AGENDA
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, MAY 7, 2020
8:45 A.M.

****GOVERNOR’S EXECUTIVE ORDER N-25-20****
****GOVERNOR’S EXECUTIVE ORDER N-29-20****
**RE CORONAVIRUS COVID-19**


Members of the public who wish to view and/or listen to the Board of Director’s meeting may do so via the following webinar link, or teleconference call-in number and webinar ID code:

- Webinar link: [https://zoom.us/j/97912980771](https://zoom.us/j/97912980771)
- Telephone number: 1 (669) 900-9128
- Webinar ID code: 979 1298 0771

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

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

I. CALL TO ORDER

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve April 2, 2020 SCPA Board of Directors Draft Meeting Minutes (Action) - pg. 5

2. Delegate Authority to the CEO to Negotiate and Execute an Agreement, and Subsequent Amendments, with Cadmus Group, LLC to Conduct an All-Electric, Zero-Emission School Bus Planning and Engineering Study Subject to the Conditions Set forth in the Staff Report (Action) - pg. 11
3. Delegate Authority to the CEO to Negotiate and Execute an Amendment to the Professional Services Agreement with TRC Engineers, Inc. for Continuation of the Advanced Energy Rebuild Program and Delegation of Authority for the CEO to Further Amend the Professional Services Agreement as Needed Subject to the Conditions Set Forth in the Staff Report (Action) - pg. 15

4. Approve Additional Budget Request in the amount of $750,000 for Self-Generation Incentive Program (SGiP) Assistance Program (Action) - pg. 21

5. Ratify Continued Use of New Residential Time-of-Use Rate E-TOU-D (Residential Time-of-Use Peak Pricing 5 – 8 p.m. Non-Holiday Weekdays) Effective May 1, 2020 (Action) - pg. 25

III. BOARD OF DIRECTORS REGULAR CALENDAR

6. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Discussion) - pg. 29

7. Receive Legislative and Regulatory Update and Provide Direction as Appropriate (Discussion) - pg. 41

8. Receive Update on Impacts of COVID-19 to SCP (Discussion) - pg. 47


10. Approve Allocation of PG&E’s Legacy Carbon-Free Resources (Action) - pg. 55

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Board’s jurisdiction. Please limit written comments to three hundred (300) words.)

V. BOARD MEMBER ANNOUNCEMENTS

VI. ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 890-8491, or by email at meetings@sonomacleanpower.org, as soon as possible to ensure arrangements for accommodation.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AER</td>
<td>Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes).</td>
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<tr>
<td>CAC</td>
<td>Community Advisory Committee</td>
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<td>CAISO</td>
<td>California Independent Systems Operator</td>
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<td>CAM</td>
<td>Cost Allocation Mechanism</td>
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<td>CCA</td>
<td>Community Choice Aggregation</td>
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<td>CEC</td>
<td>California Energy Commission</td>
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<td>CleanStart</td>
<td>SCP’s default service</td>
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<td>CPUC</td>
<td>California Public Utility Commission</td>
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<td>DER</td>
<td>Distributed Energy Resource</td>
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<td>ERRA</td>
<td>Energy Resource Recovery Account</td>
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<td>EverGreen</td>
<td>SCP’s 100% renewable, 100% local energy service</td>
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<td>Geothermal</td>
<td>A locally-available, low-carbon baseload renewable resource</td>
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<td>GHG</td>
<td>Greenhouse gas</td>
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<td>GRC</td>
<td>General Rate Case</td>
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<td>IOU</td>
<td>Investor Owned Utility (e.g., PG&amp;E)</td>
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<td>IRP</td>
<td>Integrated Resource Plan</td>
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<td>JPA</td>
<td>Joint Powers Authority</td>
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<td>LSE</td>
<td>Load Serving Entity</td>
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<tr>
<td>MW</td>
<td>Megawatt (Power = how fast energy is being used at one moment)</td>
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<tr>
<td>MWh</td>
<td>Megawatt-hour (Energy = how much energy is used over time)</td>
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<td>NEM</td>
<td>Net Energy Metering</td>
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<td>NetGreen</td>
<td>SCP’s net energy metering program</td>
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<tr>
<td>PCIA</td>
<td>Power Charge Indifference Adjustment (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.)</td>
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<tr>
<td>ProFIT</td>
<td>SCP’s “Feed in Tariff” program for larger local renewable energy producers</td>
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<td>PSPS</td>
<td>Public Safety Power Shutoff - a term used when it may be necessary for PG&amp;E to turn off electricity for public safety when gusty winds and dry conditions, combined with a heightened fire risk, are forecasted</td>
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<td>PV</td>
<td>Photovoltaics for making electric energy from sunlight</td>
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<td>RA</td>
<td>Resource Adequacy - a required form of capacity for compliance</td>
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<tr>
<td>REC</td>
<td>Renewable Energy Credit - process used to track renewable energy for compliance in California.</td>
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<td>SCP</td>
<td>Sonoma Clean Power</td>
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<tr>
<td>TOU</td>
<td>Time of Use, used to refer to rates that differ by time of day and by season</td>
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I. CALL TO ORDER

Chair Slayter called the meeting to order at approximately 8:47 a.m.

Board members present: Chair Slayter, Vice Chair Bagby, and Directors Belforte, Gjerde, Harrington, King, Landman, Torrez, and Okrepkie

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

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve March 5, 2020 SCPA Board of Directors Draft Meeting Minutes

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

3. Approve and Delegate Authority to the CEO to Execute Second Amendment to Contract with TLCD Architecture

4. Approve and Delegate Authority to the CEO to Negotiate, Execute, and Amend a Professional Services Agreement for the Advanced Energy Build Program with TRC Engineers, Inc.
Public comment:

Mike Nicholls, Community Advisory Committee member, noted his support for item #4 on the Consent Calendar.

Denis Quinlan, Community Advisory Committee member, offered his support for item #4 as staff’s requested action is consistent with previous Committee and Board approvals

Motion to approve the April 2, 2020 SCPA Board of Directors Consent Calendar by Director Landman

Second: Director King

Motion passed: 9-0-0

Vice Chair Bagby recused herself from Item #3 on the Consent Calendar.

III. BOARD OF DIRECTORS REGULAR CALENDAR

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

CEO Syphers introduced the item by noting that SCP’s Customer Service department initiated emergency consumer protections to protect customers experiencing financial hardships due to COVID-19, and that the following activities have been ceased until at least May 30th: late-payment notices, customer drops, and sending delinquent accounts to collections. He then advised the Board SCP’s office closure was extended until the end of April following orders from the Health Officer of Sonoma County. CEO Syphers stated that SCP donated $30k to the Redwood Empire Food Bank and $15k to the Community Foundation of Mendocino County to support their efforts during the COVID-19 crisis.

Public comment: none

6. Receive Legislative and Regulatory Update and Provide Direction as Appropriate

CEO Syphers introduced the item by noting the physical closure of the State Capitol and that Governor Newsom has signaled that public health bills will likely dominate the legislative session. CEO Syphers stated that SCP will continue to monitor bills should the legislature ultimately consider any of the bills SCP is monitoring. Director of Regulatory Affairs Neal Reardon then gave
an update on the Power Charge Indifference Adjustment ("PCIA") fee and stated the CPUC approved a significant increase in the fee. Due to the increase, SCP will present a variety of budget options to reduce volatility around customer bills. Director Reardon then advised the Board that the CPUC ordered Investor Owned Utilities to list their above-market costs as a separate line item on future bills, which he believes will bring greater clarity to bundled customers by noting that these above-market costs are not specific to CCAs. He then gave an update that PG&E has delayed their Distributed Generation Enabled Microgrid Services project until 2021, which PG&E would use to provide generation resources to SCP and PG&E customers during Public Safety Power Shutoff events. CEO Syphers noted that PG&E received temporary use approval for a fossil-fuel powered generator at their Windsor substation, and while this is encouraging in the sense that it would provide backup power during fire season, it omits other substations in SCP’s service territory and provides no timeline for considering replacing the generator with clean power sources. CEO Syphers told the Board that, in partnership with the City of San Jose, he submitted a funding request to the Governor’s office for the City of Fort Bragg’s proposed microgrid project. Director Reardon stated that the CPUC issued a proposed decision which would require PG&E to purchase local Resource Adequacy on behalf of SCP, and given that this decision undermines SCP’s procurement authority, he will continue to advocate against it with other relevant stakeholders.

Public comment: none

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

Director of Programs Cordel Stillman introduced the item and detailed the following: Midstate’s bid was significantly lower than estimated costs; the bid protest from C. Overaa & Co. was determined to lack merit by outside counsel and SCP was notified that the protest would no longer be pursued; the project is categorically exempt from CEQA as advised by outside counsel; and the Community Advisory Committee recommended Board approval of this item.

Public comment: Dick Dowd, Chair of the Community Advisory Committee, reiterated the Committee’s support of this item.

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

Second: Director King

Motion passed: 9-0-0


Chief Operations Officer Michael Koszalka introduced the item by providing an overview of staff’s requested actions and the timeline for future meetings on this item. COO Koszalka noted that the assumptions made by staff in this item were done so prior to the shelter in place order, although preliminary data suggests a decline in customer usage by approximately 8%-12% across all customer classes. He stated that the final FY 20-21 budget & rates that staff will bring to the Board for approval will include staff’s analysis of the financial impacts due to the shutdown. He then described how the Power Charge Indifference Adjustment (“PCIA”) fee is increasing significantly and will make SCP customer bills higher than those of PG&E, which informed the draft budget and rates, along with the proposed strategy to keep SCP customer bills within 5% of PG&E bundled customers through the establishment of a Customer Bill Stabilization Fund (“Fund”). The proposed Fund would use approximately $25 million from SCP’s current year increase in net position to ensure that SCP customers’ total bills stay competitive during the multi-year period in which the PCIA fee causes SCP customers’ bills to exceed PG&E customers’. COO Koszalka then described staff’s requested amendment to Financial Policy B2 Regarding Contributions to Reserves in order to establish the Fund. He then summarized the proposed budget & three different rate scenarios (including staff’s preferred option), along with their potential impacts to customer bills, stability of SCP rates, and contributions to financial reserves, for Board feedback and direction.

Director Hopkins joined the teleconference at approximately 9:20 a.m.

Director King noted his support for Option #2 as presented by COO Koszalka and in the staff report for this item. Director Landman asked what impact, if any, a nominal increase in bills would have as far as customer migration; COO Koszalka noted that studies have shown there needs to be rather large changes in cost to prompt switching providers.

Motion to Approve the Establishment of a Customer Bill Stabilization Fund, Approve a Revision to Financial Policy B2 Regarding Contributions to Reserves, and Approve the Budget and Rate Setting Strategy for Fiscal Year 2020-2021.
Reserves, and Approve Rate Setting Option #2 as Requested by Staff by Director Landman

Second: Director King

Motion passed: 10-0-0

Vice Chair Bagby left the meeting at approximately 10:04 a.m.

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

V. BOARD MEMBER ANNOUNCEMENTS

Director Okrepkie advised the Board of the potential for malicious public comment during teleconference meetings. Chair Landman noted the numerous disasters the community has faced over the last few years and encouraged everyone to support each other during trying times.

VI. ADJOURN

Chair Slayter adjourned the meeting at approximately 10:06 a.m.
To: Sonoma Clean Power Authority Board of Directors

From: Nelson Lomeli, Programs Manager

Item: Delegate Authority to the CEO to Negotiate and Execute an Agreement, and Subsequent Amendments, with Cadmus Group, LLC to Conduct an All-Electric, Zero-Emission School Bus Planning and Engineering Study Subject to the Conditions Set Forth in the Staff Report

Date: May 7, 2020

REQUESTED ACTIONS

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

BACKGROUND

In June of 2019, the Board approved a contract with the Cadmus Group to conduct a planning and engineering study of similar scope for four transit agencies in SCP territory – Mendocino Transit Authority, Sonoma County Transit, Petaluma Transit, and Santa Rosa CityBus. The study was to assist the transit agencies in meeting the Innovative Clean Transit (ICT) Regulation which requires California transit agencies to transition to zero-emission buses (ZEB) by 2040.
In preparation for the transit electrification study, Staff issued a Request for Qualifications (RFQ) for an Electric Bus Charging and Fleet Infrastructure Study in February 2019. The RFQ asked for consulting services to conduct a planning and engineering study to develop a blueprint for the work needed to meet the transit agencies ZEB mandate and goals. Staff received four Statements of Qualifications (SOQs), of which, Staff selected the Cadmus Group to perform the work due to their experience in conducting similar studies for other agencies.

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

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

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

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

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

DISCUSSION

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

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

COMMUNITY ADVISORY COMMITTEE REVIEW

The Community Advisory Committee unanimously recommended approval and delegation of this contract to the Board at their April 20, 2020 meeting.

FISCAL IMPACT

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

ATTACHMENTS

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

Attachments for this item can be accessed through this link.
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To: Sonoma Clean Power Authority Board of Directors

From: Scott Salyer, Programs Manager

Issue: Delegate Authority to the CEO to Negotiate and Execute an Amendment to the Professional Services Agreement with TRC Engineers, Inc. for Continuation of the Advanced Energy Rebuild Program and Delegation of Authority for the CEO to Further Amend the Professional Services Agreement as Needed Subject to the Conditions Set Forth in the Staff Report

Date: May 7, 2020

Recommendation:

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

Background:

Following the fires in late 2017, local architects, fire survivors, environmental activists and politicians approached SCP staff to ask for financial assistance to help rebuild low carbon, sustainable homes. Based on those conversations, SCP engaged the Bay Area Air Quality Management District (BAAQMD), and PG&E to develop the Advanced Energy Rebuild (AER) Program for victims of the October 2017 fires.
As currently structured, the AER program offers two incentive levels--$7,500 for homeowners rebuilding with natural gas or propane and $12,500 for homeowners rebuilding all-electric homes. The program also offers a $5,000 bonus incentive for any homeowners that install solar panels plus battery storage.

To date, the program has received applications representing over 350 homes, 31% of which are all-electric, and reserved over $2.4 million in incentives. The projects include 620 kW of solar PV, and 580 kWh of battery storage. An average home participating in Advanced Energy Rebuild is estimated to be 25% more efficient than a standard home, saving $650 on electricity bills and offsetting 14 metric tons of CO2. Based on the success of the AER program, Advanced Energy Rebuild is now also being offered by PG&E and SCE for all areas in their service jurisdictions affected by wildfires.

**Discussion:**

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

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

Please be advised that a First Amendment to the contract was executed on April 22, 2020 to avoid a lapse in contract terms with TRC Engineers, Inc. This First Amendment extended the agreement for one month, to May 31, 2020, but did not include any changes to the contract budget. As a result, the contract to be negotiated by the CEO or his designee will be a Second Amendment to the original contract signed in May 2018.

**Fiscal Impact:**

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

On April 20, 2020, this action item was presented to the Community Advisory Committee as part of the consent calendar. The members approved the motion by unanimous consent, thereby recommending that the Board of Directors approve this item at its next meeting on May 7, 2020.

Attachment(s):

- Second Amendment to the Advanced Energy Rebuild Implementation Agreement Between the Sonoma Clean Power Authority and TRC Engineers, Inc.
SECOND AMENDMENT TO THE ADVANCED ENERGY REBUILD IMPLEMENTATION AGREEMENT BETWEEN THE SONOMA CLEAN POWER AUTHORITY AND TRC ENGINEERS, INC.

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

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

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

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

NOW, THEREFORE, the Parties agree as follows:

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

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

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

TRC will commence implementation upon contract authorization, continuing through December 31, 2022. The SCPA AER program is projected to continue past the end of these contract terms, in order to pay out all completed projects. Implementation services to complete the program-cycle will be negotiated at a later time.
3. Sub-section "Task 1. Management (Time and Material)" in Section titled "Scope of Work" of the Agreement is hereby superseded and replaced as follows:

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

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

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

**Task 1 Deliverables:**

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

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

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

By signing below, the signatories warrant that each has the authority to execute this Second Amendment on behalf of their respective Parties, and that this Second Amendment is effective as of the Second Amendment Effective Date.
To: Sonoma Clean Power Authority Board of Directors  
From: Carolyn Glanton, Programs Manager  
Issue: Approve Additional Budget Request in the Amount of $750,000 for Self-Generation Incentive Program (SGIP) Assistance Program  
Date: May 7, 2020

Recommendation

Approve additional budget of $750,000 for Self-Generation Incentive Program (SGIP) Assistance.

Background

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

At the March 5, 2020 Board Meeting, The Board approved budget for the SGIP Assistance Program. This established a revolving fund of $650,000 for applicants installing residential battery storage systems to receive SGIP incentives upfront, rather waiting months. The SGIP incentive dollars are then assigned to SCP, and once received, the funds are added back into the revolving fund for additional funding of projects.

The Board also delegated authority to the CEO to negotiate, execute, and amend a Professional Services Agreement with Your SolarMate (YSM) for SGIP Assistance Processing for an amount not to exceed $100,000. YSM’s scope of work includes working with contractors and installers on submitting SGIP applications and processing the incentives.

Discussion

Staff and YSM have been working closely to launch the program. On March 31, a Training Webinar for Contractors and Installer was held. Twenty-six (26) solar and storage companies attended the webinar.
The SCP Assistance Program officially launched on April 7, accepting applications for large-scale residential storage systems (over 10 kilowatts). The SCP Program opened to accept equity resiliency applications on April 23.

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

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

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

**Fiscal Impact**

Staff is requesting the Board approve an additional $750,000 be added for lending through this program from FY19/20 existing programs budget. This money will be returned to SCP as the SGIP administrator as PG&E pays the SGIP incentives to SCP. SCP intends to re-insert these returned funds into the program to fund more incentives, creating a revolving incentive fund.

**Community Advisory Committee Review**

The Community Advisory Committee unanimously recommended approval to the Board at their April 20, 2020 meeting.
Attachments

None
Staff Report - Item 05

To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Director of Customer Service
       Rebecca Simonson, Power Services Manager

Issue: Ratify Continued Use of New Residential Time-of-Use Rate E-TOU-D
       (Residential Time-of-Use Peak Pricing 5 - 8 p.m. Non-Holiday Weekdays) Effective May 1, 2020

Date: May 7, 2020

Requested Action:

Ratify the continued use of a new residential time-of-use rate (E-TOU-D) adopted under the CEO’s emergency rate making authority on May 1, 2020 at par with PG&E’s May 1, 2020 generation rates (including fees).

Background:

On July 11, 2019, the California Public Utilities Commission issued Decision D.19-07-004 in Phase IIB of the 2018 Rate Design Window (RDW) Applications filed by PG&E. PG&E’s proposed changes to Schedule E-TOU-B to shorten the peak period from five hours to three hours, while permitting existing E-TOU-B customers to retain their legacy five-hour peak period.

Per Section 4.5.2.1.1 of SCPA’s Joint Powers Agreement,

“...the Chief Executive Office may change any rate for power sold by the Authority or any charge for services provided by the Authority if (a) the need for the change arises from...(ii) a change in rates or charges imposed on the Authority or its customers by
PG&E, the CPUC, or any other regulatory agency…; and (b) the Chief Executive Officer determines, following consultation with the Chair of the Board of Directors, that the change is reasonably necessary for budgetary reasons or to keep the Authority’s rates and charges competitive. Changes in rates or charges made by the Chief Executive Officer under this Section shall be brought to the Board of Directors at the next scheduled meeting for consideration and shall expire after 90 days unless ratified by the Board of Directors.”

Discussion:

Rate Changes Effective May 1, 2020

Schedule E-TOU-B (Closing to new customers)

In its 2018 RDW testimony, PG&E initially proposed replacing its existing Schedule E-TOU-B, which contains a five-hour weekday peak period (excluding holidays) from 4 p.m. to 9 p.m., with a new E-TOU-B rate with a shorter, three-hour weekday peak period from 5 p.m. to 8 p.m. PG&E later revised its proposal to allow existing E-TOU-B customers to remain on E-TOU-B with the current peak period, while still offering the new hours on a new version of E-TOU-B. CPUC Decision 19-07-004 approved this revised proposal. Specifically, it allows customers who have enrolled in the current E-TOU-B before May 2020 to remain on the rate until it is eliminated in October 2025. To avoid confusion, PG&E proposes to keep the “E-TOU-B” name for this legacy TOU rate schedule, which will close for new enrollments on April 30, 2020. All grandfathered customers (i.e., customers taking service on Schedule E-TOU-B as of April 30, 2020) will be allowed to remain on the rate until October 31, 2025, though they have the option at any time to switch to a different available rate. However, customers who switch will lose their grandfathered status and will not later be able to switch back to Schedule E-TOU-B.

SCP currently has just over 4,000 customers on E-TOU-B who will be grandfathered on the rate until 2025.

Schedule E-TOU-D
As noted in the previous section, CPUC Decision 19-07-004 approved PG&E’s proposal to offer a new version of E-TOU-B with a shorter, three-hour peak period and larger peak versus off-peak (POPP) differentials. Specifically, the Commission directs PG&E to create this new E-TOU-B once the current E-TOU-B is closed to new customers by May 2020. To avoid confusion with the legacy Schedule E-TOU-B with a five-hour peak period, PG&E proposes to name this new rate “Schedule E-TOU-D.” Schedule E-TOU-D will retain the seasonal definitions of E-TOU-B (i.e., with summer defined as June through September and winter being all the remaining months), as well as limiting peak periods to non-holiday weekdays. But the new E-TOU-D peak period will be shorter, from 5 p.m. to 8 p.m. The Commission approved the total POPP rate differentials for E-TOU-D that PG&E proposed, of approximately 9.5 cents per kilowatt-hour (kWh) in summer and 1.7 cents per kWh in winter. But, as with E-TOU-C, it directed PG&E to include portions of those POPP differentials in the distribution rate component. Specifically, that at least 1 cent per kWh of the summer total POPP differential and exactly 0.23 cents per kWh of the winter total POPP differential be put in the distribution rate component.

As a new rate, it is expected the growth of customers on this rate will be slow.

**Residential Rates Available**

As of May 1, 2020, residential customers have the following rate options:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Customers</th>
<th>Current Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-TOU-A</td>
<td>7,295</td>
<td>Open to new customers</td>
<td>All customers will be transitioned to E-TOU-C in October 2020</td>
</tr>
<tr>
<td>E-TOU-B</td>
<td>4,063</td>
<td>Closed to new customers effective May 1, 2020</td>
<td>5 year grandfathering for customers enrolled by April 30, 2020</td>
</tr>
<tr>
<td>E-TOU-C</td>
<td>6,585</td>
<td>Open, default rate for new customers</td>
<td>Default transition of all E-1 customers in April 2021 to E-TOU-C</td>
</tr>
<tr>
<td>E-TOU-D</td>
<td>0</td>
<td>New rate - Open May 1, 2020</td>
<td></td>
</tr>
<tr>
<td>E-1</td>
<td>169,091</td>
<td>Open, former default rate</td>
<td>Will remain open. Flat Rate.</td>
</tr>
<tr>
<td>E-6</td>
<td>4,043</td>
<td>Closed to new customers since 2015.</td>
<td>Customers will be transitioned to E-TOU-C in 2022.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>----</td>
<td>----------------------------------------------------------------</td>
<td>----------------------------------------------------------------</td>
</tr>
<tr>
<td>EV</td>
<td>781</td>
<td>Closed to new customers since 2019</td>
<td>5 year grandfathering for solar customers, then transferred to EV2</td>
</tr>
<tr>
<td>EV2</td>
<td>1,953</td>
<td>Open if Eligible</td>
<td>Must have an EV or battery storage</td>
</tr>
</tbody>
</table>

**Fiscal Impact:**

These changes should have minimal to no fiscal impact on SCP.
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: May 7, 2020

BUSINESS OFFICE CLOSURE

Staff continue to work at home and will follow guidelines to shelter in place as they are set by the local Public Health Officer, Dr. Sundari Mase, in coordination with local government officials. Incoming emails and calls to the call center from the public are being handled in the same manner as if the office was open and meetings between co-workers, consultants and others are taking place remotely.

PROGRAMS UPDATES:

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

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

*Advanced Energy Build (AEB)*

A professional services contract for Advanced Energy Build was executed on April 22nd with TRC Engineers, Inc. SCP staff is currently conducting planning and marketing activities in preparation for an anticipated program launch in early FY 2020-21.
**Advanced Energy Rebuild (AER)**

Over 350 homes have applied for Advanced Energy Rebuild, about 30% of which are choosing to rebuild all-electric homes. Of these, 306 are enrolled in the program, including 194 single-family homes, 96 multi-family units, and 16 Accessory Dwelling.

**Lead Locally (CEC Grant)**

The Lead locally research team continues its study for the Phase 1 applied study of both phase change materials and air to water heat pumps. Phase 2 site recruitment and installations, and construction work at the Advanced Energy Center has been halted until further notice due to the shelter in place order.

Staff continues to communicate with manufacturers and distributors regarding the future displays and the opportunity to deploy emerging technologies at the Advanced Energy Center. This coordinated effort during the construction delay has allowed the design team to upgrade plans and make improvements for the Center prior to the construction resuming.

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

The program launched April 7th. This program will provide residential customers with SGIP incentives upfront and assist with applications to install battery energy storage systems under 30 kilowatts (kW). Due to the early response, an amendment to the program budget is included in this packet under Consent Item 4. The program began accepting residential equity resiliency applications on April 23rd, in anticipation of PG&E accepting applications on May 1st.

**GridSavvy Community**

Sonoma Clean Power has executed a contract with smart thermostat manufacturer ecobee to bring their new eco+ platform to the approximately 3,000 SCP customers with existing ecobee thermostats. The eco+ platform would allow customers to optimize their energy savings based on time-of-use rates and to earn a $5/month bill credit by participating in GridSavvy.

**Sonoma Coast Incentive Project - CALeVIP**

In mid-March, the Center for Sustainable Energy (CSE) notified SCP that the Energy Commission decided to move the launch date of the Sonoma Coast Incentive Project to Summer 2020. In April, CSE staff held a webinar with the final requirements of the Sonoma Coast Incentive Project and an updated launch date of July 2020. Staff sent a letter to the Energy Commission expressing our concerns with newer launch date due
to the impact of COVID-19 on our community, especially the ability for businesses in our coastal and rural communities to apply for funding before it is exhausted.

Staff held a joint call with CEC, CSE, and Northern Sonoma County Air Pollution Control District to discuss the letter. While the project is proceeding with the July 2020 launch date, Staff secured an allocation of project funds for unincorporated areas of our service territories. The goal is to help direct investments in charging infrastructure to our rural, coastal, and low-income communities.

Final requirements and supporting documents can be found on the Sonoma Coast Incentive Project CALeVIP landing page at calevip.org/find-project. A Pre-Launch webinar will be held in June which will outline final requirements and how to apply. Staff is now engaged in outreach efforts to the public to help prepare interested parties in applying for funds. Staff encourages anyone interested in hosting charging stations or learning more to email programs@sonomacleanpower.org. Technical Assistance is available for a limited number of coastal and rural sites looking to install charging infrastructure.

MARKETING UPDATE

To assist our customers with saving energy and reducing their bills while at home and likely using more electricity, SCP is currently running an educational campaign, providing helpful home energy savings tips. The campaign is being communicated in both English and Spanish, through print, radio, outdoor, digital, social, website, email, and other marketing mediums.

MONTHLY COMPILED FINANCIALS STATEMENT

The year-to-date growth in net position is slightly above projections due primarily to lower operating costs. Revenue from electricity sales and cost of energy are both slightly less than expected. Year-to-date electricity sales reached $141,805,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $111,929,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately $71,575,000 is set aside for reserves (Operating Reserve: $58,686,000; Program Reserve: $10,737,000; and Collateral Reserve: $2,152,000).
Overall, other operating expenses continued near or slightly below planned levels for the year

**BUDGETARY COMPARISON SCHEDULE**

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

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2019/20 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is slightly less than the year-to-date budget by approximately 3%.

The cost of electricity is approximately equal to the budget-to-date. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees are based on the customer account totals and are closely aligned to budget.

In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

**UPCOMING MEETINGS:**

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

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

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

**ATTACHMENTS:**

March 2020 Financial Reports
ACCOUNTANTS’ COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended March 31, 2020, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority’s annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user’s conclusions about the Authority’s financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy
San Rafael, CA
April 30, 2020
## REVENUE AND OTHER SOURCES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019/20 YTD Actual</th>
<th>2019/20 YTD Amended Budget</th>
<th>Variance (Under) Over</th>
<th>2019/20 YTD Actual/Amended Budget %</th>
<th>2019/20 YTD Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (net of allowance)*</td>
<td>$141,357,409</td>
<td>$146,284,033</td>
<td>$4,926,624</td>
<td>97%</td>
<td>$196,600,000</td>
</tr>
<tr>
<td>Evergreen Premium (net of allowance)</td>
<td>448,291</td>
<td>363,850</td>
<td>84,441</td>
<td>123%</td>
<td>489,000</td>
</tr>
<tr>
<td>CEC Grant</td>
<td>2,743,399</td>
<td>3,570,000</td>
<td>(826,601)</td>
<td>77%</td>
<td>4,760,000</td>
</tr>
<tr>
<td>BAAQMD grant</td>
<td>97,625</td>
<td>75,000</td>
<td>22,625</td>
<td>0%</td>
<td>100,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,103,867</td>
<td>993,750</td>
<td>110,117</td>
<td>111%</td>
<td>1,325,000</td>
</tr>
<tr>
<td><strong>Total revenue and other sources</strong></td>
<td>145,750,591</td>
<td>151,286,633</td>
<td>(5,536,042)</td>
<td>96%</td>
<td>203,274,000</td>
</tr>
</tbody>
</table>

## EXPENDITURES AND OTHER USES: CURRENT EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>2019/20 YTD Actual</th>
<th>2019/20 YTD Amended Budget</th>
<th>Variance (Under) Over</th>
<th>2019/20 YTD Actual/Amended Budget %</th>
<th>2019/20 YTD Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of energy and scheduling</td>
<td>112,549,002</td>
<td>112,752,341</td>
<td>(203,339)</td>
<td>100%</td>
<td>150,630,000</td>
</tr>
<tr>
<td>Data management</td>
<td>2,387,008</td>
<td>2,368,500</td>
<td>18,508</td>
<td>101%</td>
<td>3,158,000</td>
</tr>
<tr>
<td>Service fees- PG&amp;E</td>
<td>721,578</td>
<td>720,750</td>
<td>828</td>
<td>100%</td>
<td>961,000</td>
</tr>
<tr>
<td>Personnel</td>
<td>3,059,422</td>
<td>3,247,500</td>
<td>(188,078)</td>
<td>94%</td>
<td>4,330,000</td>
</tr>
<tr>
<td>Outreach and communications</td>
<td>563,388</td>
<td>720,000</td>
<td>(156,612)</td>
<td>78%</td>
<td>960,000</td>
</tr>
<tr>
<td>Customer service</td>
<td>290,846</td>
<td>318,107</td>
<td>(27,261)</td>
<td>91%</td>
<td>367,000</td>
</tr>
<tr>
<td>General and administration</td>
<td>419,762</td>
<td>392,750</td>
<td>26,012</td>
<td>107%</td>
<td>505,000</td>
</tr>
<tr>
<td>Legal, regulatory and compliance</td>
<td>756,814</td>
<td>826,500</td>
<td>(69,666)</td>
<td>92%</td>
<td>1,102,000</td>
</tr>
<tr>
<td>Accounting</td>
<td>129,322</td>
<td>158,250</td>
<td>(28,928)</td>
<td>100%</td>
<td>211,000</td>
</tr>
<tr>
<td>Legislative</td>
<td>58,500</td>
<td>58,500</td>
<td>-</td>
<td>100%</td>
<td>78,000</td>
</tr>
<tr>
<td>Other consultants</td>
<td>117,173</td>
<td>120,000</td>
<td>(2,827)</td>
<td>98%</td>
<td>160,000</td>
</tr>
<tr>
<td>CalCCA Trade Association</td>
<td>247,500</td>
<td>330,000</td>
<td>(82,500)</td>
<td>75%</td>
<td>440,000</td>
</tr>
<tr>
<td>Program implementation</td>
<td>1,435,226</td>
<td>2,025,000</td>
<td>(589,774)</td>
<td>71%</td>
<td>2,700,000</td>
</tr>
<tr>
<td>Program - CEC grant</td>
<td>4,084,775</td>
<td>6,300,000</td>
<td>(2,215,225)</td>
<td>65%</td>
<td>8,400,000</td>
</tr>
<tr>
<td>Program development and evaluation</td>
<td>994</td>
<td>37,500</td>
<td>(36,506)</td>
<td>3%</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total current expenditures</strong></td>
<td>126,821,310</td>
<td>130,376,698</td>
<td>(3,555,388)</td>
<td>97%</td>
<td>174,052,000</td>
</tr>
</tbody>
</table>

## OTHER USES

<table>
<thead>
<tr>
<th>Description</th>
<th>2019/20 YTD Actual</th>
<th>2019/20 YTD Amended Budget</th>
<th>Variance (Under) Over</th>
<th>2019/20 YTD Actual/Amended Budget %</th>
<th>2019/20 YTD Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital outlay</td>
<td>282,657</td>
<td>285,000</td>
<td>(2,567,343)</td>
<td>10%</td>
<td>3,800,000</td>
</tr>
<tr>
<td><strong>Total Expenditures, Other Uses and Debt Service</strong></td>
<td>127,103,967</td>
<td>133,226,698</td>
<td>(6,122,731)</td>
<td>95%</td>
<td>177,852,000</td>
</tr>
<tr>
<td>Net increase (decrease) in available fund balance</td>
<td>$18,646,624</td>
<td>$18,059,935</td>
<td>$586,689</td>
<td>103%</td>
<td>$25,422,000</td>
</tr>
</tbody>
</table>

* Represents sales of approximately 1,747,000 MWh for 2019/20 YTD actual.

## RESERVES

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Balance</th>
<th>% of Long-Term Target</th>
<th>Long-Term Target Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Reserve</td>
<td>$58,686,000</td>
<td>66%</td>
<td>$88,926,000</td>
</tr>
<tr>
<td>Program Cash Reserve</td>
<td>10,737,000</td>
<td>60%</td>
<td>17,785,200</td>
</tr>
<tr>
<td>Collateral Cash Reserve</td>
<td>2,152,000</td>
<td>14%</td>
<td>15,063,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$71,575,000</td>
<td>59%</td>
<td>$121,774,200</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
Net increase (decrease) in available fund balance per budgetary comparison schedule: $18,646,624

Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:

- Subtract depreciation expense: (48,395)
- Add back capital asset acquisitions: 1,412,530

Change in net position: $20,010,759
ACCOUNTANTS’ COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 2020, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority’s annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user’s conclusions about the Authority’s financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy
San Rafael, CA
April 30, 2020
### ASSETS

Current assets  
- Cash and cash equivalents: $68,128,807  
- Accounts receivable, net of allowance: $16,439,385  
- Other receivables: $3,916,291  
- Accrued revenue: $7,971,803  
- Prepaid expenses: $1,196,323  
- Deposits and other current assets: $757,079  
- Investments: $20,159,997  
  - Total current assets: $118,569,685  

Noncurrent assets  
- Land and construction-in-progress: $6,191,618  
- Capital assets, net of depreciation: $157,941  
- Deposits and other noncurrent assets: $5,459,242  
  - Total noncurrent assets: $11,808,801  
  - Total assets: $130,378,486

### LIABILITIES

Current liabilities  
- Accounts payable: $938,310  
- Accrued cost of electricity: $15,072,299  
- Advanced from grantors: $347,000  
- Other accrued liabilities: $1,548,835  
- User taxes and energy surcharges due to other governments: $542,726  
  - Total current liabilities: $18,449,170

### NET POSITION

- Investment in capital assets: $6,349,559  
- Unrestricted: $105,579,757  
  - Total net position: $111,929,316
## Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$141,356,699</td>
</tr>
<tr>
<td>Evergreen electricity premium</td>
<td>448,291</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>2,841,024</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>144,646,014</strong></td>
</tr>
</tbody>
</table>

## Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>112,549,002</td>
</tr>
<tr>
<td>Contract services</td>
<td>8,827,915</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>3,108,378</td>
</tr>
<tr>
<td>General and administration</td>
<td>767,746</td>
</tr>
<tr>
<td>Program rebates and incentives</td>
<td>438,396</td>
</tr>
<tr>
<td>Depreciation</td>
<td>48,395</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>125,739,832</strong></td>
</tr>
</tbody>
</table>

**Operating income**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>18,906,182</td>
</tr>
</tbody>
</table>

## Nonoperating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1,103,867</td>
</tr>
<tr>
<td>Other nonoperating revenue</td>
<td>710</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td><strong>1,104,577</strong></td>
</tr>
</tbody>
</table>

## Change in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of period</td>
<td>91,918,557</td>
</tr>
<tr>
<td>Net position at end of period</td>
<td><strong>$111,929,316</strong></td>
</tr>
</tbody>
</table>

**See accountants’ compilation report.**
SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2019 through March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES
Receipts from customers  $ 146,994,755
Receipts from grantors  1,021,283
Other operating receipts  20,000
Payments to electricity suppliers  (111,969,132)
Payments for other goods and services  (9,132,499)
Payments for staff compensation  (3,190,689)
Tax and surcharge payments to other governments  (1,898,499)
Payments for program rebates and incentives  (506,621)

Net cash provided (used) by operating activities  21,338,598

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
Payments to acquire capital assets  (1,795,990)

CASH FLOWS FROM INVESTING ACTIVITIES
Interest income received  721,523
Proceeds from certificates of deposit matured  10,274,237
Purchase of certificates of deposit  (20,000,000)

Net cash provided (used) by investing activities  (9,004,240)

Net change in cash and cash equivalents (including County Investment Pool)  10,538,368
Cash and cash equivalents at beginning of year  57,590,439
Cash and cash equivalents at end of year  $ 68,128,807
### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Operating income</td>
<td>$18,906,182</td>
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<tr>
<td>Adjustments to reconcile operating income to net cash provided (used) by operating activities</td>
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</tr>
<tr>
<td>Depreciation expense</td>
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<tr>
<td>Revenue adjusted for allowance for uncollectible accounts</td>
<td>1,085,629</td>
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<tr>
<td>(Increase) decrease in:</td>
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<tr>
<td>Accounts receivable</td>
<td>(276,105)</td>
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<td>Other receivables</td>
<td>(2,623,998)</td>
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<td>Accrued revenue</td>
<td>2,437,348</td>
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<tr>
<td>Prepaid expenses</td>
<td>420,813</td>
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<tr>
<td>Deposits</td>
<td>(425,000)</td>
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<tr>
<td>Increase (decrease) in:</td>
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<tr>
<td>Accounts payable</td>
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<td>Accrued cost of electricity</td>
<td>498,741</td>
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<td>Advance from grantors</td>
<td>(97,625)</td>
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<td>Accrued liabilities</td>
<td>1,780,879</td>
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<td>User taxes due to other governments</td>
<td>44,394</td>
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<td>Supplier security deposits</td>
<td>(14,600)</td>
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<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$21,338,598</td>
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Staff Report - Item 07

To: Sonoma Clean Power Board of Directors
From: Neal Reardon, Director of Regulatory Affairs
       Geof Syphers, CEO
Issue: Receive Legislative and Regulatory Updates and Provide Direction as Appropriate
Date: May 7, 2020

Requested Action:
Receive Legislative and Regulatory Updates and Provide Direction as Appropriate.

Legislative Update

The Assembly is scheduled to return to Sacramento on May 4 (though that might get pushed back) and the Senate on May 11. Each committee has been informed that it will get only one hearing date, which significantly restricts the number of bills that can be considered this year. The Assembly Utilities and Energy Committee is scheduled to hold their one hearing on May 20 at 1:30 pm in the Assembly chambers. It is not yet clear what ability the public will have to testify. The Senate Energy Utilities and Communications Committee has not yet announced its hearing date.

CalCCA’s bill on establishing a Central Reliability Authority to procure residual capacity needs AB 3014 (Muratsuchi) is now in print, but Muratsuchi just agreed to table the bill until next year after consulting with Committee Chair Holden. Muratsuchi is also spearheading an effort to communicate with the CPUC about ensuring that all electric provides receive full value for capacity resources they’ve already paid for. We expect that a modified version of this bill may be reintroduced in 2021, depending on the CPUC process this year.
A brief update on the tension of lawmakers wishing to return and assert their power again is attached to this report from CalCCA’s lobbyists.

**Regulatory Update**

**COVID-19**

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

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

On April 8, 2020, CalCCA filed a protest to PG&E’s plan to ensure a reasonable cash flow to CCAs during the crisis and, further, enable CCAs to obtain any necessary financing through the crisis under reasonable terms and conditions.

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

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

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

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

Resource Adequacy


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

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

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

Deb Emerson’s procurement expertise and tireless engagement on this topic have been very helpful to not just SCP but CalCCA as an entity.
April 27, 2020

COVID-19 UPDATE: POSSIBLE RETURN OF THE LEGISLATURE

Last week, Governor Newsom announced the opening of new testing facilities and the receipt of new testing supplies. The Governor has a goal of eventually being able to test 80,000 Californians per day. The Governor and his staff are hoping to hit the 25,000 test per day mark by the end of April. Governor Newsom continues to give no indicator of when the stay at home order will be lifted and insists that the decision has to be based on science and data.

As you know, the Legislature has been in recess for six weeks. Usually by this time of year the Legislature is dominating political headlines by conducting multiple hearings a day for thousands of bills and at the same time working through the state’s budget. For the past six weeks, however, all eyes have been on the Governor. With tens of thousands of people tuning in to watch his press conferences live every day, and more catching him in other media outlets later, Governor Newsom has never enjoyed such constant presence in the public eye.

At the same time, the Governor’s nearly unlimited power under the California Emergency Services Act has left the Governor no need to consult with the Legislature during the crisis. The Act allows the Governor to suspend virtually any law or regulation he chooses during a state of emergency. Facing a statewide crisis, the Governor has wielded this power to shutter businesses, alter court proceedings, suspend evictions, make it easier to qualify for social safety net programs, alter employment law, and make many other changes. He has, for example, used his authority to bend scope of practice rules which stipulate the types of care medical professionals can provide based on their licensing and education. Usually, even minor proposed changes to scope of practice go nowhere in the Legislature and result in years of fighting.

While Governor Newsom continues to get high marks from experts and the public, legislators are beginning to bristle at having to live in his shadow. Some legislators have complained that the Governor and his staff are not responsive to questions about resource deliveries and state services in their districts. Others have noted that they receive virtually no warning from the Governor about new Executive Orders, only learning about them minutes before they are released to the public.

By far the most serious complaints of legislators revolve around the Governor’s choice to execute a contract for $1.4 billion worth of personal protective equipment. This enormous contract has been negotiated without consultation with the Legislature. It also includes an agreement to purchase supplies from BYD, a Chinese owned company with a record of providing faulty equipment. The same week that the Governor announced this deal on national television, the Assembly and Senate scheduled budget oversight hearings on the Administration’s efforts to combat COVID-19. While legislators were careful to compliment the Governor on his handling of the crisis, there
was also bipartisan criticism on issues related to distribution of supplies and resources, and on his contract for PPE.

The growing tension may also be driving the desire of the Legislature to get back into the fray. Members in both the Assembly and Senate have amended several bills to address aspects of the COVID-19 crisis. In some cases, these bills address issues already resolved in Executive Orders, indicating that some legislators may want to revisit the Governor’s work. Originally scheduled to return on April 13, the Legislature opted to delay until May 4 for public health reasons. Based on what we have heard, the Assembly intends to return sooner rather than later and have directed their staff to prepare for their return on May 4. The Senate seems more reluctant to get ahead of state and county shelter in place orders. It is possible that the two houses will compromise and return later than May 4, but still ahead of June.

Regardless of their return date, we expect an expedited and, frankly, rushed process for vetting bills that allows limited opportunity for public input. The Legislature’s track record on laws enacted with limited review and limited public input is poor. It is possible each house will give itself as little as a month to hear bills in policy committee, fiscal committee, and on their respective floors before turning them over to the other house for consideration.

Given that none of this has been announced publicly, the details are likely to change in the coming days and weeks. Before making this decision, legislative leadership must carefully weigh public reaction to their return, frustration with a limited public process, and the moral and possibly legal liability associated with calling their staff and stakeholders back into the Capitol despite public orders to socially distance and shelter in place.

We will keep you apprised of further developments.
SCP Response to COVID-19

Staff will regularly update the Board on the impacts of COVID-19 on SCP’s operations; both staff and load/revenues. In this report, we are presenting some preliminary short-term load impacts that have already occurred. Over the next couple of months staff will provide more details on the expected impact to load and revenues going forward.

SCP has implemented contingency plans for daily operations and for staff safety. These plans include, but are not limited to:

- A COVID-19 Emergency Consumer Protection Policy was approved by SCP management to protect SCP residential and non-residential customers who are experiencing a financial crisis due to the pandemic. All late-payment and pre-collection notices have been halted until May 31, 2020. SCP will not drop any customers and has halted collection activity for eligible customers through May 31, 2020. The dates may be extended if the current situation extends later in the year.

- All SCP staff has been provided equipment needed to work from home during the shelter-in-place period and teams are in communications with each other daily. The SCP office has been closed until at least May 18, 2020, and SCP will follow the guidance of the Sonoma County Health Officer on safe dates for reopening and safe practices upon reopening.

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

**SCP Load Impact from COVID-19**

Based on information available at the time of drafting this report, SCP staff estimates a 7% reduction in energy usage during COVID-19 shelter-in-place compared to load predicted by SCP’s internal model for normal conditions. The overall reduction reflects a measurable 17% decrease in non-residential usage partially offset by a modest 3% increase in residential usage. Weekday usage dropped 8%, with Saturday usage down only 2% and Sunday usage down 4%. A report from CAISO on April 20 detailing an ISO-wide 4.5% weekday decrease and 0.5% weekend decrease, along with anecdotal information from NCPA and CCAs corroborate staff’s findings. As illustrated in Figure 1 below, the change in usage reduction during shelter-in-place reached a steady state at current levels shortly following the order.

![Figure 1. Daily SCP COVID-19 Impact by Customer Type](image_url)

Staff also analyzes usage trends at the hourly level to inform procurement decisions and estimate revenue from TOU rates. During weekdays, the shape of increased...
residential load closely mirrors the shape of decreased small commercial load. The result is the similar weekday load shape in Figure 2, indicating that reduced usage is spread evenly across the day apart from a small concentration in mid-day. Weekends—particularly Saturday—show a larger shift. Weekend residential usage peaks midday, but most of the commercial reduction occurs in the late afternoon. The resulting COVID-19 shape shows more mid-day usage and a shorter and later drop in afternoon usage.

SCP pro-actively adjusted day-ahead load procurement bids for COVID-19 starting March 17 and has successfully minimized the risk of over-procurement costs due to day-ahead/real-time spreads. Preliminary adjustments relied on PG&E TAC-level usage data available from CAISO one hour after flow. By March 25, SCP and Calpine setup a system to analyze and incorporate SCP-specific load data three days after flow. This process will be important as Sonoma and Mendocino Counties emerge from shelter-in-place and usage behaviors begin to change again.

Staff is also working on characterizing the long-term impact of COVID-19 to energy usage. In May, SCP will be submitting a revised 2021 load forecast to the California Energy Commission to determine capacity obligations. Two local economists are under contract to develop macroeconomic forecasts to inform SCP’s submittal.
Impacts on Revenues and Expenses

Based on the changes in electric use staff have seen so far, SCP will be close to budget for the month of March. Although usage compared to normal conditions dropped, absolute usage did not due to a coincident shift to cold and cloudy weather. For April, revenues are estimated to be 5% lower. Staff do not have estimates for May and June yet, but SCP is likely to see larger decreases in revenue for those months. The immediate impact on revenue is muted because winter commercial rates are lower than residential, and most demand charges do not kick-in until May. Accordingly, the revenue impact is expected to increase when the summer rate season begins on June 1.

Although day-ahead load costs in CAISO have dropped $8/MWh through shelter-in-place, SCP does not anticipate significant savings in average unit procurement cost. This is because most of our load is either hedged or contracted at a fixed price. However, SCP will realize some savings from the reduced volume, along with smaller obligations for RPS and carbon-free energy.

More information about the financial impacts of COVID-19 will be provided at each of the next few Board meetings.
Staff Report - Item 09

To: Sonoma Clean Power Authority Board of Directors

From: Mike Koszalka, Chief Operating Officer

Issue: Approve Resolution 2020.02 Establishing an Operating Account Fund under Government Accounting Standard Board (GASB) Standard 62 for the Purpose of Stabilizing Customer Bills

Date: May 7, 2020

Recommendation:


Background:

At the last Board meeting on April 2, 2020, the Board provided direction to staff to develop and present a financial strategy for the next several years in order to navigate several market and financial uncertainties, including the large customer Power Charge Indifference Adjustment (PCIA) charge from PG&E. The Board agreed that seeking to keep SCP rates within 5% or less of PG&E’s rates would be prudent, and further that a Customer Bill Stabilization Fund should be established to accomplish that purpose with funds from SCP’s increase in net position from the current fiscal year (FY2019-20). Standard accounting practice refers to a rate or bill stabilization fund as an “Operating Account Fund,” so that term is used throughout this report, however the sole purpose of this fund, as proposed, is to stabilize customer bills. Staff developed the proposed financial strategy and in its most recent meeting on April 20, 2020, the CAC supported the proposed resolution creating an Operating Account Fund and recommend that the Board adopt it.
Discussion:

On April 2, 2020, the SCP Board of Directors approved a revision to Financial Policy B2 that specifies under what conditions funds will be added to the Agency’s reserves. This policy change anticipated a need to set aside funding in order to keep SCP customers’ total bills close to PG&E bundled customer bills.

Staff proposes creating an Operating Account Fund to be funded from SCP revenues. This fund would be created under the Government Accounting Standard Board (GASB) Standard 62. GASB 62 specifies that current revenues would be deferred into the fund when it is determined that excess revenues are available to make deposits. The Board will need to approve these transfers. From an accounting standpoint, a deferral of current year revenue into the Operating Account Fund would result in a reduction in SCP’s reported revenues for Fiscal Year 2019-2020 and an increase in reported income for the years withdrawals from the Fund are made. By deferring revenues into the Operating Account Fund before it is recognized as revenue, SCP will effectively “bank” revenue for use in a future fiscal year.

Staff’s intent for this fund is to use it to stabilize customer rates so that their total bills remain competitive with PG&E bundled customer bills. Staff have been working with SCP’s accounting firm, Maher Accounting, in development of this Operating Account Fund to ensure it conforms with the standards of GASB 62. Any deferral of current revenues into the fund into the fund will require SCP Board action. Withdrawals from and repayments to the fund in the future may be done by the CEO or COO as set forth in the Board resolution or by the SCP Board.

Fiscal Impact:

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

Attachments:

- Draft Board Resolution 2020.02
RESOLUTION 2020.02

(A NOT YET ADOPTED)

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors hereby establishes a fund designated as the “Operating Account Fund”. This fund will be used to defer excess revenues, as determined by management, that will be recognized in future periods. This deferral will create an accounting liability, and the future recognition of revenue will decrease that liability.

2. The Board of Directors hereby authorizes the Chief Executive Officer, or the Chief Operating Officer, to transfer in or transfer out, from time to time, such amount as each such officer may determine as prudent and appropriate into or out of the Operating Account Fund; provided, the Board of Directors later approves such transfer at its next scheduled meeting.

3. The Operating Account Fund shall be recognized in accordance with GASB 62 and provide a contingency available upon approval by the Board of Directors to provide customer electric rate stabilization.

4. The Chief Executive Officer or the Chief Operating Officer, are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]
DULY ADOPTED this ___ day of _____, 2020

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<tr>
<td>Cotati</td>
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<td>Windsor</td>
<td>Director Okreplkie</td>
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</table>

In alphabetical order by jurisdiction

Chair, Sonoma Clean Power Authority

Attest:

Clerk of the Board

APPROVED AS TO FORM:

Special Counsel, Sonoma Clean Power Authority
To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Deb Emerson, Director of Power Services

Issue: Approve Allocation of PG&E’s Legacy Carbon-Free Resources

Date: May 7, 2020

Recommended Action:

Staff requests the Board determine whether or not to accept SCP’s proportionate share of PG&E’s legacy carbon-free resource attributes, including large hydropower and nuclear.

Background

PG&E must offer SCP its fair share of PG&E’s legacy large hydropower and nuclear resources as part of a new CPUC process. Staff recommends accepting the large hydropower resources, but is neutral on accepting the nuclear resources, which would provide SCP customers with non-GHG energy and save approximately $3.1 million per year but also potentially harm SCP’s environmental reputation. Some background is provided here to aid the Board in making this decision.

SCP customers pay PG&E for its above-market costs associated with its electric generating resources in the Power Charge Indifference Adjustment (PCIA) fee. The PCIA was established to prevent PG&E’s non-CCA customers from having to pay more as CCAs developed. However, an unfortunate side-effect has been to protect PG&E from having to take any actions to reduce generation costs for ratepayers of any type. In addition, PG&E has gotten a “free hedge” by having CCA customers pay for the company to retain an out-sized portfolio at a fixed price.
Recent progress of SCP and CalCCA’s advocacy at the CPUC has led to a joint proposal by CalCCA, Southern California Edison and Commercial Energy on February 21, 2020 to create changes to the PCIA methodology. The most significant change is that CCAs now have the option to take allocations of resources from the IOU portfolio which CCA customers are already paying for. The proposed allocation will cover a host of products:

- Resource Adequacy (local, flex, and system),
- Renewable (RPS) energy, and
- GHG-free energy.

The option for a GHG-free allocation has received attention, as PG&E’s GHG-free portfolio contains the Diablo Canyon nuclear power plant. The CPUC has required CCA customers to pay for PG&E’s expensive nuclear power since 2010, even though CCA customers were not allowed to use that energy or get any benefit from their payments (such as the right to report lower GHG emissions).

The CPUC is now 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 SCP’s case, the cost of rejecting the nuclear portion of PG&E’s portfolio would be approximately $3.1 million per year. The Board should consider that option due to the downside of showing nuclear power on SCP’s CleanStart Power Content Label and the SCP/PG&E Joint Rate Mailer. However, there are a number of reasons to consider accepting it as well.

There is a clear path to accepting PG&E’s allocation of hydropower since SCP already uses this resource type, but there remains a question of whether SCP should accept or reject PG&E’s offer for nuclear energy.

**Option 1: Reject the Nuclear Allocation**

When considering rejecting SCP’s share of PG&E’s legacy nuclear resources, consider that having nuclear energy show up in 2021 on the Power Content Label for 2020 power sources could be disappointing or angering for SCP customers. The amount of nuclear energy on the label would be significant -- approximately 20% of the CleanStart power mix. EverGreen would remain 100% local renewable geothermal and solar.

This could be partly mitigated by stating on the Label that “SCP does not purchase nuclear energy. A share of PG&E’s legacy nuclear resource has been allocated to SCP customers by the CPUC until that power plant closes in 2025.” However, many
customers may still be disappointed or angry that SCP appears to be buying nuclear energy.

Rejecting the allocation has no cost relative to current conditions. But it would mean leaving approximately $3.1 million per year of customer cost savings on the table, which is roughly equal to 0.8% in bill savings or the combined value of all of these current programs:

- SCP’s net energy metering cash outs;
- Loans to support battery storage in the SGIP program;
- The remaining Advanced Energy Rebuild incentives; and
- The planned zero-interest loans for technologies in the Advanced Energy Center.

**Option 2: Accept the Nuclear Allocation**

When considering accepting PG&E’s allocation of nuclear energy, consider:

1. **There is no environmental or safety benefit to rejecting the allocation.**
   Whether SCP accepts the allocation or not has no bearing on the amount of nuclear energy generated by PG&E. Diablo Canyon power plant runs as a baseload resource and cannot be adjusted downward due to a lack of demand.

2. **There is no impact on how long Diablo Canyon will operate.**
   The CPUC has approved PG&E’s proposal to shut down Diablo Canyon Units 1 and 2 on November 2, 2024 and August 26, 2025 respectively. However, the plant is not expected to be allowed to close early.

3. **Accepting the allocation reduces SCP’s costs and rates.**
   SCP’s customers are already paying for the GHG-free attributes in the PCIA, but have historically received no value. The allocation would ensure SCP’s customers get the climate benefits for the resources they are paying for, saving approximately $3.1 million per year.

For reference, California Energy Markets reports that three CCA Boards have decided to reject the nuclear allocation (East Bay Community Energy, MCE and Valley Clean Energy) and two have decided to accept it to date (San Jose Clean Energy and Monterey Bay Community Power).
How the PG&E Carbon-Free Allocation Mechanism Works

The key elements of the Allocation Mechanism are:

- Limited in time to 2019-2020 (but is expected to become an on-going process in the future)
- Covers PG&E’s legacy in-state large hydropower and nuclear resources.
- Is based on a December 2, 2019 Advice Letter to amend PG&E’s bundled Procurement Plan, and will remain in place until the effective date of a CPUC action on the PCIA Proposal Rulemaking (R.17-06-026) orders an alternative methodology.

Under the Allocation Mechanism, PG&E will allocate to each eligible electric provider its pro rata load share of large hydropower and nuclear resource attributes based on the electric provider’s election.

Financial Impact

The acceptance of PG&E’s legacy nuclear resource attributes would reduce SCP’s costs to procure by an estimated $3.1 million per year. However, this may introduce an unknown cost risk associated with customer opt outs.

The rejection of PG&E’s legacy carbon-free resource attributes would preserve the status quo, in which SCP customers pay for PG&E’s nuclear resource in the PCIA but get no financial or environmental value.