehicles registered in Lake County compared to Sonoma/Mendocino County.

Figure 15: Percentage of registered vehicles that are EVs



SCP anticipates the growth trends for electric vehicles in Lake County to remain relatively modest until there are significantly more charging stations added. The lower percentage of EVs in Lake County is likely due in part to the fact that they did not benefit from SCP's previous EV and charger incentive programs and due to the lack of infrastructure in Lake County. Figure 16 below shows the sparse location of public charging stations and no DC fast chargers or Superchargers in Lake County.

Figure 16: PluginAmerica.org Map of EV Charging Stations



SCP forecasts load growth from EVs utilizing the historical trends of EV growth. The average electric usage per EV account is shown in Table 4. Lake County has significantly higher monthly usage per customer. This is likely due to Lake County overall residential use being higher than SCP and more charging at home due to lack of public infrastructure, however there are very few accounts on the EV rate in Lake County, so a few large users will skew the overall average.

Table 4: Average monthly usage per customer on EV rate

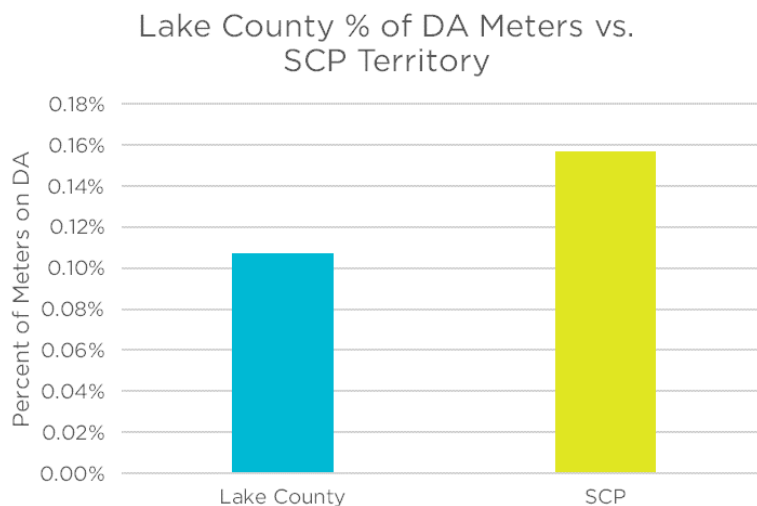
	Lake County	SCP
--	-------------	-----

Average EV Rate Usage (kWh/mo/meter)	3,576	1,996
--------------------------------------	-------	-------

### 3.3.6 Direct Access

Direct Access (DA) is electricity service that is provided from a competitive provider instead of a regulated utility like PG&E or CCA. Customers that are participating in DA are generally assumed to retain their DA status and not transition to SCP and are therefore not considered part of the potential customer base for SCP. Lake County currently has just over 0.10% of customer accounts being serviced by DA providers as shown in Figure 17. In comparison, SCP has almost 0.16% of eligible customer accounts serviced by DA.

Figure 17: Direct Access Customer Accounts



DA enrollment was previously closed, with the program being at capacity and no further accounts being eligible to partake in the service. Following the passage of SB 237, the number of DA customers is expected to increase in 2021 and again in 2022. The number of DA customer accounts is expected to remain steady beyond 2022.

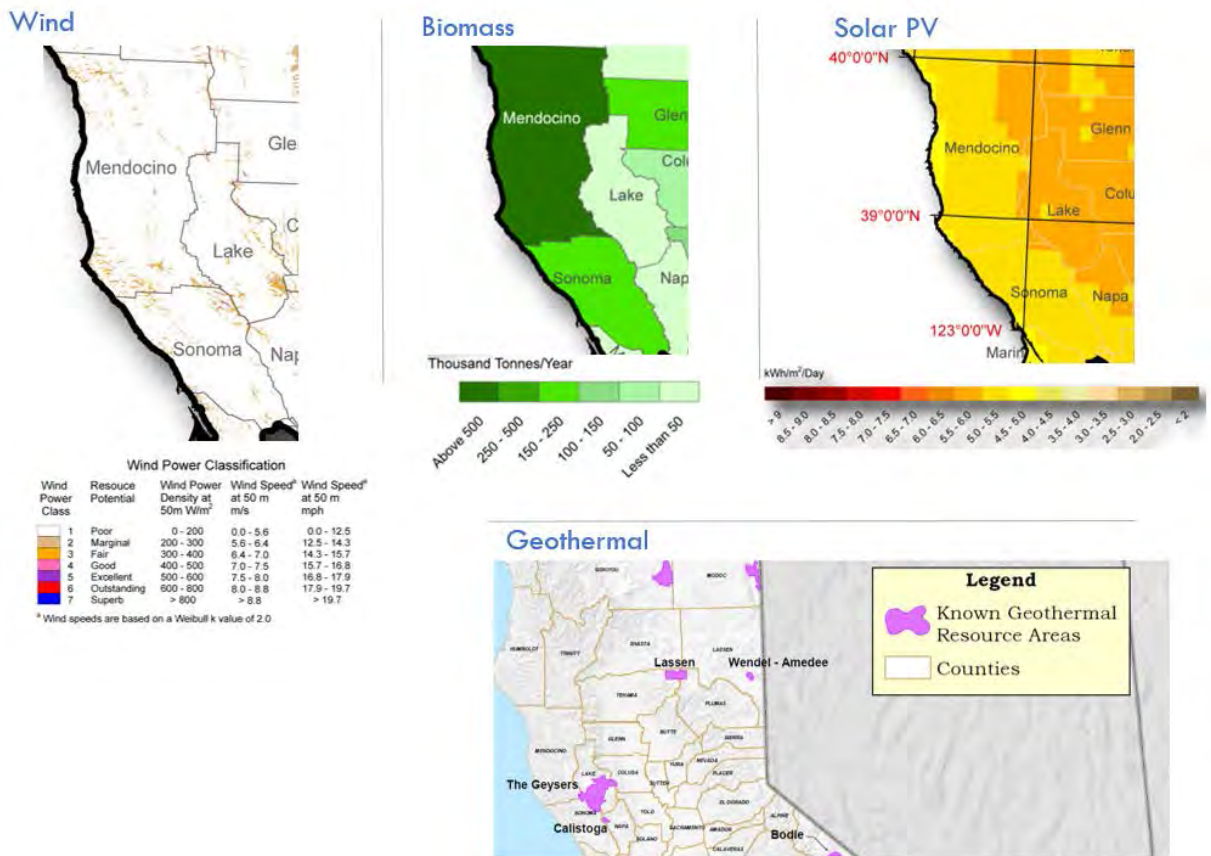
SCP does not have access to potential customers in Lake County that are partaking in the lottery enrollment for Direct Access, so cannot adequately forecast the potential loss of eligible customer load to Direct Access specifically. SCP does assume the year-on-year overall energy usage trend to mirror SCP's forecasted load.

## 3.4 Lake County resource potential

Potential for local sources of clean energy could possibly be expanded with the addition of Lake County. SCP's current EverGreen product uses 100% local (in-territory) 100% renewable power sources. Currently, EverGreen is being served as a 50/50 mix of local geothermal and six 1 MW solar feed-in-tariff projects located in Petaluma, Cloverdale, and Willits. Figure 18 shows that Lake County could be a further resource for solar, storage and geothermal. The potential for new biomass and wind power in Lake County is less significant.



Figure 18: Lake County Renewable Resource Potential



## 4 Impact to SCP's Goals

### 4.1 Renewable Portfolio Standard (RPS)

SCP must meet California's Renewable Portfolio Standard (RPS) minimum percentage of customer load to be served by qualified renewable energy facilities. Currently, SCP is approximately 6 years ahead of the 50% RPS requirement, and is committed to meeting the 60% by 2030 requirement. The addition of Lake County would require further RPS resources meet the SCP RPS goal percentages. Table 5 details the additional RPS SCP would need to add to its portfolio (either by allocation or procurement) with the addition of Lake County.

Table 5: RPS procurement goals

Year	RPS Requirement (% of MWh sales)	SCP RPS goal (% of MWh sales)	Current/Planned Procurement (MWh)	Additional needed for Lake County (MWh)
2022	38.5	50	1,189,198	94,641
2023	41.3	50	1,188,960	162,892
2024	44	50	1,188,454	162,823
2025	46.7	50	1,187,725	162,723
2026	49.3	50	1,186,770	162,592
2027	52	52.2	1,238,499	169,679
2028	54.7	54.9	1,302,586	178,459
2029	57.3	57.5	1,364,860	186,991
2030	60	60.2	1,430,149	195,936

It should also be noted that 65% of the minimum state mandated RPS requirement needs to be comprised of long-term (>10 year) contracts. The additional RPS needed for Lake County listed above would need to be comprised of at least 127,000 MWh/yr of long term contracts.

## 4.2 Greenhouse Gases (GHG)

In its adopted Integrated Resource Plan, SCP has committed to reducing greenhouse gases such that the default CleanStart product will produce no more than 75 lbCO<sub>2</sub>/MWh by 2030. To achieve this goal, SCP must add additional carbon-free resources beyond the RPS procurement goals shown in Table 5. The additional carbon-free resources needed beyond RPS goals is shown in Table 6.

Table 6: Carbon free procurement goals in addition to RPS goals

Year	GHG Goal (lb CO <sub>2</sub> /MWh)	Current/Planned Procurement (MWh)	Additional needed for Lake County (MWh)
2022	115	925,904	71,582
2023	110	938,319	124,930
2024	105	950,593	126,602
2025	100	962,535	128,248
2026	95	974,354	129,867
2027	90	934,350	124,386
2028	85	882,874	117,334
2029	80	834,098	110,651
2030	75	783,289	103,680



### 4.3 Integrated Resource Plan (IRP)

In addition to realizing annual targets, the SCP procurement strategy is to work toward aligning the hourly resource supply with the hourly customer load demand. First, SCP procures resources to closely follow the typical demand profile, next SCP endeavors to adjust the load profile through customer programs that will closer align with and react to the real-time profile of the generation sources.

Integrated Resource Planning (IRP) methodology calculates emissions based on this same premise of hourly supply and demand matching. This means that in any hour that SCP's supply resources exceed the actual load, those incremental MWh of generation above SCP's load are not counted toward the overall emissions reduction.

The current requirement is for SCP to emit no more than 0.445 MMt/yr by 2030. SCP's current IRP shows an achievement of 0.152 MMt/yr. The addition of Lake County should change this benchmark, however given SCP's internal GHG goals, the requirement should be fulfilled. The addition of Lake County maintains relatively the same current SCP hourly profile shape such that SCP's current strategy should not be significantly impacted.

## 5 Fiscal Impact

### 5.1 Rates & PCIA

CPUC Decision D.18-10-019 issued in Phase 1 of the PCIA OIR set an annual cap of 0.5 cent per kWh increase across each PCIA vintage. This cap applies to the system average PCIA rate; the cap does not apply to each individual customer class. The net result is that some customer classes may pay an increase that is more than 0.5 cent per kWh and some customer classes may pay less than the 0.5 cent per kWh increase. However, if the system average PCIA increases more than 0.5 cents per kWh, then all PCIA rates for that vintage will be capped. The cap may no longer apply, however, if the total uncollected amount reaches 10% of PG&E's total PCIA revenue requirement, at which time the PCIA could be uncapped and dramatically and quickly increase.

The key problem for any CCA serving new load in Lake County is that the cap does not apply to the first year of a vintage because there has been no previous benchmark to apply the cap to. If SCP commits to providing service to Lake prior to June 30, 2022, the 2021 vintage will be applied. The 2021 vintage PCIA rate is forecast to be initially much higher than our current customer base PCIA rates if the 2020 Energy Resource Recovery Account (ERRA) forecasts provide any indication.

PG&E's Amended Update to Prepared Testimony submitted on November 8, 2019 proposes a system average differential of 1.2 cents between the Proposed 2020 PCIA rates for vintage 2020 and vintage 2014 (2014 is SCP's vintage with the most customers and load). This represents a 37.4% increase in PCIA from the 2014 vintage to the 2020 vintage. SCP's current customers are predominantly 2014 vintage. Table 7 is an extract of the proposed 2020 PCIA rates by vintage.

*Table 7: PG&E ERRA proposed 2020 PCIA rates*

**TABLE 19-3.2  
PROPOSED 2020 PCIA RATES BY VINTAGE – CAPPED VINTAGES 2009-2019 AND UNCAPPED  
VINTAGE FOR 2020\***

2014	2015	2016	2017	2018	2019	2020
0.03372	0.03354	0.03340	0.03334	0.03336	0.03555	0.04603
0.03230	0.03213	0.03199	0.03194	0.03196	0.03406	0.04409
0.03480	0.03461	0.03447	0.03441	0.03443	0.03669	0.04750
0.03189	0.03172	0.03158	0.03153	0.03155	0.03362	0.04353
0.02688	0.02673	0.02662	0.02658	0.02660	0.02834	0.03670
0.02437	0.02423	0.02413	0.02409	0.02411	0.02569	0.03327
0.03014	0.02998	0.02985	0.02980	0.02982	0.03178	0.04114
0.02737	0.02722	0.02711	0.02706	0.02708	0.02886	0.03737
0.02949	0.02933	0.02921	0.02916	0.02918	0.03109	0.04026
0.03068	0.03051	0.03039	0.03033	0.03036	0.03235	0.04188
0.03206	0.03189	0.03175	0.03170	0.03172	0.03380	0.04405

\* 2020 PCIA Vintage Rates are not capped because there are not existing rates for this vintage and, thus, no incremental increase to cap.

If there is significant variance between the future 2021 vintage PCIA rate and SCP's current customer PCIA, SCP needs to consider the following options: 1) Implement differential generation rates to Lake County such that Lake County residents are offered a competitive total bill cost to PG&E, or 2) Implement the same generation rates to Lake County as SCP's current customer base such that Lake County residents will see higher average bills.

#### 5.1.1 Differential rates

SCP uses the 2020 vintage PCIA values listed in Table 7 as a proxy for the potential 2021 vintage PCIA rate that would be imposed upon Lake County. Because of the 37.4% increase in 2021 estimated PCIA from the 2014 vintage (SCP's current predominant vintage), differential generation rates would be necessary for Lake County total bills to be competitive with PG&E. Lake County generation rates would need to be less than SCP current customers' generation rates to account for the increase in PCIA, resulting in approximately \$4 million decreased revenue for SCP than if the generation rates were the same. Staff highlights below the positive and negative impacts of establishing differential rates for Lake County.

By establishing differential generation rates for Lake County customers, SCP would be able to provide Lake County residents with total electric bills that would be competitive with PG&E, or at least with SCP's existing customers in Sonoma and Mendocino Counties. In the ideal case, providing competitive rates that are lower than PG&E electricity rates would benefit a more economically disadvantaged set of California customers.

Conversely, establishing differential generation rates for Lake County customers would negatively impact SCP's current customer base by requiring those customers to subsidize the loss in revenue resulting from lower generation rates to Lake County. This would mean that contributions to reserves would build slower and budgets for Programs and/or other general and administrative costs would need to be decreased per customer. Setting up a completely different schedule of preferred generation rates for Lake County customers would create significant complexity in budget setting and cost planning and would introduce billing complexities that could increase the risk for billing errors. It could create confusion for customer service and any rate analysis or talking points they may need to address for customers.

Staff believe that the negative impacts of providing special lower rates for a geographic portion of SCP's territory do not meet the criteria of the Board approved policy. Specifically, differential rates do not meet criteria 3b) will not increase costs or financial risks to existing SCP customers. Therefore, it is Staff's opinion that the only acceptable option is to offer the same electric generation rates to Lake County customers as are offered to all of SCP's customers.

### 5.1.2 Same rates

Providing the same generation rates to Lake County customers as SCP current customers appears to be the only viable option under the Board Policy to not increase costs or financial risks to existing SCP customers.

There are two ways to implement equal generation rates amongst SCP and Lake County. The first would be to ensure that all customers would be provided with generation rates that result in bills that are at or below PG&E total bills. To do this, all rates would need to be set accounting for the increased 2021 vintage PCIA. Setting rates to account for the increased 2021 vintage PCIA rate instead of the 2014 vintage PCIA rate would cost SCP \$33 million per year for at least the next four years. This is not an economically feasible scenario, so this option is not considered further.

The second way to implement equal generation rates is to set rates accounting for SCP's predominant 2014 PCIA vintage class. This option would not impact contribution to reserves or budgets, and would maintain the current budget setting, planning and billing process. However, this option also has negative impacts that produce inequity amongst customers. Providing these generation rates to Lake County customers that will have significantly higher PCIA rates would result in SCP providing a default service that would create higher total electricity bills to one of the most economically disadvantaged set of California customers. The increase is estimated to be approximately 5-8% above SCP's rates for Sonoma and Mendocino Counties, depending on customer class. When taken together with rising PCIA fees for all customers, that could mean that Lake County customers would be paying between 8% and 13% more than PG&E's bundled customers at some point within the next one to two years. Not only would this negatively impact Lake County customers, but it would likely increase SCP opt-outs.

## 5.2 Customer breakdown and cost to serve

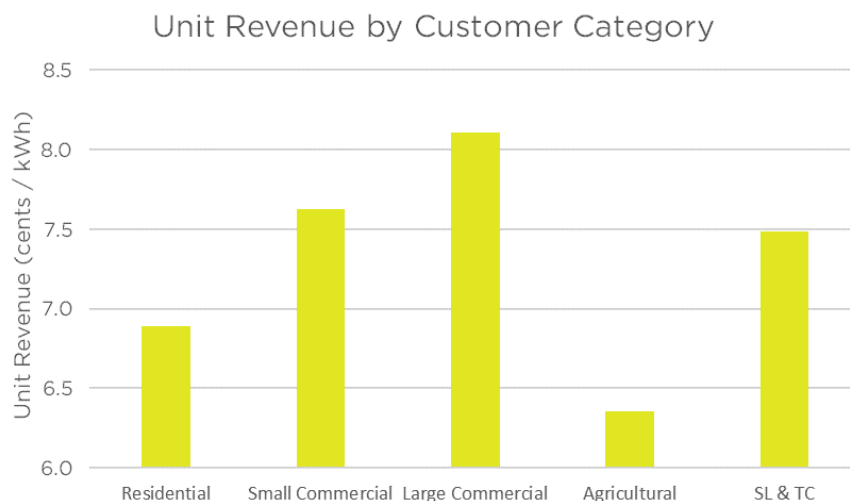
The proportion of customer types has a significant effect on the economics of providing electric service. Certain customer types bring in more revenue per unit of energy served than other customer types. The revenue received depends on the rate structure of the class of customers. Similarly, the cost to serve customers depends on the customer profile and how it aligns with wholesale hourly cost of energy. Thus, certain types of customers are more costly to serve based on their typical hourly profile.

### 5.2.1 Revenue by Customer Class

Figure 19 shows the typical revenue per unit of energy for various customer classes. Despite the planned transition to time-of-use rates, many residential customers are still on a flat rate that does not change with time of use or season of the year. In addition, residential rates do not include peak demand charges. Commercial customer rates are based on time of use and season and most have additional peak demand charges. Thus commercial customers, and in particular large commercial customers with larger peak demand, bring in more revenue per unit of energy than residential customers. Agricultural customers are also mostly on time of use rates and seasonal rates with connected load or demand charges. Agricultural customers seem to utilize energy during periods where time of use rates are significantly lower and limit use during peak periods. As such, SCP agricultural customers bring in the

lowest amount of revenue per unit of energy. Street light and Traffic Control (SL & TC) bring in a moderate level of revenue.

Figure 19: Unit Revenue (cents/kWh) of customer class

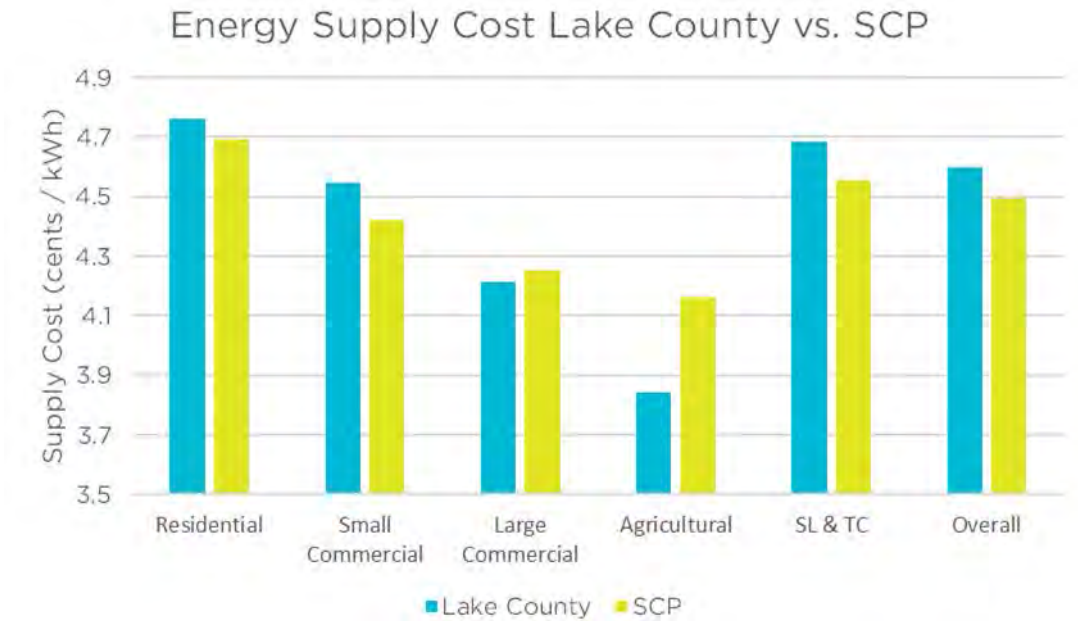


As detailed previously, the customer load of Lake County consists of significantly more residential (65% of Lake versus 48% of SCP), significantly less Commercial & Industrial (32% of Lake versus 49% of SCP) and comparable Agricultural and SL & TC. Because of the increase in percentage of residential energy use and decrease in C&I use, the overall total Lake County revenue per unit energy is less than SCP. Lake County customers would, in aggregate, yield a 2.4% decrease in revenue per customer compared to SCP's current customer base. This reality could potentially be a source of political lobbying to advocate for a more fair allocation of system costs between regions on the basis of each region's customer composition.

### 5.2.2 Load Cost per Customer Class

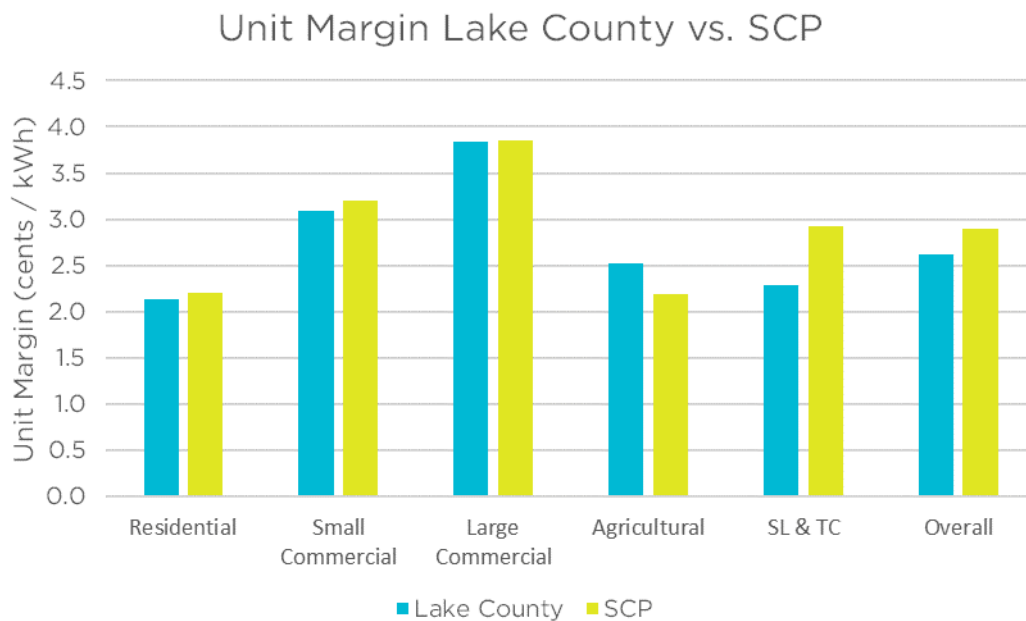
The cost to serve the load of a customer with the California Independent System Operator (CAISO) depends on the hourly profile of a customer. Load costs are determined by the Locational Marginal Price (LMP) at PG&E's Default Load Aggregation Point (DLAP) on an hourly basis. The hourly LMP changes based on market pricing of supply and demand. LMP prices tend to increase in the evening hours as load increases and solar production supply drops off. Therefore, customers that have increased evening load tend to have higher costs per unit of energy. Figure 20 below shows that Residential and Street Lighting/Traffic Control customers are the most costly customers to serve per unit of energy. Figure 20 also shows that the Lake County customer profile is more costly to serve than SCP's current customer base. This increased cost results from the lower proportion of energy use in the daytime hours where wholesale prices are low and the higher proportion of energy use in the evening hours where wholesale prices are high (see Figure 9). Lake County customers in aggregate yield a 2.3% increase in cost per unit of energy compared to SCP's current customer base. These are CAISO load costs only and do not include other associated costs to serve these customers (RPS contracts, carbon free contracts, Resource Adequacy, financial hedging, data management fees, CAISO non-load charges, etc).

Figure 20: CAISO Cost to Serve Load by Customer Class



Pairing the average revenue per customer and the average CAISO load cost per unit energy shows the average net load cost to serve each customer type. Figure 21 shows that residential customers produce the least financial margin. This is purely the load dependent costs based on customer type and does not include any other costs such as RPS and RA that are non-customer type dependent. The effect of the larger fraction of residential accounts in Lake County is apparent in the “Overall” column, showing the Unit Margin to be lower there.

Figure 21: Unit margin of Revenue vs CAISO load costs



## 5.3 Incremental procurement costs

### 5.3.1 CAISO Load

As stated previously, given the customer breakdown and profile, Lake County costs more per MWh to serve from a CAISO settled DLAP LMP perspective. The overall impact of adding Lake County increases total SCP CAISO load costs by \$0.14/MWh of customer usage.

### 5.3.2 Renewable Portfolio Standard (RPS)

The addition of Lake County spreads out existing RPS contracts such that the existing RPS Procurement costs decrease \$1.27/MWh of customer usage.

With the forecast RPS allocation of the PCIA Working Group 3, SCP is forecast to receive an allocation through 2026 that exceeds the RPS goals set by the Integrated Resources Plan.

### 5.3.3 Resource Adequacy

SCP has long term Resource Adequacy contracts for existing RPS resources. These resources were procured prior to the recent increases in Resource Adequacy obligations from new resources. Additional RA procurement comes at a significantly higher cost. As such, the addition of Lake County would increase SCP's average RA costs by \$0.35/MWh of customer usage.

### 5.3.4 Carbon Free

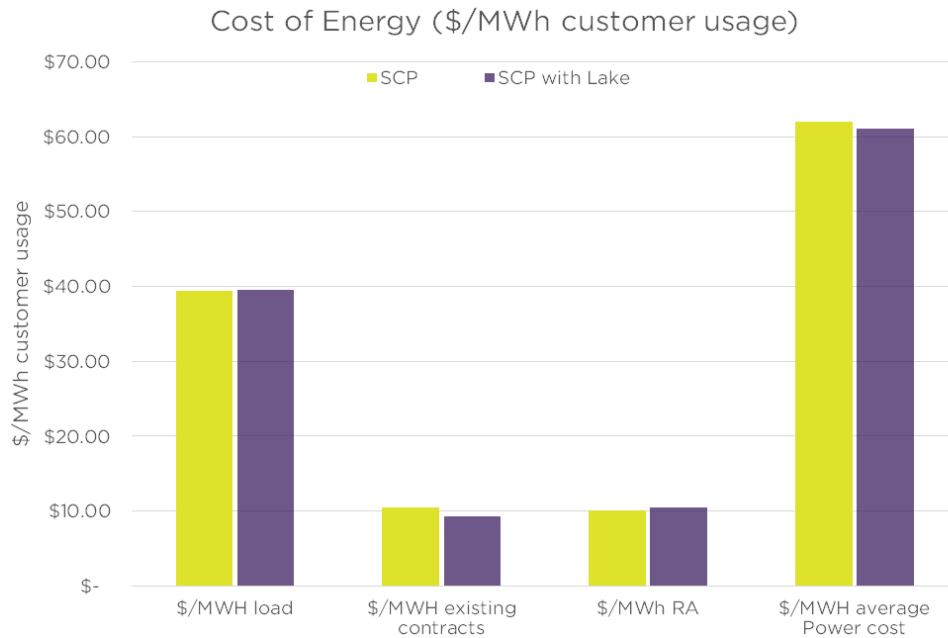
With the forecast carbon free allocation of the PCIA Working Group 3, SCP is forecast to receive an allocation through 2024 that exceeds the GHG goals set by the Integrated Resource Plan. For 2025 and beyond, SCP does not currently have carbon free resources contracted, therefore there would be no incremental \$/MWh cost or savings with the addition of Lake County.

### 5.3.5 Overall Cost of Energy

Overall costs of Energy with the addition of Lake County would decrease by \$0.77/MWh of customer usage as shown in Figure 22.

Note this is all dependent on SCP receiving forecasted PCIA RPS and carbon free allocations. If those allocations do not occur, SCP will need to procure additional RPS and carbon and the overall cost of energy decrease would only decrease by \$0.24/MWh.

Figure 22: Overall cost of Energy for SCP current and SCP with Lake



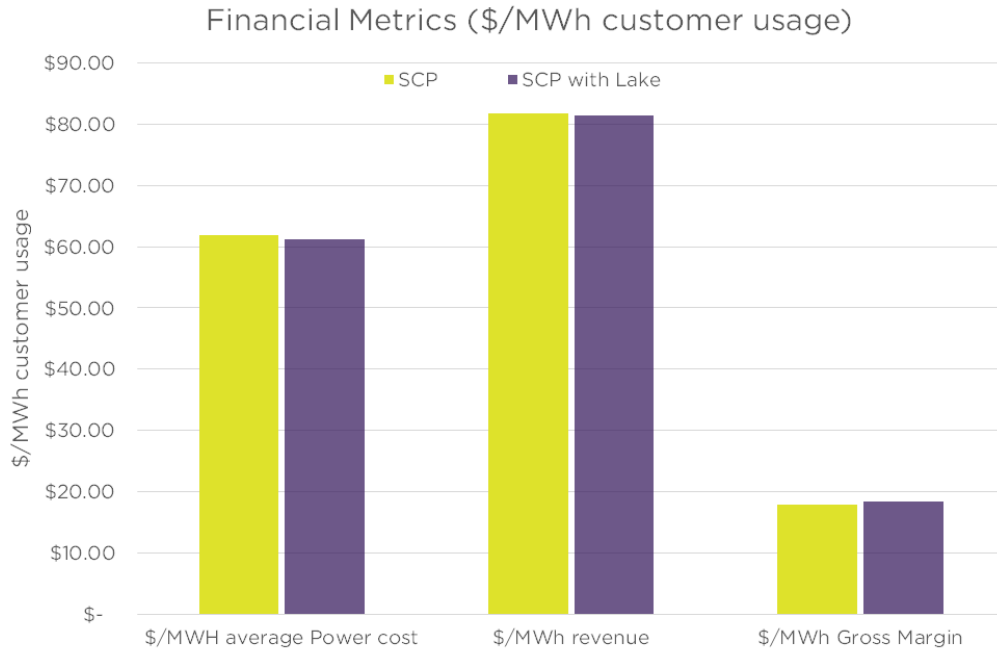
## 5.4 Gross Margin

The Gross Margin is Revenue minus Cost of Goods and Services (COGS). COGS includes the overall cost of energy and the data management and service fees that are required to serve customers. The Gross Margin excludes all other costs including contribution to reserves, staff costs, customer programs, legal fees, G&A, etc. The Gross Margin informs what can be budgeted beyond the basic fundamental costs to serve customers.

As stated previously, Lake County brings in less revenue per MWh since the county has a high fraction of residential customers. This means that in total, the addition of Lake County would decrease revenue by \$0.29/MWh. This is based on providing the same rates to Lake County customers as the current SCP customers.

Combined with decreased overall cost to serve Lake County, the net margin on a per MWh basis increases by \$0.49/MWh with the addition of Lake County to SCP's current customer base as shown in Figure 23. Note this is all dependent on SCP receiving forecasted PCIA RPS and carbon free allocations. If those allocations do not occur, SCP will need to procure additional RPS and carbon-free resources and the overall net margin on a per MWh basis would be approximately equal.

Figure 23: Gross Margin for SCP current and SCP with Lake



## 5.5 Implementation costs

While relatively minor compared with the energy cost impacts, extending service to Lake County would involve approximately \$450,000 in costs for the first year and approximately \$110,000 for each subsequent year.

- Sponsorships, dues, public meetings rentals, lunches, and workshops: \$61,000
- Media (print, digital, radio, streaming, etc) \$75,000
- Enrollment notices \$97,000
- Staff time- 300 hours for events, 750 hours for customer service, 200 hours for procurement, 200 hours for marketing and branding \$109,000
- One additional full-time staff member \$110,000 per year (incl benefits)

As was contemplated by the SCP Board when extending service to Mendocino County, a deferral of one or two years before incentive-based customer programs could help offset these start-up costs.

## 6 Attachments:

BOARD POLICY D4 – New Customer Communities



## Administrative and General Policy D.4

### New Customer Communities

Whereas, the Sonoma Clean Power Authority's (SCPA) purposes include:

- Reducing greenhouse gas emissions related to the use of power in Sonoma County and neighboring regions;
- Providing electric power and other forms of energy to customers at a competitive cost;
- Carrying out programs to reduce energy consumption;
- Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
- Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources; and

Whereas, creating opportunities for new communities to benefit from community choice aggregation programs may allow SCPA to further progress towards these purposes; and

Whereas, SCPA's default CleanStart service reduces greenhouse gas emissions when compared to the incumbent utility's default service; and

Whereas, the addition of new communities to SCPA's service territory will accelerate progress toward SCPA's and the State of California's goals on renewable energy and greenhouse gas reductions;

Therefore, in light of these considerations, it is SCPA's policy to consider providing electric service in new communities to further SCPA's goals, consistent with the criteria set forth below.

Applications to serve new communities will be considered if all of the following criteria are met:

1. The community is relatively close to existing SCPA service territory, so that regular meeting attendance and community engagement is practical.
2. The community agrees to abide by the SCPA Joint Powers Agreement, all existing SCPA adopted policies, and any conditions of service proscribed by SCPA's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the SCP program, with governance representation determined by the existing SCPA Board of Directors.
3. The SCPA Board of Directors finds that service to the new region:
  - a. will decrease greenhouse gas emissions;
  - b. will not increase costs or financial risks to existing SCP customers;
  - c. will be consistent with SCPA's purposes of promoting renewable energy, energy efficiency and conservation

4. There should be significant political and public alignment of values between existing and proposed participants, so that fundamental conflicts over key underlying issues are less likely. This would be important, for example, in determining the balance of environmental and economic goals.
5. The addition of the new community is likely to increase the voice of SCPA in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and other relevant venues.
6. The addition of the new community will not harm SCPA's autonomy over its portfolio of power sources, customer programs, and its ability to serve local, community interests.
7. The addition of the new community will not harm the quality of service to existing SCPA customers and will not give rise to operational risks that could significantly harm SCPA's existing functions.

An applicant community that initially appears to meet the above criteria may be referred by the SCPA Board of Directors to SCPA staff for a more detailed analysis of the applicability of above criteria, and any other relevant issues, following the New Customer Community Application Procedure set forth below.

### **Sonoma Clean Power**

#### **New Customer Community Application Procedure**

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| Step 1 | Governing body of applicant community submits letter to SCP requesting consideration for service.   |
| Step 2 | Staff evaluates timing of request to determine if internal resources are available to consider request, and to ensure no impact to core agency functions.   |
| Step 3 | Staff submits request to SCPA Board of Directors along with staff's initial opinion, and the Board determines whether a full analysis is warranted. If so, staff sends a letter of acknowledgement to the applicant region.   |
| Step 4 | Staff executes contract with governing body of new community to fund costs of membership analysis and other SCPA costs relating to adding community (e.g., cost of updating Implementation Plan). These costs would be deducted from program funding that normally would flow to the new territory until startup costs are reimbursed to SCPA's operating fund. Staff undertakes and completes a full analysis. |
| Step 5 | Results of membership analysis presented to governing body of new community and to SCPA Board of Directors. SCPA Board determines whether providing service to new community is consistent with Policy D-4, whether new   |

community will be offered representation on the Board, and what other conditions will apply to new service.

- Step 6 A 60-day period will be provided for SCPA Board members to request a presentation by SCPA staff before their city or town councils or county board of supervisors, and to allow adequate time for city/town and county staff to evaluate the proposed extension of service.
- Step 7 SCPA Board of Directors votes on whether to extend a formal offer for service.
- Step 8 Governing body of new community approves resolution requesting membership and ordinance authorizing community choice aggregation service through SCPA, and takes any other actions required by the SCPA Board of Directors as a condition of service.
- Step 9 SCPA Board of Directors adopts resolution authorizing membership of the additional community, and staff submits updated Implementation Plan to CPUC.
- Step 10 SCPA Staff develops service plan and schedule, begins buying additional energy, and starts community outreach.