



**AGENDA  
BOARD OF DIRECTORS MEETING  
THURSDAY, MAY 6, 2021  
8:45 A.M.**

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**\*\*\*\*GOVERNOR'S EXECUTIVE ORDER N-25-20\*\*\*\***

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

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

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE BOARD OF DIRECTORS WILL PARTICIPATE IN THE MAY 6, 2021, MEETING BY TELECONFERENCE. DUE TO THE EXECUTIVE ORDERS, IN-PERSON PARTICIPATION BY THE PUBLIC WILL NOT BE PERMITTED AND NO PHYSICAL LOCATION FROM WHICH THE PUBLIC MAY ATTEND THE MEETING WILL BE AVAILABLE. REMOTE PUBLIC PARTICIPATION DETAILS ARE LISTED BELOW.

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

- Webinar link: <https://zoom.us/j/92047573445>
- Telephone number: 1 (669) 900-9128
  - Meeting ID: 920 4757 3445

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

How to Submit Public Comment During the Teleconference Meeting:

The Chair will request public comment during the Public Comment period for all items on the agenda. Comments may be submitted in writing (preferred) to [meetings@sonomacleanpower.org](mailto:meetings@sonomacleanpower.org) or during the meeting via the webinar "raise your hand" feature. For detailed public comment instructions, [please visit this page](#).

For written comments, state the agenda item number that you are commenting on and limit to 300 words. Written comments received prior to the meeting and/or the agenda item you wish to comment on will be read into the record up to 300 words.

*Staff recommendations are guidelines to the Board. On any item, the Board may take action which varies from that recommended by staff.*

## **CALL TO ORDER**

### **BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve April 1, 2021 Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) - pg. 5
2. Adopt the 2021 EverGreen Local Resource Plan (Staff Recommendation: Approve) - pg. 11

### **BOARD OF DIRECTORS REGULAR CALENDAR**

3. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 45
4. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 61
5. Discuss Draft Equity Framework Workshops, Receive Programs Equity Framework and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 89
6. Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2021-2022 and Draft Rates for July 1, 2021 (Staff Recommendation: Review and Provide Direction as Appropriate) - pg. 109

### **BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS**

### **PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

(Comments are restricted to matters within the Board's jurisdiction. Please be brief and limit spoken comments to three minutes, or 300 words if written.)

### **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](mailto:meetings@sonomacleanpower.org) as soon as possible to ensure arrangements for accommodation.*

## COMMONLY USED ACRONYMS AND TERMS

|                   |   |
|-------------------|---|
| <b>CAC</b>        | Community Advisory Committee  |
| <b>CAISO</b>      | California Independent Systems Operator   |
| <b>CCA</b>        | Community Choice Aggregation  |
| <b>CEC</b>        | California Energy Commission  |
| <b>CleanStart</b> | SCP's standard service  |
| <b>CPUC</b>       | California Public Utility Commission  |
| <b>DER</b>        | Distributed Energy Resource   |
| <b>DR</b>         | Demand Response   |
| <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>GridSavvy</b>  | The GridSavvy Community is SCP's demand response program which offers incentives on smart devices like electric vehicle chargers, smart thermostats, and heat pump water heaters. These devices can then be controlled via a signal to respond to grid needs.   |
| <b>IOU</b>        | Investor Owned Utility (e.g., PG&E)   |
| <b>IRP</b>        | Integrated Resource Plan  |
| <b>JPA</b>        | Joint Powers Authority  |
| <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 - Fully subscribed   |
| <b>RA</b>         | Resource Adequacy - a required form of capacity for compliance  |
| <b>RPS</b>        | The Renewables Portfolio Standard (RPS) is a California regulatory program that sets continuously escalating renewable energy procurement requirements for the state's electricity suppliers. Electricity suppliers must procure a verified percentage of total electricity through RPS-certified renewable facilities. |
| <b>REC</b>        | Renewable Energy Credit - process used to track renewable energy for compliance in California.  |
| <b>SCP</b>        | Sonoma Clean Power  |
| <b>TOU</b>        | Time of Use, used to refer to rates that differ by time of day and by season  |

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**DRAFT MEETING MINUTES  
BOARD OF DIRECTORS MEETING  
THURSDAY, APRIL 1, 2021  
8:45 A.M.**

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**\*\*\*\*GOVERNOR'S EXECUTIVE ORDER N-25-20\*\*\*\***

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

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

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE BOARD OF DIRECTORS PARTICIPATED IN THE APRIL 1, 2021 MEETING BY TELECONFERENCE.

Prior to the meeting, Alternate Director from Cotati, Ben Ford, was sworn in by the Clerk of the Board.

**CALL TO ORDER**

Meeting called to order at approximately 8:50 a.m.

Board Members present: Chair Bagby, Vice Chair King, and Directors Elward, Fudge, Ford, Gjerde, Hopkins, Peters, Rogers, and Slayter

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Rebecca Simonson, Director of Planning & Analytics; and Harriet Steiner, Special Counsel.

**BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve March 4, 2021 Draft Board of Directors Meeting Minutes
2. Receive Notification of Generation Rates Change for Implementation on April 1, 2021 Consistent with Prior Board Direction
3. Delegate Authority to the Chief Executive Officer to Amend the Purchase Agreement with Ibox Enterprises dba RDI, Resource Design Interiors to Provide Furniture for the SCP Headquarters Building and Increase the Total of the Purchase Order by \$44,115.91 for a Grand Total of \$312,325.73

4. Approve Resolution 2021 - 03 Adopting Minor Changes to Policy B.1 CEO Spending Authority and Policy C.3 Energy Procurement Criteria, Policies and Signature Authority

Public Comment: None

Motion to Approve the April 1, 2021 Board of Directors Consent Calendar by Director Ford

Second: Director Fudge

Motion passed by roll call vote: 10-0-0

## **BOARD OF DIRECTORS REGULAR CALENDAR**

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

Stephanie Reynolds, Director of Internal Operations, provided an overview of the information contained in the staff report. Construction at the Advanced Energy Center is nearing completion and staff received the certificate of occupancy for the Center on March 30<sup>th</sup> which will allow staff to work on-site regularly going forward. A soft opening of the Center is expected in approximately 4-6 weeks. The new e-bike incentive program, Bike Electric, launched on March 8<sup>th</sup> and was fully subscribed within a few weeks.

Geof Syphers, Chief Executive Officer, gave a brief update that in 2019 SCP issued the City of Stockton a grant of \$50,000 to perform a CCA feasibility study which was recently completed and found that a CCA would be favorable.

CEO Syphers recently participated in a productive meeting with PG&E and a remote residential customer to discuss the potential of a microgrid for the customer.

Director Gjerde asked about the contractor certification courses offered through SCP on the Advanced Energy Center website. Programs Manager Chad Asay answered that many of the certification courses are short webinars and that he can be the first point of contact for any interested contractors.

Director Hopkins asked how remote microgrid sites are selected. CEO Syphers answered that PG&E makes the decision based on a number of factors. SCP largely acts as the customer advocate in these conversations.

Public Comment: Mark Mortensen spoke on behalf of several local climate organizations about the success of Bike Electric program and hopes that it will be re-funded so more customers can benefit.

6. Receive Legislative and Regulatory Updates, Approve Positions on AB 843 (Aguiar-Curry) Enabling CCA Access to CPUC BioMAT Funds, AB 1088 (Mayes) California Procurement Authority, AB 1161 (E. Garcia) Renewable and Zero Carbon Resource Procurement, and Provide Direction as Appropriate

CEO Syphers began his update by calling attention to the supplier diversity filing that's included in the report and added insight on how it ties into SCP's goals on diversity, equity, and inclusivity. He continued with a summary of the bills on which SCP staff recommended the Board to take a position: AB 843 (Aguiar-Curry) Enabling CCA Access to CPUC BioMAT Funds (Recommend Support); AB 1088 (Mayes) California Procurement Authority (Recommend Support If Amended); and AB 1161 (E. Garcia) Renewable and Zero Carbon Resource Procurement (Recommend Oppose Unless Amended).

Director Ford, Director Rogers, and Vice Chair King asked for clarifications on AB 843.

Director Slayter asked about SB 730 (Bradford).

Public Comment: Several commenters, which included Michael Allen, Dr. Brenda Flysworthawks, Jenny Blaker, Mark Mortensen, Christine Hoex, Kevin Conway, Maya Khosla, and Michael Lipelt, spoke on AB 843 and their concerns relating to woody forest biomass.

Michael Nicholls, who spoke on behalf of himself and not as a member of the Community Advisory Committee for SCP, also spoke on woody biomass but encouraged those opposed to local biomass power to consider what alternate uses there may be.

Written comments were received from Shaye Wolf and Janis Watkins; both commenters expressed concern about woody forest biomass.

Director Rogers recommended issuing a position of support for AB 843 if amended.

Director Gjerde commented that he believes the criticisms of woody biomass do not necessarily consider the imperfect real-world conditions that exist.

Director Peters added an anecdote of his experience living in a community that had an old 15 MW biomass electric power plant. Based on this experience, he would oppose the recommendation from staff on AB 843

unless the bill is amended.

Director Elward expressed agreement with Director Peters and also voiced concern for the repercussions that could come from supporting the bill.

Director Ford also expressed concern about the use of local woody forest biomass power but voiced support for gaining access to BioMAT funds for sources such as methane capture. He concluded that he trusts SCP and other CCA's to make the decisions for procuring bioenergy more than the for-profit PG&E.

Director Hopkins summarized that all Directors agree that they all support intact forests. She suggested that the Board take a forest tour from one of our indigenous communities. She expressed favor for Director Rogers' recommendation to issue a position of support for AB 843 if amended.

Director Fudge also supported the idea of learning about the indigenous methods of forest management.

Vice Chair King reminded the Board that they are not voting on the bill, they are voting to influence the bill. He agreed with Director Ford's comment that he trusts SCP and CCA's to make bioenergy decisions. He recommended writing a letter to the bill's authors indicating SCP's concerns about the bill.

Director Slayter asked about other CCA's that have supported or opposed the bill. CEO Syphers replied that no CCA's have voiced opposition and many have already issued their support. Director Slayter favors Director Rogers' recommended position to support if amended.

Chair Bagby expressed her support for "having a seat at the table" so that CCA's can have a voice in deciding the bioenergy power mix for the state.

Motion to Approve Positions on AB 843, Enabling CCA Access to CPUC BioMAT Funds, if Amended, AB 1088 California Procurement Authority, and AB 1161 Renewable and Zero Carbon Resource Procurement by Director Rogers

Second: Vice Chair King

Motion passed by roll call vote: 10-0-0

7. Approve the Proposed Budget Adjustments to the Staff Recommended Adjusted Fiscal Year 2020-2021 Budget

*After a brief recess, Chair Bagby changed the order of items 7 & 8 from the published meeting agenda to ensure a quorum would be present for a vote on*



*the budget adjustment.*

Chief Operating Officer, Mike Koszalka, introduced his staff report by noting that a budget adjustment typically comes earlier in the year, but that staff waited to find out details on PG&E's rate increases in order to mitigate the effects on SCP customers. He explained that SCP will need to draw from the Operating Account Fund to help keep SCP's rates within 5% of PG&E's rates.

Public Comment: None

Motion to Approve the Proposed Budget Adjustments to the Staff  
Recommended Adjusted Fiscal Year 2020-2021 Budget by Director Peters

Second: Director Hopkins

Motion passed by roll call vote: 10-0-0

#### 8. Review Draft Local Resource Plan and Provide Direction as Appropriate

Rebecca Simonson, Director of Planning and Analytics, presented the draft Local Resource Plan (LRP) as outlined in the written report. She added that she expects to bring a final draft of the LRP to be approved by the Board at the next meeting.

Chair Bagby suggested a slight modification to #4 of the Key Questions for the Board to indicate the different sources that fall under the "biomass" umbrella. Director Ford recommended adding a timeframe for greenhouse gas (GHG) reductions targets.

Public Comment: Jenny Blaker and Mark Mortensen spoke on biomass concerns. Michael Allen, speaking on behalf of multiple organizations, encouraged SCP to increase public education efforts. Kevin Conway spoke on EverGreen and microgrids.

Director Slayter commented about EverGreen being a premium product and challenged SCP staff to find a way to allow lower income households to participate in EverGreen. Director Simonson agreed with this comment and pointed to Implementation Strategy #7 of the LRP where SCP will begin engaging with community leaders to identify programs and projects for low-income and disadvantaged communities.

Director Hopkins encouraged continuing conversations about biomass and forest management.

Vice Chair King asked about battery storage projects. Director Simonson

responded that the amount battery storage depends on the generation sources. Vice Chair King also asked about geothermal resources to which Director Simonson replied SCP is looking into it but not as an immediate resource. Finally, Vice Chair King commented on EverGreen in terms of equitability.

Director Elward commended Director Simonson for creating a complex report that was still understandable.

Chair Bagby thanked Director Simonson and staff for the report and recognized that it is likely a very iterative process that will need to respond to changing legislation as well.

### **BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS**

Director Peters voiced his support to do field visit as Director Hopkins suggested. Director Elward seconded the idea.

Director Hopkins reported on a recent CPUC public workshop on Public Safety Power Shutoffs (PSPS).

### **PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

Public Comment: Paul Ennis commented about a letter he received detailing the changes to the NetGreen cash out.

### **ADJOURN**

Chair Bagby adjourned the meeting at approximately 12:01 p.m.



## Staff Report - Item 02

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

**From:** Rebecca Simonson, Director of Planning & Analytics  
Ryan Tracey, Senior Energy Analyst  
Geof Syphers, CEO  
Mike Koszalka, COO

**Issue:** Adopt the 2021 EverGreen Local Resource Plan

**Date:** May 6, 2021

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### Recommended Actions

Staff requests that the Board of Directors ("Board") adopt the 2021 EverGreen Local Resource Plan attached as Addendum A.

### Background

Since the Board's last review, the only changes to the EverGreen Local Resource Plan are extremely minor and summarized under "Discussion" starting on the next page.

Customer participation in SCP's 100% local, 24x7 renewable EverGreen service has grown substantially with the addition of the City of Santa Rosa in 2020, the City of Petaluma in 2021, and growing residential and small commercial participation. As a result of the growing EverGreen electricity use, Staff has developed a new Local Resource Plan to serve those customers with more new resources. The proposed Final Local Resource Plan lays out the plan for new local clean power development to serve the additional and future EverGreen customers.

Staff sought public input and Committee ("CAC") and Board input in the development of the attached proposed Final 2021 EverGreen Local Resource Plan.

Staff plans for this to be an iterative process, updating EverGreen electricity use forecasts yearly and completely revisiting and publishing a new plan every other year. The next Local Resource Plan would be established in 2023.

The 2021 Local Resource Plan timeline is as follows:

- ✓ **12/1/2020- 12-2pm Public Workshop #1 COMPLETED** focused on resource and program priorities
- ✓ **12/3/2020 COMPLETED**- Staff has posted a video recording of Public Workshop #1 on the website EverGreen page
- ✓ **12/16/2020 CAC meeting COMPLETED**- Presented Public Workshop #1
- ✓ **01/07/2021 BOD meeting COMPLETED**- Presented Public Workshop #1 and CAC feedback
- ✓ **01/12/2021- 12-2pm Public Workshop #2 COMPLETED** focused on technical demand and supply considerations
- ✓ **01/13/2021 COMPLETED**- Staff posted a video recording of Public Workshop #2 on website <https://sonomacleanpower.org/programs/evergreen>
- ✓ **1/21/2021 CAC meeting COMPLETED**- Presented Public Workshop #2 for feedback and direction
- ✓ **02/04/2021 BOD meeting COMPLETED**- Staff presented a summary of Public Workshop #2 and CAC feedback for Board input
- ✓ **03/18/2021 CAC meeting COMPLETED**- Staff presented the Draft Local Resource Plan for CAC input and recommendations
- ✓ **04/01/2021 BOD meeting COMPLETED**- Staff presented the Draft Local Resource Plan for BOD input and direction
- ✓ **04/15/2021 CAC meeting COMPLETED**- Staff presented the proposed Final Draft Local Resource Plan for CAC recommendation to the Board
- **05/06/2021 BOD meeting**- Staff is seeking approval of the Final Local Resource Plan from Board.

### **Community Advisory Committee Feedback**

The CAC voted unanimously to recommend adopting the Final 2021 EverGreen Local Resource Plan to the Board. This item passed on the consent calendar and no further feedback or comment was given from the CAC.

### **Discussion**

The Final EverGreen Local Resource Plan is attached as Addendum A to this report.

In response to Board input, Staff has updated the Local Resource Plan that was previously presented to the Board as follows:

- Updated the analysis and graphs to include the City of Petaluma EverGreen accounts commencing July 1, 2021.
- Explicitly stated that the carbon mitigation goal is evaluated at the time energy is delivered to the grid.



## 2021 EverGreen Local Resource Plan



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## 1 Executive Summary

The 2021 Local Resource Plan establishes a planning methodology, priority framework, evaluation metrics, and implementation plan for the development of new local renewable and storage resources to meet the energy demands of Sonoma Clean Power's (SCP) EverGreen customers. The Local Resource Plan addresses resources and strategies in Sonoma and Mendocino counties for SCP's 100% local renewable 24x7 EverGreen customers only.

The EverGreen program was established in May 2014 when SCP first began serving customers. It is an option for customers who wish to upgrade from SCP's standard CleanStart Program. SCP's CleanStart program utilized 50% renewable energy in 2019 from resources located across the state and neighboring states that supply energy to California. Evergreen uses 100% local renewable energy both day and night using local solar energy and local geothermal from the Geysers.

SCP's EverGreen program is the first of its kind in California, being the only program to offer 100% local, renewable power that runs 24x7. EverGreen does not rely on natural gas or other non-renewables as it uses both solar and geothermal renewable energy. EverGreen customers can eliminate nearly all greenhouse emissions from their electricity use. By switching to an electric vehicle (EV), EverGreen customers can charge their EV with clean, local, renewable energy.

Participation in EverGreen supports new local renewable energy development. SCP built 6 MW of new local solar in Sonoma and Mendocino counties for the benefit of EverGreen customers. Now with growing Evergreen participation, including the City of Santa Rosa in 2020 and City of Petaluma in 2021, SCP can now develop further local renewable and storage resources to meet increasing demand.

While EverGreen participation currently is about 3% of SCP's total electricity load, participation has more than tripled from less than 1% in 2019 and continues to grow. More participation in EverGreen will support the build-out of more new local renewable resources. SCP also uses EverGreen as a case study in how our overall portfolio and how California as a whole can move to 100% clean energy around the clock. EverGreen is also an example of what the future of the electric grid can be for California and what it means to have a renewable portfolio that also contributes to the reliability of the grid.

The Local Resource Plan set of assumptions and forecasts will be updated each year as SCP re-evaluates supply and demand for EverGreen. Every two years the Plan will be revisited, and an updated Local Resource Plan will be published.

The main priorities for the 2021 Local Resource Plan, established during a public input process, were building new resources, cutting emissions as much as possible, matching the hourly output to demand, keeping resources within our territory, and using local labor. Keeping the EverGreen premium rates at or below the current premium of 2.5 cents per kWh is also a main priority for SCP, particularly in relation to increasing participation and inclusion of low-income and disadvantaged communities and customers.

The framework of the Local Resource Plan centers around the following 3 pillars:



1. Emissions reduction
2. Local electricity resiliency
3. Equity and Local Investment

According to this framework the evaluation metrics SCP will use to assess potential local projects are as follows:

- Availability- Projects must utilize resources available in Sonoma and Mendocino counties.
- Constructability- Projects must demonstrate that they can be permitted, constructed, and interconnected to the grid.
- GHG Emissions Mitigation- SCP has established a goal of mitigating 110 metric tons of CO2 emissions per GWh of EverGreen demand from the California electricity grid. By virtue of setting the goal on a per GWh basis, emissions mitigation is measured at the time energy is delivered to the grid.
- Air Quality- Projects must not increase overall criteria air pollutant emissions in California.
- Cost- SCP has set a priority for the EverGreen premium rate to be at or below the current rate premium of 2.5 cents per kWh.
- Demand Matching- Projects must contribute to matching the needs of SCP's EverGreen customer load on an hourly basis.
- Resiliency/Reliability- Projects will be evaluated in terms of the ability, or contribution to the future potential, to provide SCP customers with reliable energy during periods of Public Safety Power Shutoffs (PSPS), rolling blackouts, planned outages, and other unplanned outages such as natural disasters.
- Equity and Local Investment - Projects will be evaluated regarding the holistic benefits to under-served and under-represented customers and communities including cost, the number of local jobs, contribution to local revenue sources, and access to clean energy and air.

The total portfolio capacity in megawatts (MW) for the Local Resource Plan will be determined based on ongoing adjustments as EverGreen load is added or lost, and the specific resources procured will be determined by the evaluation metrics above, however a suitable scenario could be 9 MW of incremental solar and 8 MW x 4-hour incremental storage.

The 2021 Local Resource Plan uses a multi-pronged approach for implementation that serves to:

- 1) maintain or reduce EverGreen costs,
- 2) capitalize on unique and advanced projects,
- 3) canvas the market for unknown opportunities,
- 4) partner with local jurisdictions, public agencies, and/or schools for co-benefits,
- 5) use previously developed land and rooftops for alternative revenue stream to local business and customers,

- 6) improve access to EverGreen for customers of low and moderate incomes, and
- 7) enhance distribution grid resiliency at cost-effective, beneficial locations.

In addition, SCP will continue to explore how customer-owned and sited resources could contribute to EverGreen resources in the near future.

This multi-pronged implementation approach and timeline is shown below:

|    | Implementation Strategy   | Timeline  |
|----|---|---|
| 1  | Monitor & identify potential grant funding opportunities for local projects       | Ongoing   |
| 2  | Bi-lateral and public private partnerships  | Ongoing, however will direct any potential projects to any upcoming planned RFP or solicitation before considering  |
| 3  | Issue utility scale RFP for local renewable and storage projects                  | Issue RFP within 30 days of Board approval of this plan and target executing first supply contract(s) in 2022.  |
| 4  | Issue RFI for large commercial & municipal rooftop and previously developed sites | Issue RFI within 90 days of Board approval of this plan.  |
| 5  | ProFIT battery storage  | Within 90 days of Board approval of this plan, begin engaging with existing ProFIT project owners on possibility to add battery storage on existing sites.  |
| 6  | Customer programs   | Ongoing evaluation of opportunities for customer programs to contribute to EverGreen resources as part of SCP's ongoing Programs Strategic Action Plan process.   |
| 7  | Identify programs and projects for low-income and disadvantaged communities       | Within 90 days of Board approval of this plan, begin engaging with community leaders and citizens.  |
| 8  | Analyze grid for PSPS solutions   | Immediate and ongoing   |
| 9  | Community outreach & partnerships   | Ongoing in conjunction with SCP's comprehensive outreach and partnership program.   |
| 10 | Education   | By the end of 2021, begin engaging with Energy Education Program for Schools to provide customized curriculum for EverGreen. Target August 2022 to begin teaching additional EverGreen curriculum at schools. |
| 11 | Research & Development  | Ongoing   |
| 12 | Update forecast and re-institute implementation strategies 2 and 3                | For every 4 GWh increase in annual EverGreen energy from last RFP or solicitation.  |
| 13 | 2023-2024 Local resource planning cycle   | Q4 2022 Restart public workshop process   |

### 1.1 Updates from Previous Local Resource Planning Cycle

2021 is the first year of a two-year planning cycle for the Local Resource Plan. This Plan will be updated in 2023. This 2021 planning cycle will help establish criteria of success and use lessons learned to improve future planning cycles. The 2021 planning

cycle will evaluate, measure, and verify methodologies and strategies implemented to provide EverGreen customers with 24x7 local renewable power that reduces emissions, aids resiliency and reliability, assists in equitable access to clean energy, and is cost-effective.

## 2 Background

### 2.1 SCP Introduction

The Sonoma Clean Power Authority (SCP) is a public power provider operating a Community Choice Aggregation or “CCA” within SCP’s joint powers authority. Following the 2000 Energy Crisis, the California legislature created CCAs to help provide public oversight into energy markets, and ensured that wherever a CCA was established it would become the default electricity provider. SCP is the default electricity provider for customers in Sonoma and Mendocino Counties in California (with the exception of the Cities of Healdsburg and Ukiah). SCP’s mission is to turn the tide on the climate crisis, through bold ideas and practical programs.

SCP began serving customers in May 2014 and today serves approximately 228,000 residential and non-residential accounts across Sonoma and Mendocino counties.

### 2.2 EverGreen Introduction

EverGreen is an option for SCP customers who wish to upgrade from SCP’s standard CleanStart service. SCP’s CleanStart service was 50% renewable energy in 2019 (compared to PG&E’s 29% renewable power mix). Evergreen uses 100% local renewable energy both day and night. EverGreen customers are powered by newly constructed local solar energy and local geothermal from the Geysers.

EverGreen customers pay a 2.5 cent/kWh premium above the cost of CleanStart. The premium paid by EverGreen customers helps build new local, renewable energy facilities.

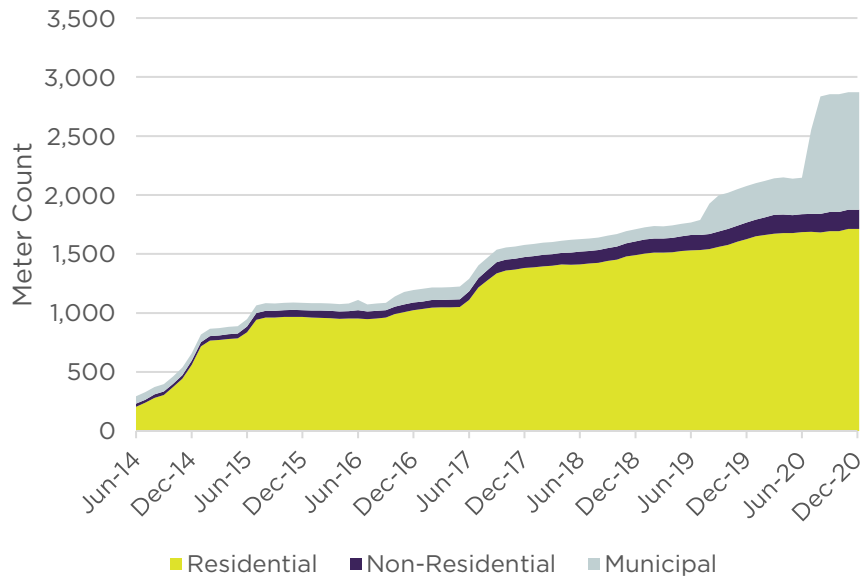
SCP’s EverGreen service is the first of its kind in California, being the only electricity service to offer 100% local, renewable power than runs 24 hours a day, 7 days a week. It eliminates nearly all greenhouse emissions from customer electricity use and for customers with electric vehicles who charge on EverGreen, it also eliminates nearly all their transportation emissions.

EverGreen can be used as a case study of how SCP’s entire portfolio (including CleanStart) and the California electric grid at large can move toward 100% clean energy around the clock and what it means to have a renewable portfolio that also contributes to the reliability of the grid.

#### 2.2.1 EverGreen Participation

EverGreen participation has grown throughout the years. Figure 1 shows the growth of residential and non-residential EverGreen customers from the beginning of SCP service in May 2014.

Figure 1: Historical EverGreen Meter Count



The large step increases shown in Figure 1 are primarily due to phases in which new territories were added to SCP service creating an opportunity for more people to sign up for EverGreen, and the decision of member jurisdictions to switch their municipal electricity accounts to EverGreen. The largest step increase shown in the summer of 2020 is from the City of Santa Rosa joining EverGreen. The City of Petaluma also voted on 2/22/2021 to convert their municipal electricity accounts to EverGreen effective July 2021.

Figure 2 shows the increase in EverGreen electricity usage (load) since 2014. EverGreen electricity use has more than doubled due to the addition of City of Santa Rosa accounts in Summer 2020.

Figure 2: Historical EverGreen Energy Usage

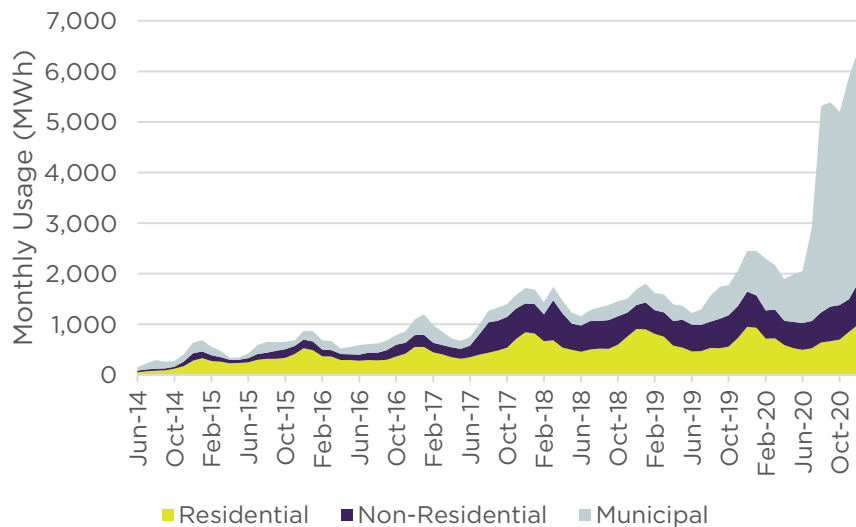


Figure 3 shows the percent of total SCP load that has been comprised of EverGreen customers over the years.

*Figure 3- Historical EverGreen Share of SCP Total Load*

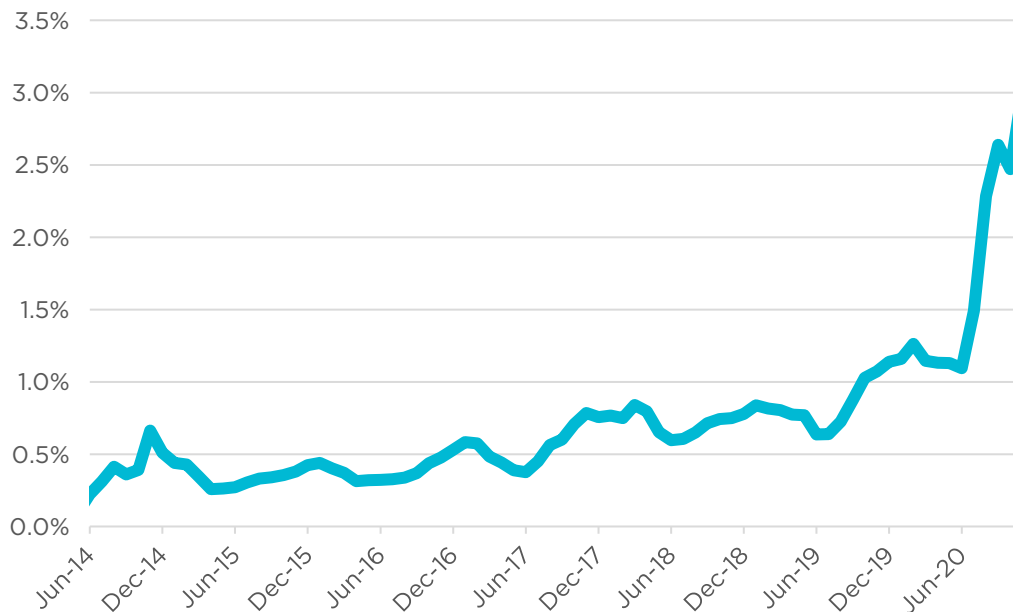


Figure 3 shows the percent of total load steadily growing through the years and now sitting at approximately 3%. While this seems like a small amount, it has more than tripled from less than 1% in previous years and continues to grow. As part of the Local Resource Plan, SCP hopes that participation and demand will grow further so SCP can continue to build new local renewable resources.

### 2.3 Local Resource Plan Purpose/Objectives

This Local Resource Plan establishes the priorities, methodologies, local resource project considerations and evaluation metrics, implementation strategies, targets, and timeline to build out new local resources to meet the energy demands of EverGreen customers.

The Local Resource Plan will be a subset of SCP's larger Integrated Resource Plan. This Local Resource Plan focuses solely on local renewable resources only to serve EverGreen customers, while our larger Integrated Resource Plan will be established to meet the energy and reliability demands of all SCP customers.

### 2.4 Local Resource Plan Process

This Local Resource Plan has been developed with input from the public. The public had multiple opportunities in different formats to help shape the plan.

The planning process for this Local Resource Plan is shown in Table 1.

Table 1: Local Resource Plan timeline

| Date       | Event                              | Description  |
|------------|------------------------------------|--|
| 12/1/2020  | Public Workshop #1 <sup>1</sup>    | A virtual workshop <sup>2</sup> was held to receive public input into local resource type preferences and EverGreen priorities. There were 44 public attendees.                              |
| 12/1/2020  | Public Workshop #1 online survey   | An online survey was distributed and posted on SCP's website for written comment on Public Workshop #1. SCP received 106 responses.  |
| 12/2/2020  | Public Workshop #1 video recording | A video recording of Public Workshop #1 was posted on the SCP website EverGreen page.  |
| 12/16/2020 | CAC meeting                        | SCP presented Public Workshop #1 and received further public input.  |
| 01/03/2021 | BOD meeting                        | SCP presented Public Workshop #1 and received further feedback.  |
| 01/12/2021 | Public Workshop #2                 | A virtual workshop was held to receive public input into technical aspects of the plan including EverGreen demand and resource supply selection methodology. There were 46 public attendees. |
| 1/12/2021  | Public Workshop #2 online survey   | An online survey was distributed and posted on SCP's website for written comment on Public Workshop #2. SCP received 105 responses.  |
| 01/13/2021 | Public Workshop #2 video recording | A video recording of Public Workshop #2 was posted on the SCP website EverGreen page.  |
| 01/21/2021 | CAC meeting                        | SCP presented Public Workshop #2 and received further public input.  |
| 02/04/2021 | BOD meeting                        | SCP presented Public Workshop #2 and received further feedback.  |
| 03/18/2021 | CAC meeting                        | SCP received feedback and direction on the Draft Local Resource Plan.  |
| 04/01/2021 | BOD meeting                        | SCP received feedback and direction on the Draft Local Resource Plan.  |
| 04/15/2021 | CAC meeting                        | SCP received feedback and CAC recommendation to the Board to approve Final Local Resource Plan.  |
| 05/06/2021 | BOD meeting                        | Board of Directors vote on Final Local Resource Plan.  |

<sup>1</sup> See the following Links for Public workshop materials: [Workshop 1](#) & [Workshop 2](#)

<sup>2</sup> The 2021 Local Resource Plan public workshop process was conducted virtually due to the COVID-19 pandemic. SCP Plans for future public workshop to be conducted both in person and virtually if allowable and safe to do so.

The Local Resource Plan set of assumptions and forecasts will be updated each year as SCP re-evaluates supply and demand for EverGreen. Every two years the Plan will be revisited, and an updated Local Resource Plan will be published.

## 2.5 Current EverGreen Resources

The current EverGreen resource mix consists of local solar energy from SCP's feed-in-tariff program (ProFIT) and local geothermal from the Geysers.

### 2.5.1 ProFIT History

Local renewable energy development projects to date for EverGreen were achieved under SCP's ProFIT program. The ProFIT program was completed in early 2021 and is now closed, but those resources will continue to serve EverGreen customers for years to come. The Local Resource Plan is about the additional resources that go beyond SCP's completed ProFIT program.

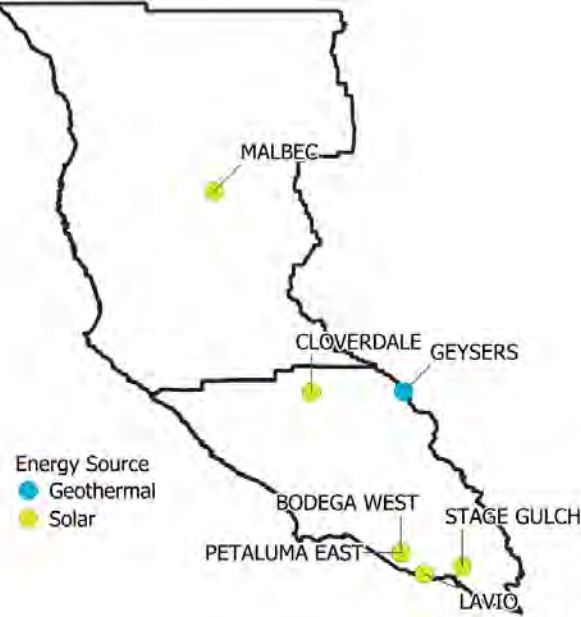
SCP's ProFIT program provided a standard feed-in-tariff contract or power purchase agreement (PPA) for new-build renewable projects located in SCP territory. The program was technology agnostic and allowed any RPS compliant source of energy less than 1 MW to apply. The standard PPA included:

- A 10-year term for geothermal or bioenergy facilities, and a 20-year term for other sources.
- A fixed purchase price of \$95/MWh
  - This price was set in 2014 based on smaller scale renewable costs at that time. Renewable costs have decreased significantly since then.
- Several incentive adders for the first 5 years of the contract were available. Incentive adders were given for projects:
  - less than 250 kW
  - projects on previously developed land
  - projects that used local labor, and
  - projects that promoted local apprenticeship training.

The ProFIT program offered PPAs on a first-come first-served basis for any project that met the requirements of the program, had an interconnection agreement tendered, and permits submitted. The ProFIT program targeted building 6 MW of new renewable resources inside SCP's territory.

Though the ProFIT program was technology agnostic, all the projects given ProFIT PPAs were solar photovoltaic projects. The final 1 MW project became operational in February 2021, achieving SCP's 6 MW goal. The 6 ProFIT solar projects, all just under 1 MW, are as follows: 1 project in Willits, 1 project in Cloverdale, and 4 projects in Petaluma. Figure 4 shows the current EverGreen local resources.

Figure 4: EverGreen Energy Source Map

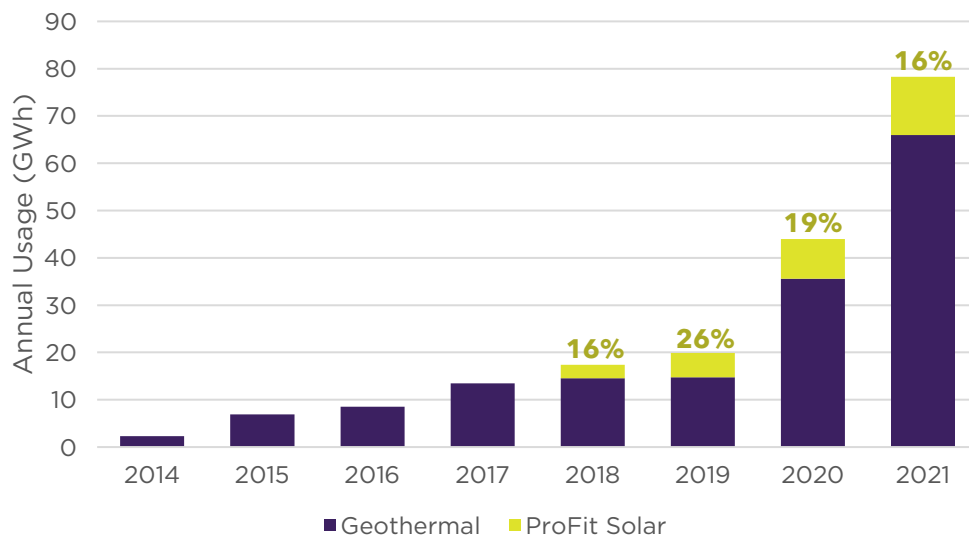


### 2.5.2 Supply Mix to Demand

SCP's initial goal was to achieve 50% new local supply and 50% existing geothermal. With the rapid increase of EverGreen electricity demand, more local resources are now required to meet the new local supply goal. Whereas 6 MW was the appropriate amount for previous participation and growth trends, further new-build resources are now required if we choose to keep new local renewable supply at or near 50%.

Figure 5 shows the current ProFIT annual solar supply for the EverGreen electricity demand. The remainder of EverGreen supply is met with existing geothermal from the Geysers to match the EverGreen demand.

Figure 5: Annual EverGreen Power Mix





## 3 Local Resource Planning Methodology

### 3.1 Priorities & Framework

The main priorities for the Local Resource Plan established during the public input process were building new resources, cutting emissions as much as possible, matching the hourly output to demand, keeping resources within our territory, and using local labor. Keeping the EverGreen premium rates at or below the current premium of 2.5 cents per kWh is also a main priority for SCP, particularly in relation to increasing participation and inclusion of under-represented and CARE/FERA customers.

The framework of the Local Resource Plan centers around 3 pillars: emissions reduction, local electricity resiliency, and equity and local investment. Each of the priorities identified above contributes to these 3 pillars.

#### 3.1.1 Emissions Reduction

SCP's Local Resource Plan will help the SCP community and the whole state reduce emissions through supporting existing renewable generation and through building new incremental renewable and storage projects. New renewable projects proposed for EverGreen resources will be assessed utilizing an hourly methodology that determines how well they match the EverGreen hourly load. This eliminates the need to rely on system power from the California electricity grid, especially during the evening hours when system emissions are usually the largest. Matching hourly resources to demand may also consist of customer-owned so-called "demand side" resources to shape load, and as such SCP considers demand side resources an integral part of building new resources to match hourly demand and will assess their emissions reduction contribution.

#### 3.1.2 Resiliency

SCP's Local Resource Plan strives to improve local electricity resiliency during PSPS and other power outages to the most impacted customers within SCP territory. SCP does not control Public Safety Power Shutoffs or manage the distribution or transmission grid, so no direct commitment can be made to improving PSPS or other blackouts. SCP can, however, work with local partners toward a solution by building new resources that could allow customers to retain electricity service during periods of power outage or facilitate future microgrids, resiliency centers or other critical services. The resiliency solution will likely include both supply side and demand side customer-sited resources, along with SCP's separate effort to work with PG&E to identify cost effective grid repair and segmentation strategies.

#### 3.1.3 Equity and Local Investment

SCP sees equity and local investment as an integral part of the climate crisis solution and recognizes the "Climate Gap" which is the disproportionate and concealed impact that climate change has on communities with people of color and low-income. SCP's Local Resource Plan addresses equity through striving to make cleaner sources of energy accessible to all, including low-income and disadvantaged communities, CARE/FERA customers, medically vulnerable customers, minorities, and under-served and under-represented customers. SCP will work toward providing

targeted programs and implementation strategies for under-served and under-represented customers in a cost-effective and practical way. SCP will also consider the local workforce in developing new local resources. SCP's Programs Equity Framework has more information about SCP's work in this area.

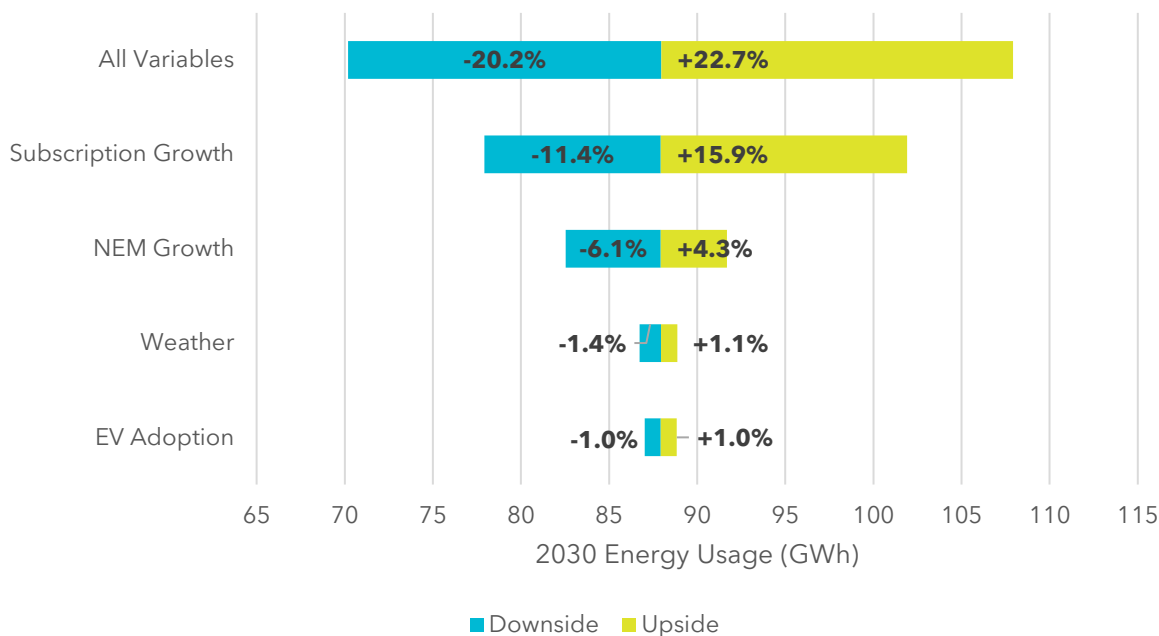
### 3.2 Forecast Methodology

#### 3.2.1 Demand Forecast Methodology

SCP's demand forecast for EverGreen is output from a model trained on weather data, net energy metering (NEM) installations, electric vehicle (EV) accounts, and the historical hourly usage of customers currently enrolled in the program. The model is run against weather data from 2015 through 2020 to evaluate historic weather sensitivity. For this evaluation, enrollment in EverGreen is held constant. However, NEM installations and EV adoption are projected to continue growing. The model is run probabilistically with ranges calibrated for these uncertainties.

Figure 6 is a sensitivity diagram illustrating the range in 2030 energy usage influenced by each uncertainty independently (i.e. the effect different assumptions NEM growth, EV adoption, and weather and impact the energy use forecast).

Figure 6: 2030 EverGreen Energy Use Sensitivity to Uncertainties

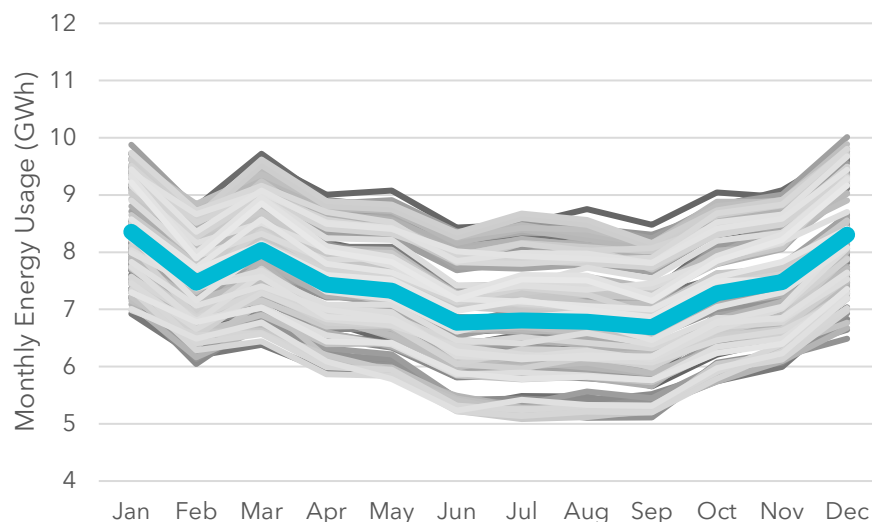


Although the range in annual energy usage is fairly narrow due to counterbalancing independent variables (e.g. subscription growth, NEM growth, absorbing EV adoption, mild winters alongside hot summers), the range at the monthly, daily, and hourly level is much broader. SCP's demand model runs 378 demand scenarios at an hourly granularity to characterize these uncertainties. These scenarios are used in evaluating the performance of different potential resource portfolios. Figure 7 illustrates the range in simulated monthly usage for the aggregated EverGreen customers. Compared to SCP's CleanStart aggregated customer base, EverGreen aggregated customer usage differences between summer and winter are amplified

due to a higher percentage of NEM participation amongst EverGreen customers. Loads in the Spring are higher due to water pumping and water treatment loads on municipal accounts.

Figure 7: 2030 EverGreen Monthly Usage Simulations

### 2030 EverGreen Monthly Energy Usage Expected Value and Simulations



#### 3.2.2 Incremental Supply Methodology

Historical data and weather trends are used to forecast existing ProFIT solar and geothermal supply to determine incremental supply needed to serve EverGreen load.

The methodology used to forecast incremental supply is dependent on the technology.

- Solar resources are estimated using a model trained on weather data and historic production from ProFIT solar facilities. The model is run on the same weather assumptions as the demand model to properly represent the impact of local cloudy weather.
- Wind is estimated using an hourly profile from the National Renewable Energy Laboratory’s Wind Toolkit data for points located inside SCP territory.
- Hydropower is estimated using a monthly historical profile of output from Warm Springs dam hydroelectric facility to represent seasonal trends in the local watershed coupled with hourly assumptions of hydro dispatch from the CPUC.
- Geothermal is considered a base load resource and produces the same amount of energy each hour across the year, although the allocation between CleanStart and EverGreen is allowed to fluctuate based on EverGreen net position need.
- Bioenergy (for this high-level purpose) is considered dispatchable to fill the remaining net position (although dispatchability varies significantly by type of resource). No bioenergy resources will be procured in 2021 for EverGreen, and

at least until more information about specific opportunities can be identified and studied.

- Battery resources are optimized to shift load from the hours with the lowest net open position to the highest.

In evaluating different technology types, Figure 8 below shows the relative distribution of electric output across a year for different technologies. Figure 9 represents the average distribution of output for each hour by technology.

SCP will also leverage generation forecast data provided by potential suppliers when evaluating portfolios.

Figure 8: Monthly Percent of Technology Specific Annual Generation

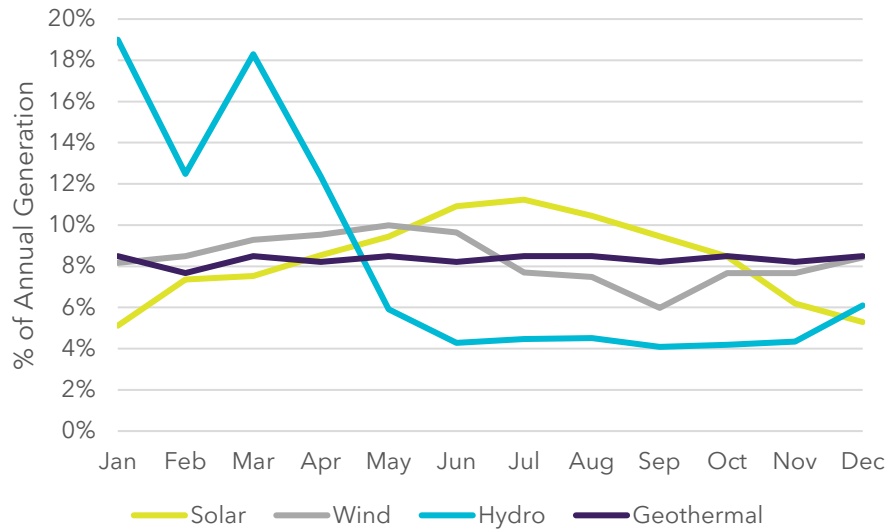
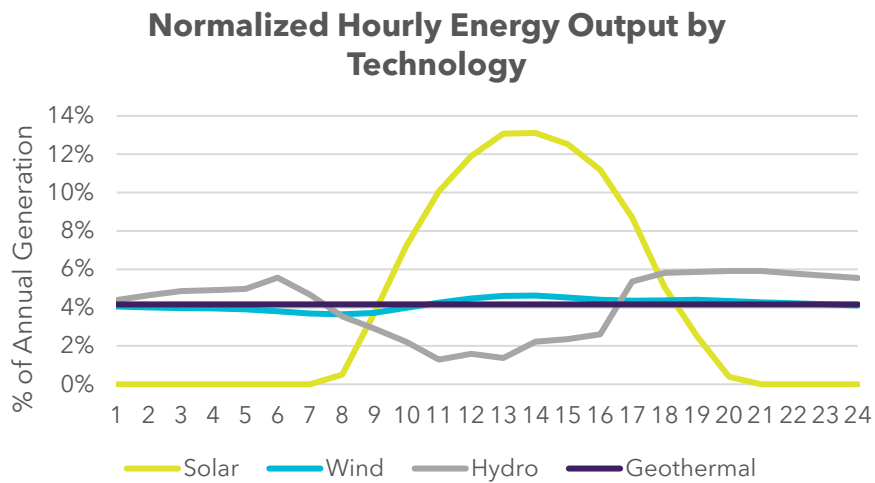


Figure 6: Hourly Percent of Technology Specific Daily Generation



## 4 Local Resource Supply Considerations

### 4.1 Evaluation Metrics

The evaluation metrics SCP will use to assess potential local resource supply projects are as follows:

- Availability
- Constructability
- GHG Emissions Mitigation
- Cost
- Demand Matching
- Resiliency/Reliability
- Equity

#### 4.1.1 Availability

In order for a renewable resource to be feasible for development in Sonoma and Mendocino Counties, the resource must be available within the counties' borders. Readily available resources in parts of the world, country and even state may not be available, or may have limited availability in Sonoma County and Mendocino counties.

Ultimately, the availability of resources to serve EverGreen will be determined by responses to a Request for Proposals (RFP) with projects brought forward by developers. SCP staff will also review potential grants and opportunities to collaborate with local jurisdictions on developing resources. Based on experience and available data, SCP expects solar and storage opportunities to be more likely than other technologies. Extra scrutiny will be applied to new technologies to validate their availability.

#### 4.1.2 Constructability

Once the availability of a renewable resource has been deemed acceptable, the constructability of projects utilizing that resource will be considered. An example is that offshore wind has high availability off the coast of Mendocino County however offshore wind construction is not currently allowed off the coasts of Sonoma or Mendocino Counties. Locations within SCP territory that can reasonably accommodate renewable energy projects and the regulatory, permitting and aesthetic issues that come with those locations will be considered by the lead agencies reviewing projects (generally the cities and counties). The Sonoma and Mendocino County Zoning Codes provide allowable uses, permit requirements, provisions and standards for building projects. It is the responsibility of each project developer to reach constructability; the project developer cannot rely on SCP for assistance, and SCP will respect the judgment of the lead agencies in their determination for permits.

As there is currently a demand for incremental EverGreen supply, the ability to quickly construct resources will be a key criteria in evaluating resources. SCP will assess potential permitting risks, developer experience, and land/site ownership.

### 4.1.3 GHG Emissions

Once the availability and construction feasibility has been established, SCP will evaluate the incremental GHG emissions reduction the specific project is expected to bring. In evaluating the GHG impact of alternatives to serve EverGreen, SCP has adopted a new more sophisticated approach that looks at the hourly displaced CAISO system grid natural gas emissions that directly result from construction of new resources<sup>3</sup>. The emissions mitigated from any potential EverGreen-specific projects for fuel switching vehicles and buildings will also be incorporated.

SCP is establishing a goal of 110 metric tons of CO<sub>2</sub>e emissions reduction per GWh of EverGreen load using this methodology. This goal was developed by looking at the performance of a 50% solar portfolio in 2030. This goal is approximately equivalent to taking 15 passenger cars off the road each year for every 100 average homes that join EverGreen. Shifting to an emissions reduction metric gives SCP the flexibility to select resources and programs that are cost effective while also meeting other stated objectives. It also allows for SCP to re-evaluate resource requirements as load changes. For reference, with currently enrolled EverGreen customers, this objective could be achieved with any of the three illustrative portfolios listed below:

1. 16 MW of additional solar resources
2. 18.5 MW x 4 hours of new energy storage (74 MWh of storage capacity)
3. 9 MW of additional solar resources and 8 MW x 4 hours of new storage

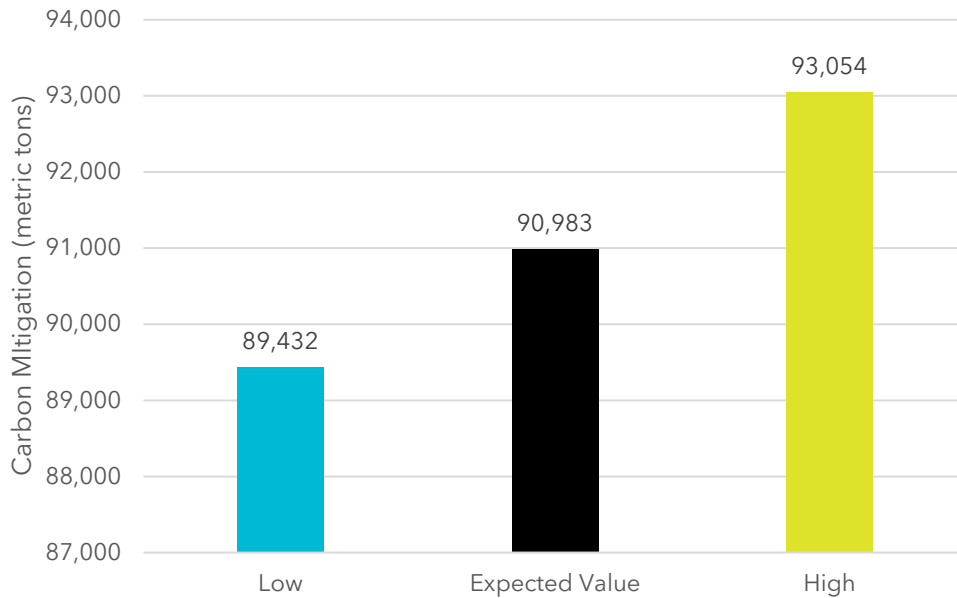
Note that the illustrative portfolios above achieve the GHG mitigation goal only. SCP will also evaluate projects within the EverGreen Portfolio based on the other evaluation metrics, including cost and demand matching. Solar without storage, for example, would not be evaluated favorably for demand matching because solar without storage produces energy at the wrong time of day to meet incremental load.

Figure 10 below shows the range of forecasted carbon mitigation for the illustrative 9 MW incremental solar and 8 MW x 4-hour storage portfolio. Uncertainty within each year is caused by changes in solar generation and storage dispatch due to weather. The long-term trend is driven by the CPUC's forecast for the hourly dispatch of gas resources. Note these illustrative resources are presented going forward only to demonstrate SCP's methodology and do not represent the recommended or targeted set of resources. This will be determined using an assessment of all Evaluation Metrics for proposed projects.

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<sup>3</sup> The new method assesses the amount of natural gas generation on California's grid by comparing the generation profile of new resources against the CPUC's IRP Clean System Power calculator estimate for hours where natural gas resources are on margin from 2020 through 2030. When gas is on margin, it is assumed to be displaceable and new resources are credited with emissions reductions. In hours where gas is not on margin, new resources are not credited with any emissions reductions.

Figure 7: Probabilistic 2030 Cumulative Carbon Mitigation Forecast- 9 MW Solar + 8 MW Battery Storage



Although procurement of existing resources may prompt other parties to develop new clean energy projects that ultimately mitigate GHG emissions, their impact will be ignored in this LRP's evaluation.

The cost of carbon mitigation (\$/metric ton mitigated) will also be used to select potential incremental resource projects by comparing the estimated carbon mitigation to the net cost.

Fuel switching emissions mitigated from any EverGreen-specific programs will be calculated using the default emission factor for the fuel being displaced with local estimates of fuel use patterns.

#### 4.1.4 Anticipated Cost

The cost effectiveness or net cost of resources must be considered in order to compare resources against each other and to determine feasible projects.

The net cost of resources will incorporate all anticipated costs and offsetting revenues. Costs may include a fixed PPA price, program costs, and/or capital and operating costs paid directly by SCP depending on the resource. Offsetting revenue will include the value of energy, surplus renewable energy credits, revenue from ancillary services, and the value of capacity. Recent market data will be used to estimate the value of these revenue streams. The resulting net cost will be compared against the revenue from the EverGreen premium. If opportunities include both on-going costs and upfront costs, a discounted net cost will also be calculated.

#### 4.1.5 Demand Matching

The ability for a resource to meet the energy demand throughout the hour, day, week, month, and year is a critical consideration for EverGreen. Resources are required to meet both the low load during sunny summer hours when customer-owned solar in our region reduces customer net load and during the large increases

in load in the evening when customer-owned solar is not producing and residential energy loads are increasing due to lighting, cooking, heating, cooling, and EV charging. Variable resources such as solar and wind can provide energy during times of resource availability. Baseload resources with constant output can provide energy during all hours, and dispatchable resources can provide the flexibility to meet changes in load. SCP will consider demand matching and dispatchability both from the supply side and the customer demand side.

SCP will directly evaluate demand and supply matching using these main metrics:

1. The percentage of energy and hours of over-generation (i.e. the hours in which hourly resource generation exceeds hourly EverGreen demand). Any over-generation in the EverGreen supply will be applied to SCP’s overall portfolio or sold at market value – generally at a significant financial loss compared with SCP’s retail rates.
2. The amount of geothermal or dispatchable energy required to maintain balance in the portfolio (i.e., the cumulative hourly energy from other resources need to match the EverGreen demand on an hourly basis).

These metrics will be calculated within the probabilistic demand model to incorporate the uncertainty of weather, NEM growth, and EV adoption. Figure 11 and Figure 12 below show these metrics for the example 9 MW new solar and 8 MW x 4-hour storage portfolio. Both the percentage of hours of over-generation and the share of geothermal and dispatchable energy are expected to increase as NEM generation grows through 2030.

Figure 12: Percent of MWh 9 MW Solar + 8 MW Storage exceeds hourly EverGreen Demand

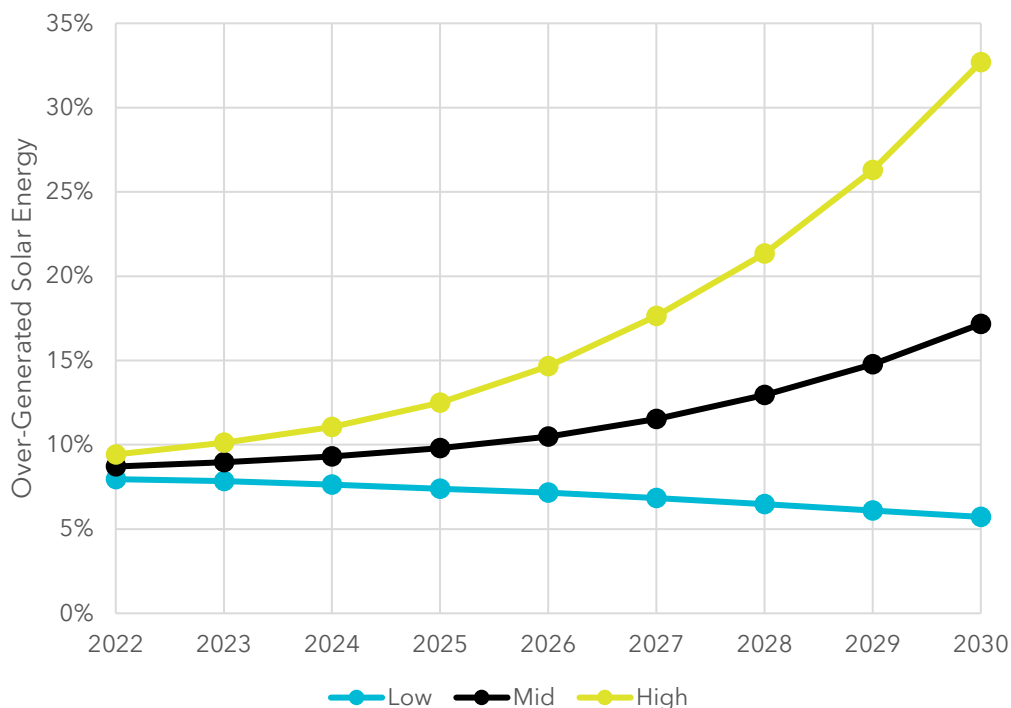
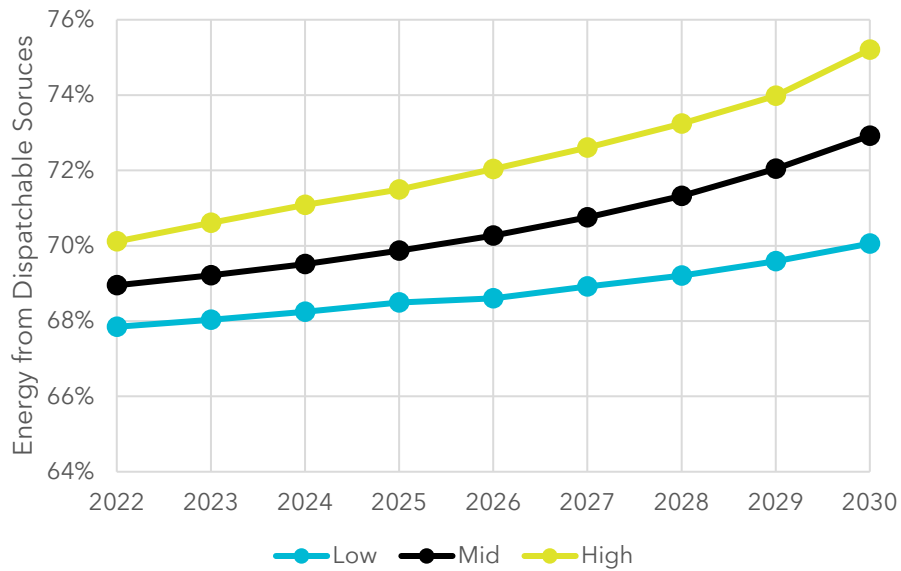




Figure 13: Percent of EverGreen Load needed to be met with geothermal and dispatchable resources by building 9 MW incremental solar + 8 MW incremental storage



#### 4.1.6 Resilience/Reliability

As the California grid incorporates more and more renewable resources that are intermittent in supply, renewable integration must be effectively managed and planned to ensure that the grid remains reliable during periods of low solar and wind renewable supply. Diversity of resources, energy storage, permanent load shifting, and responsive demand side management will be integral in building a 100% clean energy future. By focusing on demand and resource supply matching for EverGreen customers, SCP will lead the way and be a testbed example for scalable grid reliability and thus the demand matching methodology will be used to assess contribution to system-wide reliability.

In the context of SCP’s Local Resource Plan, local resilience and reliability will be assessed in terms of the ability or contribution to the future ability to provide SCP customers with reliable energy during periods of PSPS, rolling blackouts, planned outages, and other unplanned outages such as storms.

#### 4.1.7 Equity

To address the “Climate Gap” and work toward providing equitable access to clean energy and programs, SCP will assess projects and strategies in the context of how they impact or benefit low-income and disadvantaged communities socioeconomically and environmentally.

SCP will evaluate the EverGreen cost and will seek to reduce the gap between EverGreen and CleanStart rates in the future, so EverGreen becomes a more viable option to moderate and low-income customers. In addition to rates, SCP will also evaluate the holistic benefits of projects, programs, and strategies for under-served and under-represented customers including the number of local jobs, contribution to local revenue sources, the ability to provide practical and affordable home and vehicle upgrades, and access to clean energy and air.

## 4.2 RPS Resources-Solar, Geothermal, Wind, Offshore Wind, Hydropower

|  | SOLAR PV  | ONSHORE WIND  | OFFSHORE WIND   | GEOTHERMAL  | HYDROPOWER (<30MW)  |
|--|---|---|---|---|---|
| Local availability   | Abundant  | Limited   | Good  | Abundant  | Limited   |
| Constructability   | Proven  | Not Proven<br>Permitting challenging in high wind areas                             | Not Proven in California & not allowed under current regulations for Sonoma or Mendocino.<br><br>SCP will stay engaged with project in Humboldt and return for consideration in future EverGreen procurement. | Proven<br><br>New construction permitted but likely costly  | Not Proven for new construction.<br><br>Only in-conduit likely permitted, meaning recovering energy from water falling through pipes by gravity |
| GHG emissions  | No generation emissions, but minimal GHG reductions on grid due to midday production (unless paired with storage) | No generation emissions and good GHG reductions on grid                             | No generation emissions and strong GHG reductions on grid   | Very low (~55 lbCO <sub>2</sub> /MWh) from generation and strong GHG reductions on grid                         | New construction difficult. Seasonal emissions reductions on grid.  |
| Anticipated cost (actual cost to be determined by any specific proposed project) | Competitive   | High in SCP territory due to permitting and mitigation<br><br>Lower capacity factor | High<br><br>Requires investment in transmission   | Moderate to High<br><br>Existing resources compete but potentially prohibitive for new                          | Competitive to High<br><br>Existing resources compete but high cost for new   |
| Demand matching/dispatchability  | Poor to None<br><br>Requires pairing with storage to match demand   | Moderate<br><br>Provides needed evening supply but not dispatchable                 | Moderate<br><br>Provides near constant energy with needed evening supply but not dispatchable   | Moderate<br><br>Provides constant energy with evening supply but only demand matching if shared with CleanStart | Moderate<br><br>Provides needed Spring supply but limited flexibility to dispatch   |

|                        | SOLAR PV   | ONSHORE WIND  | OFFSHORE WIND  | GEOTHERMAL  | HYDROPOWER (<30MW)  |
|------------------------|--|---|--|---|---|
| Resilience/reliability | Can support resilience projects if distributed and paired with storage   | Unlikely to provide resilience except in areas directly adjacent to the resource    | If paired with transmission hardening, could provide limited regional resilience at transmission level                               | Possibly valuable. May require transmission hardening.  | Unlikely to provide resilience except in areas directly adjacent to the resource.                     |
| Equity                 | Potential to provide customer-sited resource in low-income & disadvantaged communities or associated with remediation opportunities, provides jobs, and more affordable per MWh. | Could offer jobs, but may not be wanted in low-income and disadvantaged communities | Could offer construction and operating jobs, especially for displaced oil and gas workers due to crossover in offshore labor skills. | Existing jobs.<br><br>New construction could offer construction and long-term operating jobs<br>Technology is reasonably labor-intensive, supplying long-term jobs. | Existing jobs.<br>New construction could provide both short-term construction jobs and operator jobs. |

4.3 Bioenergy

Bioenergy projects include landfill gas, dairy and compost digesters, wastewater treatment digesters and woody biomass power. All of these bioenergy resource types are categorized as preferred renewable resources by the CPUC, and certain mandates for procurement are currently applied to the investor-owned utilities (e.g., PG&E). SCP has no State mandates for procurement at this time.

Bioenergy is not currently included in the Table in Section 5.2. because of public concern over the potential environmental impacts from biomass power facilities creating economic demand for forest tree harvesting. SCP will not procure any local bioenergy projects in 2021, and the issue will return for further public input once a potential policy or project can be considered.

SCP’s evaluation metrics will determine whether specific bioenergy projects are suitable EverGreen resources.

4.4 Battery Storage

SCP sees storage, and in particular battery storage, as an integral element of the Local Resource Plan. While battery storage is not a renewable resource on its own, it is a critical tool for the effective integration of further renewable buildout.

Local Availability- Battery storage can often be employed at existing renewable facilities, paired with new renewable facilities, or as standalone facilities that can be located almost anywhere that can interconnect with the grid.

Constructability- The most commercially available and proven technology currently is lithium-ion batteries with a 4-hour full capacity load shifting capability. Battery storage projects generally have a short construction timeline and have been proven to obtain permits and interconnection.

GHG Emissions- Battery storage can charge during hours of high renewable generation and low net load and can discharge during hours when renewable generation is low. This means that battery storage in and of itself, even without being directly charged by a renewable resource, can use energy during times where GHG are inherently low on the grid and discharge that power during times of high emissions on the grid. This reduces net emissions and allows for more renewable penetration on the grid overall.

Anticipated Cost- The cost of battery storage has declined steeply in recent years and SCP anticipates that costs will continue to decline as more storage is deployed. Solar plus storage facilities today are competitive with other renewable energy project costs. Battery storage connected to existing and qualifying renewable projects is eligible for a significant federal tax credit. Standalone battery storage is not currently eligible for the federal tax credit, but SCP is working to change this due to the importance and impact battery storage has on the future of renewable energy and overall emissions reduction.

Demand Matching/Dispatchability- Battery storage is an effective resource for demand matching. As noted under “GHG Emissions,” battery storage can be charged during times of low net demand and discharged during times of high net demand, particularly in the evening hours when solar resources are ramping down. Battery storage is also extremely dispatchable and can even be used for very short duration dispatching for frequency response on the grid. Battery storage dispatchability is limited by its state of charge (amount the battery is charged from another resource) and discharge duration. Once the battery is fully discharged, it is no longer dispatchable until it recharges.

Resilience/Reliability- Battery storage can be located on the distribution grid where power shutoffs have impacted customers. When combined with solar, batteries could -in theory- provide shaped and dispatchable power to areas subject to PSPS and rolling blackouts. Whether this is practical in any given location depends on the physical conditions of the site as well as numerous regulatory matters. However, storage can also help to maintain reliability for the grid at large, which indirectly aids with local reliability. Batteries paired with solar and special switching equipment can also power resiliency centers during periods of no power. Customer-owned storage and solar is an effective way to tackle resiliency on a customer-by-customer basis and is discussed below in Section 5.6.

Equity- Battery storage can be built and located in disadvantaged communities helping with integration of more renewables and cleaner air. Storage development and installation can create local jobs and provide educational or training opportunities. Electric vehicles with battery storage can significantly improve local air quality and reduce total emissions and is discussed below in Section 5.6. Customer-owned storage (discussed in Section 5.6) can also provide cost savings on

time-of-use rates and resiliency to customers who are financially impacted the most by power outages.

#### 4.5 Other Energy Storage

Lithium-ion batteries are being implemented widely, however they generally are only able to shift load within a single day, so no very long duration or seasonal load shifting can be achieved. SCP recognizes the potential need for longer duration and seasonal storage. Today, these technologies mainly consist of pumped hydroelectric, compressed air, power to gas (hydrogen), mechanical (or gravity) storage and thermal storage projects.

SCP has participated in a multi-CCA Request for Proposals (RFP) for long duration storage to be online by 2026. As of the drafting of this report, the responses were being evaluated. Because of the scale and economics of these projects, they are unlikely to be located in SCP territory, but the results of the evaluation will help inform commercial viability locally.

SCP anticipates the feasible energy storage projects for the Local Resource Plan to be batteries at least in the next two years, however, if any potential long duration or non-battery energy storage projects are brought to SCP, they will be assessed against the Evaluation Metrics established in Section 5.1.

#### 4.6 Demand Management & Customer-Owned Resource Aggregation

Being able to manage the demand side usage and profiles is becoming increasingly more important when scaling a 24x7 hourly renewable portfolio.

Customer-sited resources and programs such as behind the meter solar, behind the meter storage, electric vehicles and chargers, electrification, and demand response of smart electric devices and behavior are important tools in shaping customer demand to supply.

The Local Resource Plan does not exist in isolation of other SCP plans and programs and works alongside the SCP Programs Strategic Action Plan on customer-side solutions (see plan at <https://sonomacleanpower.org/uploads/documents/SCP-Programs-Strategic-Action-Plan-Jan.-2021-FINAL.pdf>). Strategies and actions identified in the Programs Strategic Action Plan will be evaluated and potentially customized for EverGreen participation. Any customization of programs will be assessed against the Evaluation Metrics in Section 5.1.

## 5 Implementation Plan

In order to achieve a local renewable portfolio that matches the EverGreen hourly demand, promotes reliability, reduces emissions, aids local resiliency, and supports equity, SCP will utilize a multi-pronged approach to identify and construct new resources. This multi-pronged approach will include methods that serve to:

- 1) maintain or reduce EverGreen costs,
- 2) capitalize on unique and advanced projects,
- 3) canvas the market for unknown opportunities,

- 4) partner with local jurisdictions, public agencies, and/or schools for co-benefits,
- 5) use previously-developed land and rooftops for alternative revenue stream to local business and customers,
- 6) improve access to EverGreen for customers of low and moderate incomes, and
- 7) enhance distribution grid resiliency at cost-effective, beneficial locations.

In addition, SCP will continue to explore how customer-owned and sited resources could contribute to EverGreen resources in the near future.

This multi-pronged approach will consist of:

- Targeting grant-funded local projects
- Being open to specific opportunities/projects
- Issuing an RFP for utility-scale local renewables
- Issuing an RFI for rooftops and previously developed sites
- Working with existing feed-in-tariff projects to optimize delivery profile
- Customizing customer programs for EverGreen demand side resources and technology
- Targeting customer programs and projects for underserved customers and communities
- Exploring co-benefiting locations of local renewable supply with distribution grid resiliency

In addition, SCP's Local Resource Plan implementation will coordinate with community outreach and partnerships, supplement educational program support, and conduct ongoing research and development of emerging and advancing technologies.

### 5.1 Grant funded projects

SCP will monitor DOE, CEC, and other department grant opportunities that could apply to local renewable deployment.

### 5.2 Opportunistic projects (bilateral and public private partnerships)

SCP will remain open to meeting with developers that approach SCP with unique local projects that fit the EverGreen profile. SCP may enter into bilateral contracts with unique local projects that fit the needs and evaluation metrics for the EverGreen profile. SCP will first direct them to participate in any upcoming RFPs planned, however if there are no upcoming RFPs and SCP still needs the local energy, or the project is outside the scope of any RFP, SCP will remain open to such projects on a case-by-case basis.

### 5.3 Utility scale RFP

SCP plans to issue an all-encompassing RFP for local renewable and storage development with a goal of having contracts executed early in 2022. These projects are anticipated to be in excess of 1 MW and participate in the CAISO market. SCP is open to one large project or multiple smaller projects. Selected projects will be determined using the Evaluation Metrics discussed in Section 5.

The RFP will:

- solicit for any renewable resources (excluding bioenergy) and/or battery storage projects located in Sonoma or Mendocino counties,
- give preference for local developers and workforce if all other evaluation metrics are comparable,
- give preference for projects on previously developed land and rooftops, contaminated land or marginal land if all other metrics are comparable,
- require information from respondents regarding the impacts on and benefits for low-income and disadvantaged communities. This would include:
  - identifying the CalEnviroScreen score of the community in which the project will be built,
  - whether it is an SB 535 Disadvantaged Community or AB 1550 Low-income community<sup>4</sup>,
  - any increases or decreases in air pollution and other environmental or socioeconomic impacts due to the proposed project,
- require the respondent to provide information on employment and workforce development including:
  - identifying the number of new local jobs created during construction and operation phases,
  - employment and training/apprenticeship opportunities for individuals residing in low-income or disadvantaged communities or part of disadvantaged groups such as CARE/FERA customers, women, minorities, and disabled veterans.

#### 5.4 Rooftop/ Site RFI

SCP will issue an RFI for large commercial and municipal customers to utilize their sites. Once potential sites are identified, SCP will work with acceptable sites to potentially issue an RFP to developers to build projects on their sites. SCP will consider various options such as purchasing all of the energy from the site facility, purchasing a portion of the energy and leaving another portion for the site's energy needs, or leaving all of the energy for the site's needs and having control over the operating parameters of the storage component. SCP will evaluate projects on a case-by-case basis. In direct response to public feedback, SCP will work with the site owners and tenants to validate the projects are appropriately sized. SCP anticipates these projects to be less than 1 MW.

#### 5.5 No Feed-in-tariff

The previous ProFIT program is closed and a standard feed-in-tariff is not included in this cycle of the Local Resource Plan. SCP wants to take all reasonable efforts to ensure that the projects that best fit SCP's needs at the least cost are selected. A standard power purchase cost and contract terms does not achieve this. SCP may revisit the potential for a feed-in-tariff in the 2023 Local Resource Plan cycle. This Plan relies instead on both broad solicitations and bilateral agreements.

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<sup>4</sup> See map here <https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm>

SCP will continue to work with existing ProFIT feed-in-tariff solar projects to examine potential for pairing battery storage at the existing sites.

## 5.6 Customer programs

SCP will continue working on customer programs that fit within the Programs Strategic Action Plan. SCP will begin to analyze customer programs in terms of EverGreen and will seek to optimize and identify opportunities throughout this 2-year Local Resource Plan Cycle.

While the specific opportunities for programs contributing to the EverGreen resource mix are still unclear and may require significant effort or regulatory changes, it could include:

- Shaping load by enrolling more EverGreen customers in demand response (GridSavvy) or converting existing GridSavvy customers to EverGreen
- Studying transportation electrification of buses and fleet vehicles in combination with EverGreen to provide 100% renewable transportation and using vehicle batteries as grid resources
- Evaluating the costs and benefits to the grid and GHG reduction of providing free or reduced-cost workplace charging during solar hours at EverGreen sites or for EverGreen customers
- Targeting fuel switching in buildings in combination with demand response and EverGreen enrollment
- Assessing the viability of providing vehicle-to-building resiliency in concert with EverGreen
- Targeting existing customers with solar for battery and car charging programs in combination with EverGreen
- Targeting battery storage deployment for EverGreen customers for permanent load shifting
- Assessing the viability of providing incentives for customers that switch to EverGreen
- Targeting low-income customers to provide energy savings from home upgrade programs and fuel savings from electric vehicles. Assess the ability to reduce their total electricity and gasoline expenditures while also being enrolled in EverGreen.

## 5.7 Underserved and low-income communities' projects

The Local Resource Plan will help implement the framework that will be established in the Programs Equity Framework. The Programs Equity Framework is currently being developed with the help of community involvement and input. One of the first steps SCP hopes to implement once the Programs Equity Framework is complete is to further engage with our low-income and disadvantaged communities in SCP territory. We plan to engage with leaders and active members of the communities to identify ways to better serve the community through the potential to invest in EverGreen projects.

SCP will explore how to promote rooftop solar and battery storage, home energy upgrades, and electric vehicles.



During this planning cycle, SCP will also begin to assess the viability of providing a discounted EverGreen service to CARE/FERA customers.

### 5.8 Resiliency and PSPS projects

SCP will immediately begin to investigate distribution network locations that would benefit from renewable resources and storage. These resources could serve as supply side resiliency sources during times of power outages as well as provide day-to-day local resources for EverGreen. SCP has already identified substations and feeders that are most impacted by PSPS events. SCP will focus on areas that experience PSPS at the transmission level or on feeder lines that are anticipated to be safe to remain energized during a PSPS event. SCP will continue to work with PG&E to identify cost effective solutions that provide socialized benefits to impacted customers during power outages.

On the customer side, SCP will continue working on customer programs that fit within the Programs Strategic Action Plan as related to resiliency. These could include all programs related to customer solar plus storage and vehicle-to-building technology.

### 5.9 Community Outreach and Partnerships

SCP is working on a comprehensive outreach and education program that aims to build stronger affiliations with local agencies, community benefit organizations and service providers, broaden education and outreach efforts, strengthen community trust, and improve SCP's engagement with customers. The program will establish a new set of pathways for community members and groups to propose ideas and partnerships, request support, and benefit from SCP's customer programs and other services. The Local Resource Plan will employ the strategies and goals within that program. The outreach program is expected to begin implementation by the end of 2021.

SCP also plans to utilize outreach and partnerships to increase EverGreen participation. A marketing plan specific to EverGreen will be created during the 2021-2022 Local Resource Plan cycle. Marketing plan strategies for increasing participation will be evaluated and could include:

- A campaign to upgrade all municipal accounts to EverGreen
- Providing a referral incentive to EverGreen customers
- Developing targeted marketing and education to promote the switch to EverGreen.
- A campaign to improve CARE/FERA participation
- A campaign to enroll large commercial customers in EverGreen

### 5.10 Education

SCP will continue working on the Energy Education Program for Schools in SCP territory identified in the Programs Strategic Action Plan. SCP will work to incorporate EverGreen specific education into the current program.

The Local Resource Plan will also employ the educational strategies that will be identified in the comprehensive outreach and partnership program referenced in Section 6.9.

Because of the limited input from under-served and under-represented customers in this Local Resource Plan public workshop cycle, SCP does not feel there was adequate representation from all aspects of the SCP customer base. In the 2023 cycle, SCP will work to specifically identify and distribute public input opportunities to CARE/FERA customers and customers living within low-income or disadvantaged communities or part of underprivileged groups.

### 5.11 Ongoing Research & Development

While implementing the Local Resource Plan, SCP will collect information and complete analysis to promote the long-term development of local resources in Sonoma and Mendocino Counties. These activities may not influence the resources selected for EverGreen during this cycle but will provide additional flexibility and cost efficiency in future cycles of the plan. Specific tasks SCP has identified include:

1. Mapping supply congestion and congestion persistence to identify economically attractive areas for development of generation and storage.
2. Engaging developers to identify permitting, political, or logistical barriers to development.
3. Surveying local jurisdictions on permitting activity for energy-related projects.
4. Leveraging PG&E's public dataset on distribution capacity to identify areas with less interconnection issues.
5. Reviewing land use regulations, zoning, and conservation plans, to understand distribution of potential resource sites.
6. Monitor and actively engage vendors of new technologies including long duration storage, offshore wind, closed-loop geothermal, and vehicle-to-grid to explore applications within our territory.

## 6 Timeline and Summary

SCP will aim to fill the annual amount of energy needed using a combination of all implementation strategies. SCP will aim to procure resources to meet its objective of mitigating 110 metric tons of CO<sub>2</sub> equivalent per GWh of load. This goal is approximately equivalent to taking 15 passenger cars off the road each year for every 100 average homes that join EverGreen. The exact resources and quantities will not be determined until each project/program has been assessed against the Local Resource Plan Evaluation Metrics and will be determined based on the most recent forecast EverGreen demand at the time of evaluating projects.

The Implementation timeline for the 2021-2022 Local Resource Plan cycle is outlined below.

Table 2: Local Resource Plan Implementation Timeline

|    | Implementation Strategy   | Timeline  |
|----|---|---|
| 1  | Monitor & identify potential grant funding opportunities for local projects       | Ongoing   |
| 2  | Bi-lateral and public private partnerships  | Ongoing, however will direct any potential projects to any upcoming planned RFP or solicitation before considering  |
| 3  | Issue utility scale RFP for local renewable and storage projects                  | Issue RFP within 30 days of Board approval of this plan and target executing first supply contract(s) in 2022.  |
| 4  | Issue RFI for large commercial & municipal rooftop and previously developed sites | Issue RFI within 90 days of Board approval of this plan.  |
| 5  | ProFIT battery storage  | Within 90 days of Board approval of this plan, begin engaging with existing ProFIT project owners on possibility to add battery storage on existing sites.  |
| 6  | Customer programs   | Ongoing evaluation of opportunities for customer programs to contribute to EverGreen resources as part of SCP's ongoing Programs Strategic Action Plan process.   |
| 7  | Identify programs and projects for low-income and disadvantaged communities       | Within 90 days of Board approval of this plan, begin engaging with community leaders and citizens.  |
| 8  | Analyze grid for PSPS solutions   | Immediate and ongoing   |
| 9  | Community outreach & partnerships   | Ongoing in conjunction with SCP's comprehensive outreach and partnership program.   |
| 10 | Education   | By the end of 2021, begin engaging with Energy Education Program for Schools to provide customized curriculum for EverGreen. Target August 2022 to begin teaching additional EverGreen curriculum at schools. |
| 11 | Research & Development  | Ongoing   |
| 12 | Update forecast and re-institute implementation strategies 2 and 3                | For every 4 GWh increase in annual EverGreen energy from last RFP or solicitation.  |
| 13 | 2023-2024 Local resource planning cycle   | Q4 2022 Restart public workshop process   |

SCP will use the following Evaluation Metrics to determine projects that best fit the Emissions Reduction, Resiliency, and Equity priorities for the Local Resource Plan.

- Local Availability
- Constructability
- GHG Emissions Mitigation
- Anticipated Cost
- Demand Matching/ Dispatchability
- Resilience/ Reliability
- Equity

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### Staff Report - Item 03

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

**From:** Stephanie Reynolds, Director of Internal Operations  
Mike Koszalka, Chief Operating Officer

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

**Date:** May 6, 2021

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#### **COVID-19 IMPACTS TO SCP**

Most SCP staff continue to work remotely, and the office remains closed for meetings and to the public. No further update.

#### **COMMUNITY ADVISORY COMMITTEE RECRUITMENT FOR CURRENT AND UPCOMING VACANCIES IN 2022**

Staff has drafted a one-page information sheet, updated application questions, and has also been working on a strategy for outreach. The first meeting of the ad hoc committee of the Board of Directors and staff will be on 5/6, following the Board meeting.

#### **NEW SCP TEAM MEMBERS**

SCP has recently added two new staff. Cameron Wehrfritz joined the Planning and Analytics group as an Intern and Brian Goldman joined the Regulatory group as a Principal Compliance Analyst.

## **WALKING THE WALK**

On April 16<sup>th</sup>, the Sonoma Clean Power sponsored another Drive-Up Donation Station at the Redwood Empire Food Bank (REFB). We collected over 700 pounds of food and some cash donations. According to Lisa Cannon, REFB Director of Development, "You are the ONLY company that is doing several food and funds drives. We really appreciate it!"

Our staff really enjoys helping out where we can. We plan to schedule several more events through 2021 and beyond and will be sure to let our Directors and Committee members know if there is an opportunity to volunteer.

## **SCP HEADQUARTERS PROJECT UPDATE**

Construction on the headquarters building is continuing to proceed on pace for completion in summer of 2021. Work on the interior continues with electrical lines and painting, and on the exterior with the siding, sidewalks, parking lot and charging stations.

## **ADVANCED ENERGY CENTER UPDATE**

### *Construction*

SCP received a certificate of occupancy on March 30 and has completed over 75% of the construction punch list. The soft opening of the Advanced Energy Center will follow 4-6 weeks of design installations, vendor bay installations, and COVID safety practices before we can open publicly. While awaiting this soft opening, the Advanced Energy Center discounts and technologies, plus the on-bill loan program are available now online on the Advanced Energy Center website - [www.scpadvancedenergycenter.org](http://www.scpadvancedenergycenter.org).

### *Advanced Energy Center Operations*

We are currently recruiting for multiple interns to help us at the Advanced Energy Center. With various technologies, COVID and many other necessary trainings for staff, we hope to hire soon.

### *Education/Training*

Most webinars are recorded and can be found on the new Advanced Energy Center Education Hub [www.scpadvancedenergycenter.org/education-hub](http://www.scpadvancedenergycenter.org/education-hub)

Every person who registered receives a copy of the recording and slides.

## Upcoming Webinars

- 5/20, 10am - Induction for Commercial Kitchens
- 5/25, 12pm - On-Bill Financing: 0% Financing. 100% Easy.
- 5/26, 1pm - Healthy Home Ventilation Retrofits for Building Professionals (more information coming soon)
- 5/27, 12pm - Financiamiento en factura - Financiamiento al 0%. 100% fácil.
- 6/2, 4pm - Healthy Home Ventilation Retrofits for Homeowners (more information coming soon)
- 6/2, 6pm - Understanding the Time-of-Use Transition & Your Options (more information coming soon)
- 6/3, 6pm - Understanding the Time-of-Use Transition & Your Options (Spanish) (more information coming soon)

Upcoming Events can be found on the new Advanced Energy Center events calendar [www.scpadvancedenergycenter.org/events](http://www.scpadvancedenergycenter.org/events)

## Past Webinars

| <b>Webinar Name</b>  | <b>Webinar Date</b> | <b>Registrations</b> | <b>Live Attendees</b> |
|--|---------------------|----------------------|-----------------------|
| On-Bill Financing: 0% Financing. 100% Easy.  | 4/8, 12pm           | 13                   | 9                     |
| Homeowners Building or Remodeling? How to Achieve Your Resiliency and Energy Goals | 4/14, 5pm           | 13                   | 7                     |
| The What and Why of Residential Induction Cooking                                  | 4/20, 10am          | 13                   | 4                     |
| Smart and Efficient, Electric Water Heating for Homes: Everything You Need to Know | 4/21, 3pm           | 22                   | 14                    |
| Electric Vehicles 101  | 4/22, 12pm          | 6                    | 2                     |

## **PROGRAM UPDATES:**

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

The SGIP Assistance Program is now open to accept applications for General Market Small Residential Storage and Large-Scale Storage. More information can be found at [www.sonomacleanpower.org/programs/sgipassistance](http://www.sonomacleanpower.org/programs/sgipassistance).

### *School Storage and Solar Study*

SCP and TerraVerde Energy have determined the final 20 sites to receive the no-cost analysis based on SCP's goals, including, but not limited to:

- Sites that serve high amounts of free and reduced lunch
- Sites that have a high number of students experiencing homelessness
- Sites that have experienced past PSPS events
- Sites that are likely to experience future PSPS events using updated information from PG&E
- Sites that serve as emergency centers
- Sites that are geographically distributed across SCP territory
- A mix of sites in urban locations and rural locations
- Sites that span different campus sizes (based on number of students)

Participating School Districts include:

Harmony Union

Liberty

Sonoma Valley Unified

Two Rock Union

West Side Union

Staff is in the process of requesting approval from our remaining School District customers to share participation information.

### *Bike Electric*

The Bike Electric program, which launched on March 8th, quickly reached 270 applications in its first few weeks, and is now closed to new applicants. To date, 50 electric bicycles have been sold through the program. Approved customers have until September 8, 2021 to redeem their vouchers.



### The GridSavvy Community

Google Nest has officially joined the GridSavvy Community family! As a part of the partnership with Google Nest, SCP customers will receive \$50 off the purchase of select Google Nest thermostats through the [GridSavvy Community webstore](#) and a \$5/month bill credit for enrolling their thermostat to participate in GridSavvy Community “events,” which automatically adjust the setpoint of the thermostat in times of high stress on the electricity grid. Customers with existing Google Nest thermostats can enroll their device in the GridSavvy Community to earn a one-time \$50 enrollment incentive, plus a \$5/month bill credit for every month that they continue to participate in the program.

| <b>Eligible Thermostat Equipment</b>  | <b>Retail Price</b><br>(basis for tax) | <b>Total Price to SCP Customer</b>                     |
|---|--|--|
| Google Nest Learning Thermostat. (Snow and Charcoal). Model Nos GA01334-US-1 and GA02081-US-1 | \$129.99                               | (\$79.99) plus tax and \$10 shipping and handling fee  |
| Google Nest Learning Thermostat Gen 3 (Stainless Steel). Model No. T3007ES                    | \$ 249.00                              | (\$199.00) plus tax and \$10 shipping and handling fee |

The GridSavvy Community program was also recently awarded the Peak Load Management Alliance’s (PLMA) “Thought Leadership” award, a prestigious award in the demand response sphere. The program will be recognized at PLMA’s annual conference and through a webinar to PLMA members later this summer.

### MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date growth in net position is better than projections due primarily to greater than expected revenues. Revenue from electricity sales is on target with amended budget projections, and cost of energy is slightly under expectations by less than 1%. Year-to-date electricity sales reached \$138,897,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$111,713,000, which indicates healthy growth as SCP continues to make progress towards its financial goals. In addition to Net Position, SCP maintains an Operating Account Fund of \$22,000,000 at the end of the period.

Aside from cost of energy, overall other operating expenses continued near or slightly below planned levels for the year.

## **BUDGETARY COMPARISON SCHEDULE**

The accompanying budgetary comparison includes the 2020/21 amended budget approved by the Board of Directors in April 2021.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2020/21 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 right on target with the budget by approximately at the end of the reporting period.

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

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

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

## **UPCOMING MEETINGS:**

Community Advisory Committee - May 20, 2021

Board of Directors - June 3, 2021

Community Advisory Committee - June 17, 2021

Board of Directors - July 1, 2021

## **ATTACHMENTS**

**February 2021 Financial Reports**

**Bike Electric, Customer Testimonial**



## ACCOUNTANTS' COMPILATION REPORT

Management  
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of February 28, 2021, 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 1, 2021

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of February 28, 2021

### ASSETS

|  |                    |
|--|--------------------|
| Current assets                               |                    |
| Cash and cash equivalents                    | \$ 70,457,174      |
| Accounts receivable, net of allowance        | 22,048,682         |
| Other receivables                            | 1,716,791          |
| Accrued revenue                              | 8,424,682          |
| Prepaid expenses                             | 1,508,705          |
| Deposits                                     | 789,979            |
| Restricted cash                              | 147,000            |
| Total current assets                         | <u>105,093,013</u> |
| Noncurrent assets                            |                    |
| Unrestricted cash in Rate Stabilization Fund | 22,000,000         |
| Land and construction-in-progress            | 14,729,655         |
| Capital assets, net of depreciation          | 285,586            |
| Deposits                                     | 6,430,922          |
| Total noncurrent assets                      | <u>43,446,163</u>  |
| Total assets                                 | <u>148,539,176</u> |

### LIABILITIES

|   |                   |
|---|-------------------|
| Current liabilities                                       |                   |
| Accrued cost of electricity                               | 11,723,877        |
| Accounts payable  | 1,581,293         |
| Advanced from grantors                                    | 30,425            |
| Other accrued liabilities                                 | 961,461           |
| User taxes and energy surcharges due to other governments | 528,996           |
| Total current liabilities                                 | <u>14,826,052</u> |

### DEFERRED INFLOWS OF RESOURCES

|                         |            |
|-------------------------|------------|
| Rate Stabilization Fund | 22,000,000 |
|-------------------------|------------|

### NET POSITION

|                              |                       |
|------------------------------|-----------------------|
| Restricted                   | 147,000               |
| Investment in capital assets | 15,015,241            |
| Unrestricted                 | 96,550,883            |
| Total net position           | <u>\$ 111,713,124</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2020 through February 28, 2021**

**OPERATING REVENUES**

|                               |                    |
|-------------------------------|--------------------|
| Electricity sales, net        | \$ 137,881,320     |
| Evergreen electricity premium | 1,015,318          |
| Grant revenue                 | 1,708,685          |
| Total operating revenues      | <u>140,605,323</u> |

**OPERATING EXPENSES**

|                                |                    |
|--------------------------------|--------------------|
| Cost of electricity            | 113,419,342        |
| Contract services              | 6,356,595          |
| Staff compensation             | 3,224,591          |
| General and administration     | 820,308            |
| Program rebates and incentives | 501,090            |
| Depreciation                   | 53,611             |
| Total operating expenses       | <u>124,375,537</u> |
| Operating income               | <u>16,229,786</u>  |

**NONOPERATING REVENUES (EXPENSES)**

|                                       |                |
|---------------------------------------|----------------|
| Interest income                       | 491,935        |
| Other nonoperating revenue            | 7,009          |
| Nonoperating revenues (expenses), net | <u>498,944</u> |

**CHANGE IN NET POSITION**

|                                     |                       |
|-------------------------------------|-----------------------|
| Net position at beginning of period | <u>94,984,394</u>     |
| Net position at end of period       | <u>\$ 111,713,124</u> |

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS July 1, 2020 through February 28, 2021

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |                   |
|--|-------------------|
| Receipts from customers                          | \$ 142,110,176    |
| Receipts from grantors                           | 3,462,099         |
| Other operating receipts                         | 447,460           |
| Payments to electricity suppliers                | (118,468,116)     |
| Payments for other goods and services            | (7,498,521)       |
| Payments for staff compensation                  | (3,151,280)       |
| Tax and surcharge payments to other governments  | (1,877,635)       |
| Payments for program rebates and incentives      | (1,527,969)       |
| Net cash provided (used) by operating activities | <u>13,496,214</u> |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|                                    |                    |
|------------------------------------|--------------------|
| Payments to acquire capital assets | <u>(6,960,982)</u> |
|------------------------------------|--------------------|

### CASH FLOWS FROM INVESTING ACTIVITIES

|  |                   |
|--|-------------------|
| Interest income received                         | 686,783           |
| Proceeds from certificates of deposit matured    | <u>20,291,718</u> |
| Net cash provided (used) by investing activities | <u>20,978,501</u> |

|  |                      |
|--|----------------------|
| Net change in cash and cash equivalents        | 27,513,733           |
| Cash and cash equivalents at beginning of year | <u>65,090,441</u>    |
| Cash and cash equivalents at end of period     | <u>\$ 92,604,174</u> |

### Reconciliation to the Statement of Net Position

|   |                      |
|---|----------------------|
| Unrestricted cash and cash equivalents (current)    | \$ 70,457,174        |
| Restricted cash and cash equivalents (current)      | 147,000              |
| Unrestricted cash and cash equivalents (noncurrent) | <u>22,000,000</u>    |
| Cash and cash equivalents                           | <u>\$ 92,604,174</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2020 through February 28, 2021**

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

|  |                      |
|--|----------------------|
| Operating income   | \$ 16,229,786        |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities |                      |
| Depreciation expense   | 53,611               |
| Revenue adjusted for allowance for uncollectible accounts  | 1,758,186            |
| (Increase) decrease in:  |                      |
| Accounts receivable  | (2,152,914)          |
| Other receivables  | 906,784              |
| Accrued revenue  | 1,770,776            |
| Prepaid expenses   | (430,458)            |
| Deposits   | (1,004,580)          |
| Increase (decrease) in:  |                      |
| Accrued cost of electricity  | (4,314,098)          |
| Accounts payable   | 34,717               |
| Advance from grantors  | (158,450)            |
| Accrued liabilities  | 842,999              |
| User taxes due to other governments  | (40,145)             |
| Net cash provided (used) by operating activities   | <u>\$ 13,496,214</u> |



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended February 28, 2021, 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 1, 2021



**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
July 1, 2020 through February 28, 2021**

|   | 2020-21 YTD    | 2020/21 YTD    | 2020/21 YTD                          | 2020/21 YTD               | 2020/21        | 2020/21 Amended  |
|---|----------------|----------------|--------------------------------------|---------------------------|----------------|------------------|
|   | Amended Budget | Actual         | Amended Budget Variance (Under) Over | Actual / Amended Budget % | Amended Budget | Budget Remaining |
| <b>REVENUE AND OTHER SOURCES:</b>                 |                |                |                                      |                           |                |                  |
| Electricity (net of allowance) *                  | \$ 137,916,957 | \$ 137,881,320 | \$ (35,637)                          | 100%                      | \$ 188,347,000 | \$ 50,465,680    |
| Evergreen Premium (net of allowance)              | 987,899        | 1,015,318      | 27,419                               | 103%                      | 1,488,000      | 472,682          |
| Inflow from Operating Account Fund Reserves       | -              | -              | -                                    | 0%                        | 4,630,000      | 4,630,000        |
| CEC Grant   | 1,982,667      | 1,550,235      | (432,432)                            | 78%                       | 2,974,000      | 1,423,765        |
| BAAQMD grant                                      | 50,000         | 158,450        | 108,450                              | 317%                      | 50,000         | (108,450)        |
| Interest income                                   | 506,000        | 491,935        | (14,065)                             | 97%                       | 750,000        | 258,065          |
| Miscellaneous Income                              | -              | 7,009          | 7,009                                | 0%                        | -              | (7,009)          |
| Total revenue and other sources                   | 141,443,523    | 141,104,267    | (339,256)                            | 100%                      | 198,239,000    | 57,134,733       |
| <b>EXPENDITURES AND OTHER USES:</b>               |                |                |                                      |                           |                |                  |
| <b>CURRENT EXPENDITURES</b>                       |                |                |                                      |                           |                |                  |
| Cost of energy and scheduling                     | 113,824,491    | 113,419,342    | (405,149)                            | 100%                      | 167,024,000    | 53,604,658       |
| Data management                                   | 2,130,000      | 2,127,068      | (2,932)                              | 100%                      | 3,195,000      | 1,067,932        |
| Service fees- PG&E                                | 644,583        | 643,963        | (620)                                | 100%                      | 969,000        | 325,037          |
| CCPower JPA                                       | -              | -              | -                                    | 0%                        | 57,000         | 57,000           |
| Personnel   | 3,630,000      | 3,224,591      | (405,409)                            | 89%                       | 5,623,000      | 2,398,409        |
| Outreach and communications                       | 753,336        | 413,096        | (340,240)                            | 55%                       | 1,130,000      | 716,904          |
| Customer service                                  | 301,764        | 228,951        | (72,813)                             | 76%                       | 383,000        | 154,049          |
| General and administration                        | 410,000        | 339,447        | (70,553)                             | 83%                       | 615,000        | 275,553          |
| Legal   | 252,000        | 251,259        | (741)                                | 100%                      | 360,000        | 108,741          |
| Regulatory and compliance                         | 264,667        | 81,065         | (183,602)                            | 31%                       | 397,000        | 315,935          |
| Accounting  | 146,664        | 146,250        | (414)                                | 100%                      | 217,000        | 70,750           |
| Legislative                                       | 18,667         | -              | (18,667)                             | 0%                        | 28,000         | 28,000           |
| Other consultants                                 | 116,664        | 116,308        | (356)                                | 100%                      | 185,000        | 68,692           |
| CalCCA Trade Association                          | 253,336        | 232,641        | (20,695)                             | 92%                       | 380,000        | 147,359          |
| Program implementation                            | 2,132,667      | 1,597,093      | (535,574)                            | 75%                       | 3,199,000      | 1,601,907        |
| Program - CEC grant                               | 4,661,000      | 3,034,831      | (1,626,169)                          | 65%                       | 5,561,000      | 2,526,169        |
| Total current expenditures                        | 129,539,839    | 125,855,905    | (3,683,934)                          | 97%                       | 189,323,000    | 63,467,095       |
| <b>OTHER USES</b>                                 |                |                |                                      |                           |                |                  |
| Capital outlay                                    | 5,944,000      | 5,325,665      | (618,335)                            | 90%                       | 8,916,000      | 3,590,335        |
| Total Expenditures, Other Uses and Debt Service   | 135,483,839    | 131,181,570    | (4,302,269)                          | 97%                       | 198,239,000    | 67,057,430       |
| Net increase (decrease) in available fund balance | \$ 5,959,684   | \$ 9,922,697   | \$ 3,963,013                         | 166%                      | \$ -           | \$ (9,922,697)   |

\* Represents sales of approximately 1,594,000 MWh for 2020/21 YTD actual.

|                         | Current Balance | % of Long-Term Target | Long-Term Target Balance |
|-------------------------|-----------------|-----------------------|--------------------------|
| <b>RESERVES</b>         |                 |                       |                          |
| Operating Cash Reserve  | \$ 59,280,000   | 60%                   | \$ 99,119,500            |
| Program Cash Reserve    | 10,855,000      | 55%                   | 19,823,900               |
| Collateral Cash Reserve | 2,231,000       | 13%                   | 16,702,400               |
|                         | \$ 72,366,000   | 53%                   | \$ 135,645,800           |

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**July 1, 2020 through February 28, 2021**

|   |    |                          |
|---|----|--------------------------|
| Net increase (decrease) in available fund balance<br>per budgetary comparison schedule:   | \$ | 9,922,697                |
| Adjustments needed to reconcile to the<br>changes in net position in the<br>Statement of Revenues, Expenses<br>and Changes in Net Position: |    |                          |
| Subtract depreciation expense   |    | (53,611)                 |
| Add back capital asset acquisitions   |    | <u>6,859,644</u>         |
| Change in net position  | \$ | <u><u>16,728,730</u></u> |

**Sent:** Monday, April 19, 2021 6:36 PM  
**To:** Sonoma Clean Power Staff <[info@sonomacleanpower.org](mailto:info@sonomacleanpower.org)>  
**Subject:** A Big Thank You

Hello, I want to thank you very much for the voucher for the electric Bike. I would never have been able to afford one without it. I purchased my bike from Sonoma Adventures. I am getting more confident each time I ride it and I do feel like I will be using it a lot.

I took the safe riding class at Sonoma Bicycle Coalition and learned much about bike riding safely and received the free helmet. The class was well organized and had some hands on road riding which was very helpful

Again a heartfelt thank you,

Rose Fitzsimmons



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## Staff Report - Item 04

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

**From:** Neal Reardon, Director of Regulatory Affairs  
Geof Syphers, Chief Executive Officer

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

**Date:** May 6, 2021

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### Requested Action:

Receive Legislative and Regulatory Updates and provide feedback as appropriate.

### Regulatory Update

#### Power Charge Indifference Adjustment ("PCIA")

Working Group #2 - prepayment of PCIA obligation as lump sum

On May 5<sup>th</sup>, the CPUC will host a workshop to discuss terms of equitable PCIA prepayment terms. These would apply to CCAs seeking to make a lump sum PCIA payment in lieu of leaving their customer exposed to wildly-fluctuating fees. SCP will participate on behalf of CalCCA. The goal of the workshop is to inform Energy Division staff's recommendation on how IOU prepayment frameworks should be implemented. The initial IOU proposal remains suspended by Energy Division staff following protests submitted by CalCCA and other parties highlighting the inequity of the IOU proposal.

Working Group #3 - allocation of IOU resources and prudent management of costs

On April 5<sup>th</sup>, the CPUC issued a Proposed Decision addressing some of the outstanding issues in the PCIA Rulemaking. The Commission originally sought to conclude this portion of the proceeding in Q3, 2020 after taking receipt of a proposal

developed jointly by CalCCA and Southern California Edison in February of 2020. The Proposed Decision as written fails to address the fundamental imbalance between investor-owned-utilities holding resources they no longer use, and CCA customers being charged increasing financial penalties for their share of those resources. CCA staff prioritized the most important elements that require modification to make allocation of resources equitable and submitted opening comments via CalCCA on April 26th. In addition, SCP staff worked with three other Northern California CCAs to submit a second set of opening comments highlighting the need for a transparent rate-setting process that provides information well in advance of rate changes.

While staff will pursue advocacy and education through all available avenues at the CPUC, this proposal does highlight the need for valuable statutory reforms and leadership in Sacramento.

### Legislative Update

SCP and CalCCA are tracking the following bills:

| Bill   | Author          | Description  | Location  | Position |
|--------|-----------------|--|---|----------|
| AB 33  | Ting            | Bill will amend the Energy Commission's Energy Conservation Assistance Act which offers two loan programs for energy efficiency and energy generation. The proposal would add EV infrastructure and storage to the loan program. | Passed out of Asm Utilities and Energy and referred to Appropriations         | TBD      |
| AB 64  | Quirk           | Bill was gutted and resubmitted to address long-term backup energy supply resources in support of system reliability as more and more wind and solar are added to the grid.  | Asm Utilities and Energy  | TBD      |
| AB 113 | Boerner-Horvath | Spot bill language amending PUC section 740.16 on electric vehicle grid integration.   | Asm Housing and Community Development   | Watch    |
| AB 322 | Salas           | Requires the Energy Commission to allocate at least 20% of EPIC funds to bioenergy projects for biomass conversion.  | Passed out of Asm Utilities and Energy by 10-0 and referred to Appropriations | Watch    |

| <b>Bill</b> | <b>Author</b> | <b>Description</b>  | <b>Location</b>   | <b>Position</b>                                    |
|-------------|---------------|---|---|--|
| AB 427      | Bauer-Kahan   | Requires the CPUC to establish rules that aggregated customer resources (potentially with GridSavvy) could be used by SCP and other electric providers to meet resource adequacy requirements.  | Passed Asm Utilities and Energy 11-2 and referred to Appropriations | Watch  |
| AB 525      | Chiu          | Would direct the CEC to develop a plan for 3,000 MW of offshore wind in California by 2030 and an additional 7,000 MW by 2040.  | Passed Natural Resources  | CalCCA SUPPORTS                                    |
| AB 843      | Aguiar-Curry  | Would allow CCAs to substitute CCA-procured bioenergy power for a portion of the CPUC's mandated construction of bioenergy projects by the IOUs in the BioMAT program.  | Passed out of Asm Utilities and Energy. Referred to Appropriations  | SUPPORT IF AMENDED                                 |
| AB 1088     | Mayes         | Became a two-year bill. Would create a new California Procurement Authority by 2024 that would buy all short- and long-term energy and capacity resources that the CPUC deems necessary when an LSE fails to procure them.  | Asm Utilities and Energy  | Delegated Authority to Staff to SUPPORT if amended |
| AB 1139     | Gonzalez      | Would shift all net metering subsidies to CARE customers and remove the subsidy for non-CARE customers. Non-CARE customers of IOUs would receive the actual real-time wholesale value for net flows onto the grid. Increases the CARE discount for low-income customers to between 40% and 45%.     | Appropriations  | TBD  |
|             |               |   |   |  |
| AB 1161     | E. Garcia     | Became a two-year bill. Requires the Department of Water Resources to procure renewable energy resources or zero-carbon resources, and energy storage associated with those resources, in an amount that satisfies 100 percent electricity needed to serve all state agencies by December 31, 2030. | Asm Utilities and Energy  | OPPOSE Unless Amended                              |
| AB 1500     | E. Garcia     | Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022.   | Asm Natural Resources   | TBD  |

| <b>Bill</b> | <b>Author</b> | <b>Description</b>   | <b>Location</b>   | <b>Position</b> |
|-------------|---------------|--|---|-----------------|
| SB 18       | Skinner       | Requires the ARB in its AB32/SB32 scoping plan to develop a strategy accelerating the development of green hydrogen. Encourages green hydrogen to be used for storage in meeting portfolio diversity requirements. | Passed Sen Energy Utilities and Communications 12-0 and referred to Env Quality   | TBD             |
| SB 30       | Cortese       | Prohibits design and construction of state facilities connected to natural gas after Jan 1, 2022. Also requires a plan to make all state facilities carbon neutral by 2035.  | Sen Governmental Organization   | TBD             |
| SB 31       | Cortese       | Authorizes the CEC to use federal Covid relief funds for building decarbonization programs and requires that EPIC funds be made available for building decarbonization programs.                                   | Passed Sen Energy Utilities and Communications 9-3 and referred to Appropriations | TBD             |
| SB 32       | Cortese       | Requires cities and counties to update their general plans to account for how they will decarbonize their building stock.  | Passed Sen Government and Finance 4-1 and referred to Appropriations              | TBD             |
| SB 52       | Dodd          | Adds deenergization events to the definition of "sudden and severe energy shortage" for purposes of classifying deenergization events as natural disasters.  | Sen Governmental Organization   | TBD             |
| SB 67       | Becker        | Was made a two-year bill. Spot bill language to accelerate the state's progress toward having 100% of electricity provided by renewable or other zero-carbon sources on a 24-hour, 7-day basis.                    | Sen Natural Resources   | TBD             |
| SB 68       | Becker        | Spot bill language to help the state achieve its climate and air pollution reduction goals in the building sector through actions such as reducing barriers to upgrading electrical service panels.                | Passed Sen Energy Utilities and Communications 10-2 and referred to Judicial      | TBD             |



| <b>Bill</b> | <b>Author</b> | <b>Description</b>   | <b>Location</b>  | <b>Position</b> |
|-------------|---------------|--|--|-----------------|
| SB 99       | Dodd          | Community Energy Resiliency Act of 2021. Requires the commission to develop and implement a grant program for local governments to develop energy resilience plans.  | Passed Sen Energy Utilities and Communications 12-0 and referred to Appropriations | TBD             |
| SB 204      | Dodd          | Clarifies that an IOU can allow anyone in their service territory regardless of who their energy provider is, to participate in the Base Interruptible Program (BIP). Directs other changes to expand the program.   | Passed Sen Energy Utilities and Communications 14-0 and referred to appropriations | TBD             |
| SB 345      | Becker        | Requires the CPUC to determine nonenergy benefits of distributed energy resource and incorporate those benefits in DER programs and projects, and track the nonenergy benefits for evaluation.   | Passed Sen Energy and Utilities 10-2 and referred to Appropriations                | TBD             |
| SB 413      | McGuire       | Creates the Offshore Wind Project Certification, Fisheries, Community, and Indigenous Peoples Advisory Committee. Requires the CEC to coordinate with this new office to establish a process for the certification of offshore wind generation facilities. Makes the CEC the exclusive authority for the certification of offshore wind. | Sen Energy and Utilities   | TBD             |
| SB 423      | Stern         | Incorporates planning changes at the CPUC, CEC, and CAISO in an effort to accelerate the deployment of emerging renewables and firm zero-carbon resources to address reliability issues.   | Appropriations   | Watch           |
| SB 529      | Hertzberg     | Spot bill that would authorize the CPUC to establish a multiyear centralized resource adequacy obligation and backstop mechanism. The intent remains unclear, despite passing out of the first policy committee.   | Passed 14-0 Sen Energy and Utilities and referred to Appropriations                | Watch           |

| <b>Bill</b> | <b>Author</b> | <b>Description</b>  | <b>Location</b>   | <b>Position</b> |
|-------------|---------------|---|---|-----------------|
| SB 533      | Stern         | Requires IOUs to install microgrids for safety purposes and links that requirement to previous PSPS events. Requires the CPUC to develop a critical facility, infrastructure, and circuit list. Allows microgrids to qualify for resource adequacy. Requires the IOUs to share certain data with CCAs and others to enable them to work with the IOUs in planning the microgrids. | Passed Sen Energy and Utilities 9-3 and referred to Judicial                            | TBD             |
| SB 529      | Hertzberg     | A spot bill relating to resource adequacy. It is unclear what the Author's intent is yet.   | Passed from Sen Energy and Utilities and referred to Appropriations                     | Watch           |
| SB 612      | Portantino    | CalCCA is sponsoring the Ratepayer Equity Act to require IOUs to take certain actions to minimize the generation-related costs they pass on to all ratepayers. See updates below.   | Passed Senate Energy, Utilities and Communications, 11-1. Goes to Senate Appropriations | SUPPORT         |
| SB 617      | Wiener        | Proposes to require "instant permits" for residential rooftop solar projects. Local city staff have raised concerns relating to safety, inspections and questions on what the problem is. However, some large solar companies have argued that the permitting process remains too slow.   | Sen Energy and Utilities  | TBD             |
| SB 730      | Bradford      | Resource adequacy spot bill that requires demand response to be cost effective.   | Sen Energy and Utilities  | TBD             |
| SB 733      | Hueso         | This bill would require the CPUC to set targets for each LSE to procure energy storage systems to be achieved by December 31, 2030, including pumped storage hydroelectric.   | Appropriations  | TBD             |
| HR 763      | Deutsh        | Carbon Fee and Dividend - create a revenue neutral fee on carbon and return 100% to taxpayers   | Energy  | SUPPORT         |
| HR 848      | Thompson      | Growing Renewable Energy and Efficiency Now (or "GREEN") Act extends tax credits for renewable energy and storage.  | House Ways and Means  | SUPPORT         |

## **Recommended Positions on Bills**

Staff have no new recommended positions on bills at this time.

## **Updates on Bills**

SB 612 (Portantino) Ratepayer Equity is sponsored by CalCCA and strongly passed the first policy committee in the Senate with an 11-1 vote. Only Senator Shannon Grove (R-Bakersfield) voted no. As a reminder, the bill proposes the CPUC adopt a consensus proposal submitted to the CPUC by Southern California Edison, CalCCA and a direct access provider to ensure fair and equal access to the benefits of legacy resources held in IOU portfolios and address the management of these resources to maximize value for all customers. The bill heads to the Senate floor and then likely to the Assembly.

Staff request that all SCP member jurisdictions please consider sending SCP a letter of support on SB 612. A briefing sheet and sample letter are attached to this report. Please address the letters to:

Chair Chris R. Holden  
Assembly Utilities and Energy Committee  
State Capitol Room 5175  
Sacramento, CA 94249-0041

AB 843 (Aguilar-Curry) proposes to allow CCAs to replace a portion of the mandated IOU bioenergy procurement with small bioenergy power projects of the CCA's choosing. The bill passed its first policy committee with a unanimous vote of 15-0. Discussions with the Sponsors over SCP's concerns regarding the environmental impacts of woody forest biomass power and the risk of creating incentives to remove trees have been productive, and the Sponsors are reviewing BioMAT's rules limiting feedstocks to sustainably managed forests, emissions analysis by CARB, and California's Wildfire and Forest Resilience Action Plan released in January to determine what further criteria could be included to address environmental concerns.

## **Attachments**

SCPA SB 612 Letter of Support

SB 612 Briefing Sheet and FAQs

Communication to the Board of Directors



50 Santa Rosa Ave., 5<sup>th</sup> Floor  
Santa Rosa, CA 95404

[sonomacleanpower.org](http://sonomacleanpower.org)

March 4, 2021

The Honorable Anthony Portantino  
State Capitol, Room 3086  
Sacramento, CA 95814

**RE: SB 612 (Portantino) - SUPPORT**

Dear Senator Portantino,

The Sonoma Clean Power Authority is pleased to submit a letter of support for your SB 612, which would ensure that resources held in the Investor Owned Utility (IOU) portfolios are managed to maximize value for all customers, and would ensure fair and equal access to the benefits of the IOU's legacy resources.

Over the last ten years, millions of utility customers have transitioned from IOUs to Community Choice Aggregators (CCAs). Sonoma Clean Power generates the electricity for Sonoma and Mendocino Counties and administers programs to help California meet its climate goals, such our Advanced Energy Center dedicated to retrofitting homes to electric appliances, incentives on electric bicycles for low-income customers, and large-scale demand response to help increase grid reliability. Together, California's CCAs have banded together to provide cleaner electricity at competitive rates and providing our community with a choice to go beyond the State's goals and requirements.

When a customer transitions to a CCA, the customer continues to pay for resources, like energy, that were procured on their behalf through the IOU's power charge indifference adjustment (PCIA). However, unlike an IOU customer, CCA customers receive no benefits from these resources. This inequity has been exacerbated in recent years as the cost of this payment has risen by hundreds of millions of dollars, with no sign of decreasing. The impacts

of COVID-19 have made the importance of righting this inequity and lowering costs for all customers even more urgent.

This bill would ensure fair and equal access to the benefits of the resources that all customers pay for and would ensure that these legacy contracts are managed in a way that maximizes benefits for everyone. The bill would also require the California Public Utilities Commission (CPUC) to recognize the value of GHG-free energy in legacy contracts, and would increase transparency around how the IOUs renegotiate these contracts. However, time is of the essence. The longer the legislature takes to act, the less valuable these legacy contracts will be, and the less value customers will gain from access to them.

That is why SCPA strongly supports this bill, and we thank you for moving forward with this important legislation.

If you have questions, or wish to discuss our position, please do not hesitate to contact me at 707-225-1073.

Sincerely,



Geof Syphers, CEO

CC:            Senator Allen  
                 Senator Becker  
                 Senator McGuire  
                 Senator Wiener  
                 Assembly Member Bauer-Kahan  
                 Assembly Member Berman  
                 Assembly Member Bloom  
                 Assembly Member Boerner Horvath  
                 Assembly Member Kalra  
                 Assembly Member Lee  
                 Assembly Member Levine  
                 Assembly Member Mullin  
                 Assembly Member Stone  
                 Assembly Member Wood

# SB 612 (Portantino) Ratepayer Equity

## PROBLEM

There are electricity policies in California that were put into place long ago that no longer reflect current market realities. One policy area that requires immediate attention due to ratepayer impacts concerns legacy energy resources.

Over the last decade, more than 11 million investor-owned utility (IOU) customers have transitioned from IOU electric service to Community Choice Aggregators (CCAs), local government-owned utilities choosing to purchase electricity on behalf of their communities.

As part of this transition, CCA customers must share in the cost responsibility with IOU customers for the electricity supply contracts entered into by IOUs prior to their departure for CCA service.

While CCA customers must pay their fair share of the contracts, they do not have fair access to the full range of beneficial resources these contracts provide as those benefits are retained by the IOU for their customers.

As a result, CCA customers, unlike IOU customers, must pay more than they would have otherwise, for the resources to meet compliance requirements. There is no good policy rationale for this inequitable treatment of CCA customers versus their IOU counterparts.

## BACKGROUND

Early state mandated procurement of renewable energy by IOUs resulted in California's rapid transition to renewable energy. As renewable resources have grown to scale, both prices and market value for renewable energy have declined, leaving a significant portion of the IOU initial renewable contracts underwater. These contracts, often referred to as "legacy contracts" have produced billions of dollars of above-market costs that are recovered from all ratepayers.

While these resources produce high costs, they also produce valuable products such as renewable energy, greenhouse gas free energy, and resource adequacy, products needed by all energy providers to meet their clean energy goals and remain in compliance with reliability requirements. However, under the current structure, these products are retained by the IOU for its own compliance purposes.

## SUMMARY

This bill ensures fair and equal access to the benefits of legacy contracts resources for all customers and ensures that IOU portfolios are managed to maximize value and reduce unnecessary costs for all customers. Specifically, this bill:

- 1) Provides customers equal access to the legacy products they are paying for in proportion to what they are paying.
- 2) Requires the CPUC to recognize the value of GHG-free energy in the same way renewable energy or RA products are recognized.
- 3) Requires IOUs to annually sell any remaining excess legacy resource products not taken by former customers to the wholesale market.

## SUPPORT

California Community Choice Association  
California Choice Energy Authority  
Central Coast Community Energy  
Clean Power Alliance  
Clean Power SF  
East Bay Community Energy  
MCE  
Peninsula Clean Energy  
Pioneer Community Energy  
Redwood Coast Energy Authority  
San Jose Clean Energy  
San Diego Community Power  
Silicon Valley Clean Energy

Office of Senator Anthony J. Portantino  
SB 612– Fact Sheet

Contact: Ben Edelstein– (916) 651-4025 or [Ben.Edelstein@sen.ca.gov](mailto:Ben.Edelstein@sen.ca.gov)

Sonoma Clean Power  
Valley Clean Energy  
City of Agoura Hills  
City of Arcadia  
City of Berkeley  
City of Carlsbad  
City of Chula Vista  
City of Foster City  
City of Hayward  
City of Imperial Beach  
City of Oakland  
City of Rocklin  
City of San Jose  
City of San Leandro  
City of Santa Monica  
City of Thousand Oaks  
City of West Hollywood  
Councilmember Bill Baber, City of La Mesa  
County of Contra Costa  
County of Los Angeles  
County of Marin  
County of Santa Clara  
eBay, Inc.  
EDP Renewables  
League of California Cities  
Silicon Valley Leadership Group  
Supervisor Brad Wagenknecht, County of Napa  
TerraGen  
The Climate Center

**Version:** 4/14/2021





## **ENSURING FAIR AND EQUAL ACCESS TO BENEFITS OF LEGACY ENERGY RESOURCES**

### **SUMMARY**

With the advent of California’s shift to clean, greenhouse gas-free energy through passage of the original Renewable Portfolio Standard (RPS) in 2002 the Investor-Owned Utilities (IOUs) initially entered into contracts to procure renewable resources that were very expensive. Consequently, both current and former customers are footing the bill of those early “legacy” renewable contracts. However, while IOUs and their ratepayers receive the benefits of those contracts, CCA’s and their ratepayers do not.

Over the last decade, millions of utility customers have transitioned from IOU electric service to Community Choice Aggregators (CCAs), local government-owned utilities choosing to purchase electricity on behalf of their communities. As part of this transition, CCA customers continue to share with IOU customers cost responsibility for legacy contracts entered into by IOUs prior to their departure for CCA service.

SB 612 simply ensures that all customers receive the benefits of the resources they are paying for, and that the costs of those contracts to all ratepayers are minimized. At a time when our communities are facing unprecedented economic hardships, it is more important than ever that we find every way possible to reduce utility bills by maximizing the benefits of energy already purchased.

### **BACKGROUND**

Early procurement of renewable energy generation resources by California’s IOUs resulted in a rapid transition to renewable energy. As renewable resources have grown to scale, both prices and market value for renewable energy have declined, leaving a significant portion of the IOU legacy resource portfolio underwater. Likewise, utility-owned generation operates at costs that are significantly above market. These parallel trends have produced billions of dollars of above-market costs needed to be recovered through the Power Charge Indifference Adjustment (PCIA).

The PCIA is a mechanism adopted by the Commission to ensure that when electric customers of an IOU depart from IOU service and receive their electricity from a non-IOU provider, such as a CCA, those customers remain responsible for costs previously incurred on their behalf by the IOUs.

While these resources produce high costs, they also produce valuable products such as renewable energy, hydroelectric energy, and resource adequacy, products needed by all energy providers to meet their clean energy goals and remain in compliance with reliability requirements. However, under the current structure, these products are retained by the IOU for its own compliance purposes.

### **PROBLEM**

While all customers bear responsibility for these legacy resources, only IOU customers can meaningfully access the benefits. Conversely, while CCA customers must pay their fair share for those legacy resources, CCA customers do not have access to any of the beneficial attributes they are paying for. There is no good policy rationale for this inequitable treatment of CCA customers versus their IOU counterparts.



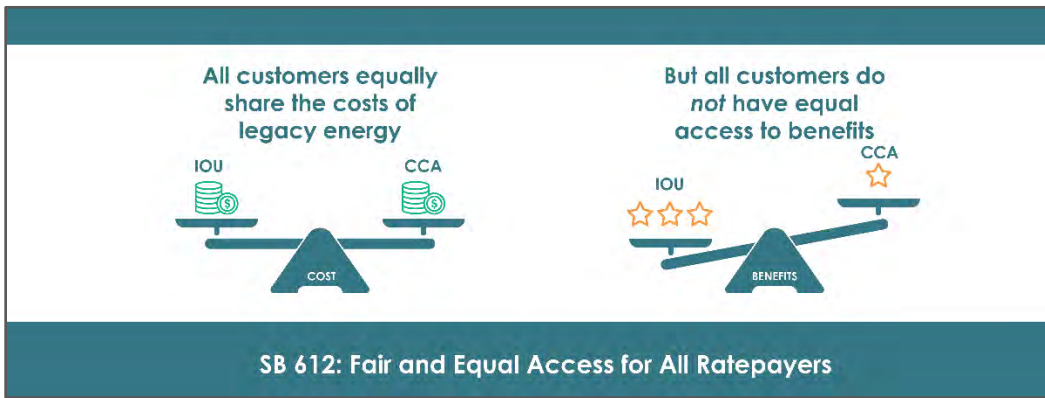
The California Public Utilities Commission (the Commission) has had opportunities to repair this inequity for four years, however it has failed to do so. Therefore, the Legislature must step in.

### **SOLUTION**

SB 612 resolves this inequity by ensuring CCA customers have the ability to access their proportionate share of the benefits of IOU legacy contracts they are paying for, and also ensures IOUs manage their legacy contracts to maximize their value for IOU and CCA customers alike. CCA ratepayers will continue to be responsible for their fair share of legacy costs under SB 612. The bill is consistent with a common sense equitable solution previously presented to the Commission by CalCCA and other parties. It ensures fair and equal access to the benefits of legacy resources for all customers and ensures resources held in IOU portfolios are managed to maximize value for all customers.

Specifically, this bill:

- 1) Provides IOU, CCA, and direct access customers equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products.
- 2) Requires the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products.
- 3) Requires IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers to the wholesale market in an annual solicitation.
- 4) Requires each IOU to transparently solicit interest from legacy resource contract holders in re-negotiating, buying out, or otherwise reducing costs from these contracts.



## SB 612: A Ratepayer Equity Bill

### Frequently Asked Questions (FAQ)

#### What happened in Working Group 3? Why weren't these issues resolved by the CPUC?

SB 612 stems from a [consensus proposal](#) that was developed by CalCCA, Southern California Edison, and Commercial Energy in the Working Group 3 phase of the PCIA proceeding over a period of more than a year. The CPUC sat on the consensus proposal for 405 days and then pushed out the PD just before SB 612 has its first hearing. The PD is authored by an ALJ that has no history in the proceeding. It is slap dash, contains errors, and ignores the fundamental principles of fairness and equity.

#### Is SB 612 still needed?

Yes. The bill is needed now more than ever.

#### Why?

The PD does not uphold the core principles of fairness/equity and it will maintain the current shift costs from IOU customers to CCA customers.

#### How is the PD problematic?

It doesn't resolve inequities, it shifts costs/risk to CCA customers, kicks the cans down the road/punts on critical issues (RPS implementation, GHG-free allocation), and once again rejects a thoughtful, solutions-oriented multi-party consensus proposal developed over a year by SCE/CalCCA/Commercial Energy.

#### What are the cost shifts?

Everyone pays the same costs but not everyone gets the same benefits. CCA customers are being used to shield IOU customers from higher cost risks and compliance risks (allows cost and compliance risk to fall only to CCA customers).

#### Why is the CPUC favoring IOU customers?

The Commission's historical role is to protect IOU customers. While CCA customers make up more than a quarter of the population in California, the CPUC continues to use the same old lens which focuses only on protecting IOU customers (the same lens it used when there were no CCA customers).

#### Why should the Legislature weigh in?

The PD demonstrates why it is critical for the Legislature to weigh in on high level principles in addressing PCIA issues. SB 612 at its core is about fairness and equity. It aims to ensure that both IOU and departing load customers, who have equal cost responsibility for the IOUs' legacy resources and contracts, receive equal access to the benefits of those resources. The PD rejects the SCE/CalCCA/Commercial Energy proposal that embodies this principle and, in fact,

enshrines the opposite result: while departing load customers will continue paying their share of resource costs, the IOU gets first choice of the resources it will use to serve its own customers.

**Will the CPUC continue to have a role in implementation?**

Yes. SB 612 leaves many implementation details in the hands of the CPUC. SB 612 presents a “35,000 foot” directive for equity in access to PCIA resources, but the Commission will be responsible for filling out what will be a very detailed framework.

**What is an IOU portfolio?**

An investor-owned utility (IOU) electricity supply portfolio includes all the energy resources an IOU has procured to provide power to customers. These include long-term contracts with renewable energy resources and utility-owned generating facilities.

**What are “legacy” energy resources?**

Legacy energy resources are power supply commitments that the IOUs made in the past. These include capital-intensive utility-owned generation facilities (e.g. nuclear, natural gas, hydroelectric plants) and expensive long-term renewable energy contracts with third parties. Legacy resources account for billions of dollars in above-market costs in IOU energy portfolios, and IOUs rely on California ratepayers to pay the costs. Community choice aggregation (CCA) customers continue to pay for legacy resources through the Power Charge Indifference Adjustment (PCIA) fee.



**What do you mean by the benefits of a legacy resource?**

Legacy resources are a burden because the electricity they generate is very expensive compared to today’s market prices, resulting in billions of dollars in above-market costs that accrue to all ratepayers. However, there are also valuable products associated with the electricity produced by legacy resources – such as resource adequacy, RPS attributes, and GHG-free attributes – that can be used by energy providers to meet their clean energy goals and reliability requirements. These resources are particularly valuable during supply-constrained conditions as California has been experiencing. But under the current structure, these products are retained by IOUs. So, while CCA customers must pay their fair share for legacy resources, CCA customers do not have fair access to all of the beneficial products they are paying for. There is no good policy rationale for this inequitable treatment of CCA customers versus their IOU counterparts.

**Items of Value in IOUs’ PCIA Portfolios**

|                     | Old Renewables PPAs | Utility-Owned Nuclear | Utility-Owned Hydro | Utility-Owned Fossil |
|---------------------|---------------------|-----------------------|---------------------|----------------------|
| Resource Adequacy   | X                   | X                     | X                   | X                    |
| RPS Attributes      | X                   |                       |                     |                      |
| GHG-Free Attributes |                     | X                     | X                   |                      |

**What is meant by “fair and equal access?”**

While CCA customers must pay their fair share for legacy resources, CCAs do not have fair access to all of the beneficial products they are paying for. That’s because the IOUs have full control over legacy energy resources and get first dibs on

the valuable products to meet their own compliance requirements. SB 612 ensures “fair and equal access” because all customers – bundled (IOU) and departing load (CCA) — equally share the costs and benefits of legacy contracts.

### **How are legacy resources managed today? What are the problems?**

IOUs have full control over legacy energy resources (PCIA portfolios) and get first dibs on the valuable products to meet their own compliance requirements or to ‘green’ their power content labels. In addition to getting first dibs on valuable products in the PCIA portfolios, the IOUs are also in full control of what to do with the remainders, or excess resources. In short, IOUs make CCAs pay for the resources but then IOUs get to keep whatever they want, and get rid of what they don’t, in a manner that reduces the value of the resources and drives up the PCIA. Further, IOUs manage the portfolios so they have zero compliance risk with RPS (SB 350) or RA obligations, and leave CCAs at risk for their compliance obligations.

- **Problem #1: Timing of sales of excess resources**

IOUs have full control over when to sell the valuable products that remain in the portfolio after they get to pick and choose what they want. Then they release excess products into the market at a time of *their* choosing. The timing of the release can have deep impacts on CCAs if the IOUs have held the products past the compliance dates for RPS and RA, which in practice they do, so CCAs can’t use them to comply with their requirements. It also reduces the value of the products because there are no longer interested buyers, which in turn drives up the PCIA. Timing is especially critical now given the scarcity market for system RA, with potential delays of new projects coming online. Given the scarce market, it’s crucial that CCAs be given fair and timely access to legacy assets they are paying for.

- **Problem #2: Packaging of excess resources**

IOUs get to choose how to ‘package’ excess legacy resources. Take a 20-year RA contract, for example. The IOU can choose to sell portions of the RA in short-term slices such as one-year periods. So, they may give up 2 MW of RA for one year, and keep the rest for their own customers’ compliance. This is a vastly different product than long-term RA that IOU customers receive and the value of the product is not optimized because SB 350 gives long-term products more value than short-term products. This has the net result of driving up the PCIA (lower value = higher PCIA).

- **Problem #3: CCAs’ open positions are (artificially) larger due to lack of access to legacy resources**

Because IOUs have full command over the PCIA portfolios and can pick and choose what they want to keep and sell, their open positions are kept small. This can create serious ripple effects for the CCAs as the CPUC directs LSEs to procure based on their open positions, rather than load share, as they’ve done in the Diablo Canyon procurement order. Because the IOUs open positions are smaller, they’re going to get smaller allocations than the CCAs.

### **What types of benefits do CCAs have fair and equal access to under SB 612? What is the value for CCAs? SB 612:**

- Gives CCAs equitable access to PCIA resources to meet a part of their RPS compliance requirements
- Gives CCAs equitable access to RA to meet RA compliance requirements
- Gives CCAs equitable access to GHG-free resources to reduce the carbon intensity of their own portfolios
- Increases the value of the RPS products in the portfolio by enabling long-term allocations to CCAs (rather than just short-term sales, which don’t meet the 10-year requirement)
- Reduces the likelihood of “unsold” RA or RPS products, which are given zero value in the PCIA calculation (and therefore increase the PCIA)

### **How does SB 612 provide fair and equal access?**

SB 612 ensures all LSE (IOU, CCA, ESP) customers have equal access to the benefits of the resources they are paying for, and that the costs to all ratepayers are minimized. The bill does this by:

- Providing IOU, CCA, and direct access customers equal right to receive, on a voluntary basis, legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products
- Requiring the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products
- Requiring IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers to the wholesale market through regular solicitations

### **Isn't the CPUC already directing the IOUs to maximize the value of legacy resources?**

There is some oversight of the IOUs' management of legacy resource portfolios, but not nearly enough. It's a 'needle in a haystack' in the IOUs' annual review process at the CPUC to determine recovery of fuel and purchased power costs through rates (aka the Energy Resource Recovery Account, or ERRA, compliance proceeding). The commission recognized in its 2018 Phase 1 PCIA decision that utilities need incentives to manage their PCIA portfolios more aggressively and initiated a Working Group 3 (WG3) phase of the proceeding to focus on portfolio optimization and cost reduction so that only *unavoidable* costs are recovered through the PCIA. The WG3 phase "offers the promise of meaningful progress toward reducing the levels of above-market costs going forward," the CPUC said. Background on the WG3 consensus proposal can be found [here](#).

### **How does proportional access work?**

In the simplest terms, LSEs would get what they pay for. Attributes will be allocated proportionally on a vintaged basis, using the same vintage assignment system that's used to determine the PCIA. Under this system, each generation resource and departing customer is assigned a vintage. A distinct portfolio of generation resources is identified for each vintage year based on when a commitment to procure each resource was made. CCA and direct access customers are assigned to vintage years according to the date they depart bundled IOU service. Customers continuing to receive bundled service from the IOU are included in the latest vintage (e.g. vintage 2021).

### **Will SB 612 benefit only CCA customers?**

It will benefit all customers: CCA, IOU, and ESP. If you're improving the value of any product in the PCIA portfolio – by enabling long-term allocations to CCAs, rather than just short-term, for example – you're going to increase the value for all customers. Today, there's little incentive for the IOUs to improve the value of what they sell and thus reduce the PCIA.

### **What does it mean to "recognize the value of GHG-free energy"?**

Currently, through the Power Charge Indifference Adjustment (PCIA), CCA customers are required to pay a portion of the costs to operate IOU generation assets, such as large hydropower and nuclear facilities (utility-owned generation resources), which carry GHG-free value. The GHG-free attributes of such resources can be sold in the market.

PCIA charges are only supposed to cover the difference in cost between the price at which IOUs bought the resources and the price at which IOUs can now sell the resources. IOUs sell the electricity from these resources in the market administered by the California Independent System Operation (CAISO). Therefore, the total cost CCA customers pay for these GHG-free resources in the PCIA is reduced by the revenue IOUs receive in the CAISO market for the energy generated from these assets. However, the CAISO revenue does not reflect any value for the GHG-free attributes of this energy.

CCAs requested the CPUC establish a GHG-free benchmark to reflect the value of the GHG-free attribute and reduce the PCIA fee by that amount. This is a similar approach to the existing Renewable Portfolio Standard and Resource Adequacy benchmarks that reflect the value of those resources and reduce the PCIA rates. The CPUC denied the request to

establish a GHG-free benchmark; this results in a cost shift from IOU to CCA customers because CCA customers are paying for a portion of the GHG-free attributes that the IOUs claim for its own customers (aka bundled customers). Under SB 612, CCAs would have equitable access to GHG-free attributes.

**Who established the value of an energy resource or the “market price benchmark?”**

The CPUC established the methodology for calculating market price benchmarks (MPBs), which are an administratively determined set of proxy values that represent the market value of the products and attributes in the IOU’s resource portfolio. MPBs are estimated each year as the value per unit with the three principal sources of value in utility portfolios (Energy Value, RPS Value, and RA Value).

**Why is it necessary to have a market price benchmark?**

Market price benchmarks (MBPs) are part of a complicated calculation that is used to set PCIA rates. The PCIA is derived from the utility’s “indifference amount,” which is the difference in the target year between the cost of the IOU’s supply portfolio and the market value of the IOU’s supply portfolio, or portfolio market value (PMV).



PMV is derived from the total eligible generation in megawatt hours (MWh), or capacity in kilowatt-months (kW-month), multiplied by the market price benchmarks.

**Don’t IOUs already have the ability to sell the energy? If so, why is this bill necessary?**

Yes, IOUs have the ability to sell energy. And they do. On their timeline, when it suits them and how it suits them. SB 612 ensures all LSEs – IOUs, CCAs, ESPs – have the same access to legacy energy resources, in proportion to their load share if they’ve paid the full cost.

**What are stranded costs?**

“Stranded costs” are just different way of saying “above-market costs” or the amount that a resource’s cost exceeds the current market value.

**Who would buy the energy if the CCAs don’t want it?**

SB 612 requires IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers (all LSEs) to the wholesale market through regular solicitations.

**What happens if the “excess” energy is not sold on the CAISO market?**

With all LSEs having equal access to PCIA portfolio products the likelihood of unsold RA or RPS products is reduced. Unsold RA or RPS products are given zero value in the PCIA calculation (and therefore increase the PCIA).

**If this bill were passed, how much RPS would be available to CCAs and how much would they take?**

If the bill passed, IOUs, CCAs, and direct access providers (LSEs) would have equal right to receive legacy resource products, including RPS energy, in proportion to their payment of the resources. These offers, or allocations, would be voluntary, so it would be up the LSEs to decide if they want to take them.

**Why would the IOUs not want to give the CCAs their proportionate share now?**

SB 612 is based on the consensus proposal that was put forth by CalCCA (CCAs), Commercial Energy (ESP), and Southern California Edison (IOU). The bill puts a system in place to implement the proposal. Other IOUs may not want to give the CCAs their proportional share because they want to retain first right of refusal (aka first dibs) on the valuable products.

**Won't the implementation of this bill mean that CCAs will procure less renewables?**

SB 612 would not change the total amount of resources that must be procured to meet California's climate and reliability goals; there will be the same 'need' in the market to procure long term renewables. It changes only who has the obligation to procure those resources, placing proportional responsibility on the IOUs. Right now, the IOUs have excess supply relative to their customer-base and therefore are not procuring long-term renewables. The primary impact of CCAs accessing the benefits of the resources they already pay for would be to reduce the RPS resources that CCAs are bound to procure and increase the IOUs responsibility commensurately – a zero sum game.

**If IOUs have to buy more long-term renewables, won't it cost bundled customer more (cost shift)?**

No. When the IOUs today retain (call dibs on) a product in their portfolios for compliance or other purposes, they must pay the market price benchmark. If, instead, they have to go to the market, the price should be the same – the market price.

**Won't CCAs be able to take on nuclear energy?**

CCAs will be given the option – not a requirement -- to accept, on a voluntary basis, an allocation of GHG-attributes from nuclear energy in the IOUs' PCIA portfolio. The implementation of SB 612 will not in any way extend the operation of Diablo Canyon beyond planned decommissioning dates of 2024 and 2025.

**Why is this voluntary? Shouldn't CCAs be required to take their portion?**

This is voluntary because, depending upon their open position, all LSEs may not need or want an allocation. SB 612 requires IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers to the wholesale market through regular solicitations. This will reduce the likelihood of unsold RA or RPS products, which are given zero value in the PCIA calculation (and therefore increase the PCIA).

**Are IOUs required to take their share, or is it voluntary for them, too?**

There are no rules that prevent the IOUs from selling or allocating their portfolios in the market and rebuilding their customers' portfolios with different products (in fact, CCAs suggested encouraging this approach in a 2018 CPUC proceeding).

**Definitions**

**LSE:** PCIA-eligible Load Serving Entities

**Allocation:** The transfer of attributes and/or energy to LSEs based upon their customers' payment of PCIA rates and in proportion to their customers' vintage

**Market Offer:** Annual offering, facilitated by IOUs, of unallocated products to the market in which products are sold to the highest bidders subject to a floor of \$0

**GHG-Free Energy:** Energy delivered from non-RPS, GHG-free resources, along with the right to claim such energy on an LSE's Power Content Label

**RPS-Energy:** Energy delivered from RPS resources, along with the RECs and right to (1) use the energy for compliance with the RPS program and (2) claim such energy on an LSE's Power Content Label

## Stephanie Reynolds

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**Subject:** FW: To: Community Advisory Committee  
**Attachments:** 2021-04-01-SCPBoardLetter.pdf

**From:** Mark Mortensen <[REDACTED]>  
**Sent:** Wednesday, March 31, 2021 10:44 PM  
**To:** Clerk of BOD <[meetings@sonomacleanpower.org](mailto:meetings@sonomacleanpower.org)>  
**Subject:** To: Community Advisory Committee

Dear Chair Nicholls and members of the Sonoma Clean Power Community Advisory Committee,

My name is Mark Mortensen and I am a member of Friends of the Climate Action Plan. Attached is a letter sent recently to the Board, which was inadvertently not sent to the CAC as well, for which I apologize. We (local climate activist groups) will endeavor to communicate better with the CAC in the future. The letter (pdf) is attached, and the cover email to the board, written by climate activists Maya Khosla and Jenny Blaker.

Thank you for the work you do in supporting clean energy in Sonoma County.

Sincerely,  
Mark Mortensen

### **Sonoma Clean Power Board of Directors meeting, April 1, 2021, agenda item # 6**

Dear Sonoma Clean Power Board of Supervisors:

We understood that the discussions on biomass energy (Board meeting, Feb. 4) were to be put on hold for 2021, so were surprised to learn that at the March 4 meeting this came up again, with a request to approve powerful legislation that would pave the way for an increase in the use of energy from burning of woody biomass.

We urge you to oppose AB843, AB322, and any other legislation that would facilitate the burning of forest woody biomass for energy.

Prior to the February 4 meeting we asked to meet with SCP staff to discuss our concerns, and were turned down. At the Feb. 4 meeting, some Board members said they did not have enough information to make informed decisions about this issue. We subsequently offered to put SCP staff in touch with scientists and fire ecologists who could share their insights directly, so that we could work together in a spirit of positive collaboration to address our concerns, but this offer also was also turned down.

On the ground: full-scale logging of mature live trees is taking place under the guise of vegetation management; trees that would survive if left alone to recover are taken for dead and cut down; even slightly scorched trees are being cut down; permits that would usually be required are being waived under emergency orders; and truckloads upon truckloads of trees are leaving the county daily to be burned in biomass facilities outside the County.



We feel we have no option but to present our case in writing again, with references, as before, to all the original research and resources from the scientists.

In addition, we urge you to watch the film "[Burned: Are Trees the New Coal?](#)" which although filmed in the eastern USA is equally relevant here.

We are asking you all to be Sonoma strong leaders and to make your decision based on the best available science and not on out-of-date standards. The climate crisis is upon us and we need to make the best decisions based on the recognition of the crisis.

Jenny Blaker & Maya Khosla

(on behalf of the organizations and individual signatories listed on the attached letter).

Twitter: <https://twitter.com/ClimateCrisisMM>

Facebook: <https://www.facebook.com/ClimateCrisisMM>

- California River Watch • Coast Action Group • Community Clean Water Institute •
- Conservation Advocacy, Research and Education • Forest Unlimited • Friends of the Climate Action Plan •
- Friends of the Gualala River • Greenbelt Alliance • John Muir Project of Earth Island Institute •
- North Coast Stream Flow Coalition • Preserve Rural Sonoma County • Protect Wild Petaluma •
- Sebastopol Water Information Group • Sonoma County Conservation Action •
- Sonoma County Pachamama Alliance • Sunrise Movement Sonoma County •
- Wine & Water Watch • Working Group for Emergency Climate Action Now •

March 29, 2021

**Re: Discuss Sonoma Clean Power (SCP) Use of Forest-based Biomass; Oppose AB 843; AB322**

Dear Sonoma Clean Power Board of Directors:

We wrote to you before the February 4 Board meeting, to comment on SCP's discussion about adding forest-based biomass energy to the energy portfolio. At the meeting, we were given to understand the SCP Board would continue the discussion in 2022. We later learned that at the March 4 Board meeting, board members discussed legislation supporting local biomass energy production in Sonoma.

We are therefore writing again to urge SCP to join us in opposing AB 843 (Aguiar-Curry), which allows CCAs (Community Choice Aggregators including SCP) to voluntarily submit eligible bioenergy (biomass energy) contracts. The implicit assumption is that forest-based biomass is an eligible renewable energy resource, although the science is clearly telling us it is neither renewable nor carbon neutral. We are also opposed to AB 322 (Salas), which requests California Public Utilities Commission (CPUC) to allocate not less than 20% of funds appropriated for the Electric Program Investment Charge (EPIC) to bioenergy projects, much of which will essentially treat forests as if they are coal.

Both AB843 and AB322 encourage the use of forest-based biomass energy and we urge SCP to stand strongly against both legislative measures. Below is our original letter to restate all the reasons why we – along with climate scientists worldwide – oppose the burning of forest products for energy, and are confident that it is not clean, carbon neutral, or renewable. Additional organizations have joined us in signing this letter. Our main points are:

1. Forest-based biomass is polluting (and dangerous to humans), ineffective, and expensive<sup>1</sup>
2. Over [500 scientists opposed biomass energy in a letter dated February 2021](#)<sup>2</sup>; over 200 scientists reported to Congress on the issue in 2020.<sup>3</sup>
3. Large-scale thinning/logging projects increase the unnatural severity of wildfire, and contribute to tragic losses.<sup>4</sup>
4. By encouraging extraction-based markets that rely on our forests, SCP could unwittingly increase the risk of severe wildfire in Sonoma County.

<sup>1</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

<sup>2</sup> <https://www.documentcloud.org/documents/20482842-scientist-leter-to-biden-van-der-leyden-michel-suga-moon-february-11-2021>

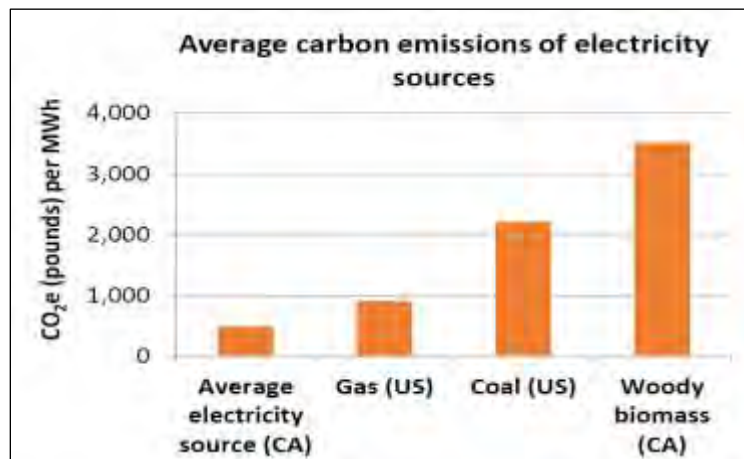
<sup>3</sup> <https://www.documentcloud.org/documents/6889670-Scientist-Letter-to-Congress-8May20.html>

<sup>4</sup> <https://johnmuirproject.org/wp-content/uploads/2018/12/JMPCampFirePhotoMemo.pdf>

- Wildfire incineration/carbon emission estimates are based on models that have been disproved. Per empirical, published, datasets, less than 5% of mature trees burn in a large wildfire – compared to the 100% incineration that occurs in biomass facilities<sup>5</sup>.

We, Sonoma County residents and organizations, are very concerned that Sonoma Clean Power (SCP) is actively considering adding forest-based biomass to its energy portfolio. We believe it is not in SCP's best interest to support the generation of biomass energy within Sonoma County or to purchase it from other counties. Far from being clean, renewable, and carbon neutral, forest-based biomass energy is polluting, ineffective, and expensive<sup>6</sup>, and will contribute to the climate crisis. Large-scale thinning and logging projects have contributed to increased fire severity and tragic losses.<sup>7</sup> The massive amounts of toxic byproducts of burning, including dioxins and benzene,<sup>8</sup> are known to cause cancer.

Within Sonoma County, we have directly documented the transport and processing of living trees as well as snags (which contribute to soil carbon) to biomass facilities. The negative impacts of biomass energy<sup>9</sup> have been documented by over [500 scientists in February 2021](#)<sup>10</sup> and by over 200 scientists who



reported to Congress in 2020.<sup>11</sup> In 2018, 784 scientists worldwide warned the European Parliament about the dangers.<sup>12</sup> Burning forest-based biomass for electricity produces more carbon dioxide per unit of electricity than burning coal, as explained by the Union of Concerned Scientists.<sup>13</sup>

Source of diagram: [Forest Bioenergy Briefing Book, Center for Biological Diversity](#)

## Biomass is Polluting and Hazardous to Human Health

Forest-based biomass energy is California's dirtiest electricity source, more than seven times as climate polluting, on average, as other electricity sources in California<sup>14</sup> and produces approximately double the amount of carbon dioxide released by burning coal.<sup>15</sup>

<sup>5</sup> <https://onlinelibrary.wiley.com/doi/abs/10.1111/gcb.14716>

<sup>6</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

<sup>7</sup> <https://johnmuirproject.org/wp-content/uploads/2018/12/JMPCampFirePhotoMemo.pdf>

<sup>8</sup> See 1

<sup>9</sup> <https://www.wwf.eu/?uNewsID=2128466>

<sup>10</sup> [Scientists Letter to Biden, February 2021](#)

<sup>11</sup> <https://www.documentcloud.org/documents/6889670-Scientist-Letter-to-Congress-8May20.html>

<sup>12</sup> [http://www.pfpi.net/wp-content/uploads/2018/04/UPDATE-800-signatures\\_Scientist-Letter-on-EU-Forest-Biomass.pdf](http://www.pfpi.net/wp-content/uploads/2018/04/UPDATE-800-signatures_Scientist-Letter-on-EU-Forest-Biomass.pdf)

<sup>13</sup> <https://www.ucsusa.org/resources/attacks-on-science/congress-falsely-asserts-carbon-neutrality-burning-biomass-electricity>

<sup>14</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

<sup>15</sup> <http://www.pfpi.net/biomass-basics-2>

Toxic pollutants from these power plants, including dioxins, benzene, formaldehyde, nitrogen oxides, carbon monoxide, sulfur dioxide, lead, mercury and arsenic can exceed those from coal-powered plants and have been linked to serious health problems often affecting low-income communities located in the vicinity. In 2017, a forest-based biomass facility in Scotia, Northern California, emitted over 10,000 pounds of benzene and over 12,000 pounds of formaldehyde<sup>16</sup> that affected nearby communities. Members of the Blue Lake Rancheria in Humboldt County, especially children and the elderly members of the tribe, endured severe health impacts from toxic emissions associated with the large (11 megawatt) biomass power plant less than a half mile away, which has since been abandoned and replaced by clean solar and wind power projects. In Mendocino County, a wood pellet plant in the small, mainly indigenous and Latinx community of Calpella<sup>17</sup> violated its permit from the Air Quality Management District three times, emitting unacceptable levels of particulates and other pollutants.<sup>18</sup> Attempts to lessen the pollution have failed; the plant had to reduce its production levels.

### **Biomass is Ineffective in Protecting Communities and Homes from Fire**

Large-scale logging efforts from thinning, “fuel load reduction” and “vegetation management,” which contribute to biomass energy production, are ineffective in protecting communities from wildfire<sup>19</sup> and exacerbate climate change impacts. The risk of fires which destroy homes and communities are linked to flying embers, which can be carried over a mile by wind gusts.

The 2018 Camp Fire, which devastated Paradise and Concow, sped fast through lands that had been treated by heavy logging and thinning 10 years prior to the fire.<sup>20</sup> Massive data-sets have revealed that forest management practices that rely on heavy logging have actually increased fire severity<sup>21</sup> in those forests.<sup>22</sup> By creating an extraction-based market for forest-based biomass, SCP could unwittingly increase the risk of severe wildfire in Sonoma County.

To address ember casts, comprehensive studies by fire scientist Jack Cohen and others indicate that the only effective ways to protect communities from fire are by hardening homes and reducing the ignitability of the 100-foot area immediately surrounding homes.<sup>23</sup> Most efforts to promote large-scale thinning in areas far from homes and structures are wasteful, carbon-releasing, ecologically damaging, and ineffective in protecting communities, when compared to efforts that focus on buildings and the defensible space in their immediate vicinity.

Home hardening creates jobs. A 2018 Study on Potential Jobs and Wages from Investments in Defensible-Space Approaches to Wildfire Safety<sup>24</sup> concludes that home hardening and defensible-space

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<sup>16</sup> See 9

<sup>17</sup> [Dirty wood pellet plant in California Redwood Region raises further doubt about biomass sustainability standards](https://www.indybay.org/newsitems/2020/04/09/18832203.php)

<sup>18</sup> <https://www.indybay.org/newsitems/2020/04/09/18832203.php>

<sup>19</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

<sup>20</sup> <https://johnmuirproject.org/2019/01/logging-didnt-stop-the-camp-fire/>

<sup>21</sup> <https://esajournals.onlinelibrary.wiley.com/doi/full/10.1002/ecs2.1492>

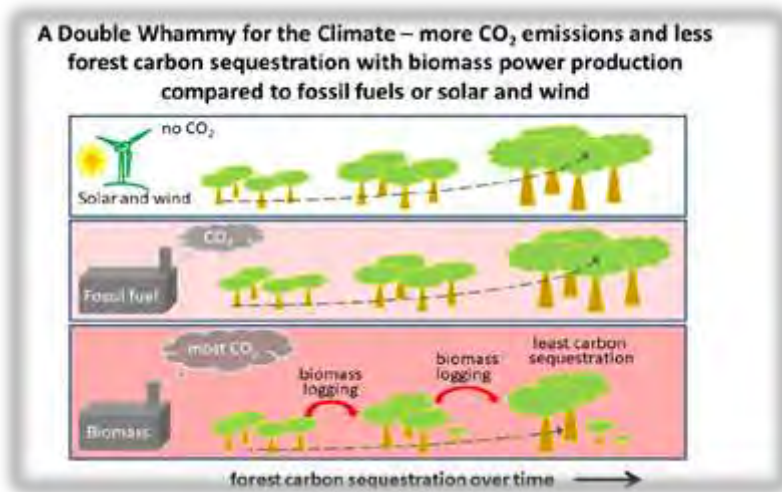
<sup>22</sup> [https://www.researchgate.net/publication/324786837\\_Severe\\_fire\\_weather\\_and\\_intensive\\_forest\\_management\\_increase\\_fire\\_severity\\_in\\_a\\_multi-ownership\\_landscape](https://www.researchgate.net/publication/324786837_Severe_fire_weather_and_intensive_forest_management_increase_fire_severity_in_a_multi-ownership_landscape)

<sup>23</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

<sup>24</sup> [http://nreconomics.com/reports/2018-04-28\\_EnvNow\\_Report.pdf](http://nreconomics.com/reports/2018-04-28_EnvNow_Report.pdf)

projects create wildfire safety benefits and more jobs and wages for local workers than logging and thinning programs.

## To Sequester Carbon, Leave it in the Forests



Source of diagram: [Forest Bioenergy Briefing Book, Center for Biological Diversity](#)

Thinning and logging paired with burning of wood for power will reduce forest carbon storage,<sup>25</sup> leading to higher greenhouse gas emissions. Large-scale thinning and logging projects, which typically remove the biggest, most fire-resistant trees and snags, have been known to increase fire severity.<sup>26</sup> The best way to reduce global greenhouse gas emissions and to sequester carbon is by protecting forests, as expressed in IPCC scientist Dr. William Moomaw's *Why Keeping Mature Forests Intact is Key to the Climate Fight*.<sup>27</sup> His concern is echoed in a compelling and comprehensive essay opposing forest-based biomass energy, *To Counter Climate Change, We Need to Stop Burning Things*,<sup>28</sup> written by Bill McKibben (*The New Yorker*, January 2021).

Gross miscalculations, based on outdated models, have led the public to believe that forests are incinerated during wildfire. They are not. According to empirical data, less than 5% of mature trees burn in a large wildfire,<sup>29</sup> compared to the 100% incineration that occurs in biomass facilities.

Forests are living, interconnected ecosystems providing us with many essential natural services, protecting our watersheds, water quality, soil, water and air, providing essential habitat for wildlife, and regenerating naturally after wildfire. Clearing forests can reduce carbon sequestration potential for decades. Machinery and equipment used in tree removal compacts the soil, which has far-reaching negative consequences making it harder for forests to rejuvenate after fire. Dead trees and snags, too, are essential for the forest carbon cycle, providing habitat for a wide range of birds and animals,<sup>30</sup> nurse logs, and eventually decaying to protect and enrich the soil and continue the cycle.

<sup>25</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

<sup>26</sup> <https://esajournals.onlinelibrary.wiley.com/doi/full/10.1002/ecs2.1492>

<sup>27</sup> <https://e360.yale.edu/features/why-keeping-mature-forests-intact-is-key-to-the-climate-fight>

<sup>28</sup> <https://www.newyorker.com/news/annals-of-a-warming-planet/to-counter-climate-change-we-need-to-stop-burning-things>

<sup>29</sup> <https://onlinelibrary.wiley.com/doi/abs/10.1111/gcb.14716>

<sup>30</sup> <https://esajournals.onlinelibrary.wiley.com/doi/full/10.1002/ecs2.1255>

Cutting forests is not sustainable. Large trees and snags are not renewable resources. Decades must pass before the planted saplings reach maturity. The more trees mature, the greater their ability to sequester carbon.<sup>31</sup> In addition, natural forest ecosystems support an abundant variety of wildlife, unlike plantations of trees which do not. We have no time to waste. The best way to maximize carbon sequestration is by protecting mature, intact forests, including ones that quickly regenerate after fire.<sup>32</sup>

We in your community are appealing to you to stop considering any source of biomass energy.

### **Biomass is California's Most Expensive Energy Source**

Most of the biomass power in California is derived from forests. It is California's most expensive energy source, averaging \$166 per megawatt hour compared to \$49 per megawatt hour for solar and \$57 for wind. We need to focus on clean, carbon neutral, renewal sources of energy such as solar and wind. Biomass operations are often heavily dependent on subsidies<sup>33</sup> that take resources away from truly clean energy alternatives. We the ratepayers will end up carrying the increased costs.

We realize that the California Energy Commission currently includes biomass in its Renewables Portfolio Standard (RPS), which is a problem. We would encourage leadership that assists with a thorough review and revision of those standards. We also urge SCP to consider the limitations and negative impacts of biomass incineration now as a matter of urgency before taking any further steps to promote biomass as part of its energy portfolio.

We urge you to stop promoting forest-based biomass incineration now, and we urge Sonoma County to stop sending these wood products to other counties for burning.

---

Beverly Alexander, Petaluma resident, Sonoma Clean Power customer, President of Protect Wild  
Petaluma ProtectPetaluma.org

Dena Allen, 350 Sonoma

Michael Allen, California Assembly member (Ret.)

Maria Alvarez and David Trowse

Krista Anandakuttan, Sebastopol resident

Chip Atkin

Laurie-Ann Barbour, Evergreen customer, Cotati resident

Katy Baumgras, Sebastopol resident

Henrietta Bensussen, Santa Rosa Resident

Ashwini Bhat, Petaluma resident

Steve Birdlebough, Santa Rosa resident

Jenny Blaker, Cotati resident, EverGreen customer

George Bono, Petaluma Resident and Keysight Technology engineer

Susan Bono, Petaluma resident

Taylor Bright, Post-Fire Ecological Restoration Practitioner, Mycologist, CoRenewal

---

<sup>31</sup> <https://www.sciencedaily.com/releases/2008/09/080910133934.htm>

<sup>32</sup> <https://www.elsevier.com/books/the-ecological-importance-of-mixed-severity-fires/dellasala/978-0-12-802749-3>

<sup>33</sup> [https://www.biologicaldiversity.org/campaigns/debunking\\_the\\_biomass\\_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf](https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf)

Dana Brown, Sonoma County Resident  
Kimberly Burr, Green Valley Creek Restoration volunteer  
Christine Byrne  
Ernie Carpenter, Sonoma County Supervisor, Retired  
Julie Chasen  
Kevin Conway, Sonoma County Resident  
Tim Danesi, Rohnert Park Historical Society  
Connor DeVane, SCP customer and member of Sunrise Movement Sonoma County  
Iris Jamahl Dunkle, Sonoma County Poet Laureate Emerita  
Therese A. Ehret, Petaluma Resident and Sonoma Clean Power customer  
Deborah Eppstein, PhD. Sonoma County Resident  
Douglas Fisher, Walbridge Fire Survivor and Sonoma Clean Power Customer  
Dr. Brenda Flysworthawks, SRJC Professor and Santa Rosa resident  
Karl Frederick, Profession: Engineer/Program Manager  
Rue Furch, Sonoma County Resident  
Sunny Galbraith, 350 Sonoma  
Forrest Gander, Petaluma Resident  
Pete Gang  
Jessica T. Gilleran, 4th/5th grade educator, University Elementary La Fiesta  
Natasha Granoff, Sonoma County resident, EverGreen customer, California Native Plant Society Milo  
Baker Chapter Conservation Committee  
Mel Halbach, Sonoma County Resident  
Debora Hammond, Cotati resident  
Larry Hanson  
Suzanne Hanson  
Jean Hegland, Walbridge Fire Survivor and Sonoma Clean Power Customer  
Judith Helfand, Sonoma Clean Power customer  
Elizabeth Herron  
Fred Heuristic, Sonoma County Resident  
Deirdre and Chris Hockett, Sonoma Clean Power customer and members Protect San Antonio Valley  
Christine Hoex, 350 Sonoma  
Jodi Hottel, Sonoma Clean Power customer  
Gene Hottel, Sonoma Clean Power customer  
Quincey and Dan Imhoff  
Veronica Jacobi and the Climate Protection & Recovery Fund  
Anna Cummings Jacopetti, 350 Sonoma  
Vasanti Jayaswal, Petaluma  
John Johnson  
Amy Jolly, Sonoma County Resident  
Suzy Karasik, Windsor resident, CCL volunteer  
Dr. Douglas Kenning, Professor and biologist, Sonoma County Resident  
Maya Khosla, wildlife biologist, fire filmmaker, Sonoma County Poet Laureate Emerita  
Bruce Kofh  
Natalie Korman, Penngrove resident  
Paul Lamb, Sonoma County resident  
Mike Lipelt  
Dr. Elyse Lord, Cotati Resident

Raye Lynn Thomas, Petaluma resident, retired librarian  
Greg Mahrer, Sonoma County resident  
Janus Matthes, Wine & Water Watch  
Fabiola Maya, Graton  
Matt McGuire, former City Council, Petaluma; Pachamama Alliance  
Tom Meier  
Michele Melio  
Phyllis Meshulam, Sonoma County Poet Laureate (2020-2022), teacher with California Poets in the Schools, and an SCP customer  
Mella Minberg, Sebastopol resident & Sonoma Clean Power customer  
Donald N. Moe, Petaluma Resident and Sonoma Clean Power customer  
Laura Morgan, M.D.  
Wayne Morgenthaler, Sonoma County Pachamama Alliance, Drawdown Advocacy and Training Group  
Clare Morris, PhD  
Mark Mortensen, Santa Rosa resident , SCP EverGreen customer  
Gwynn O'Gara, Sonoma Poet Laureate Emerita  
Cory O'Gorman  
Judith Olney  
Rebecca Patrascu, Petaluma Resident  
Margo Perin, Santa Rosa Resident, Whoa Nelly Press  
Dennis Pocekay, SCP EverGreen Customer  
Barbara Quick, Author and journalist, Cotati  
Larry Robinson, Sebastopol Resident  
Wayne Roden  
Judith Rousseau, Graton, long-time EverGreen customer  
Tracy Salcedo-Chourre, Glen Ellen resident  
Ruth Schwartz  
Padi Selwyn, Co-chair, Preserve Rural Sonoma County  
Teri Shore, Advocacy Director, Greenbelt Alliance, Sonoma Valley resident  
Cynthi Stefenoni, Co-Director & Producer, Sebastopol Film Festival  
Linda Swartz  
Wights Taylor Jr., Santa Rosa resident.  
Mike Turgeon  
Janina Turner  
Johanna van de Woestijne, MD, Stanford Medical School, and Medical Microbiology, BS, San Jose State U., Property owner in Occidental, California.  
Definitely opposed to biomass fuels because of impacts on human and the science, which shows that biomass fuels are even dirtier than coal.  
Bill Vartnaw, Sonoma Poet Laureate Emeritus  
Janis Watkins, ret. Attorney  
Sally Weare, resident at Bennett Ridge Rd, Santa Rosa, Member of Women Eco Artists Dialogue  
Kathleen Winter, Sonoma County resident  
Gloria Zarifa – Concerned customer, Sonoma Clean Power





## Staff Report - Item 05

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

**From:** Carolyn Glanton, Programs Manager

**Issue:** Discuss Draft Equity Framework Workshops, Receive Programs Equity Framework and Provide Direction as Appropriate

**Date:** May 6, 2021

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**Recommendation:** Receive a presentation on the Draft Equity Framework Workshops, the updated Programs Equity Framework, and provide feedback and direction as appropriate.

**Background:** The Programs Team is seeking to support diversity, equity, and inclusion in our customer programs to serve all SCP customers, especially in historically underserved, underinvested, and marginalized communities.

Due to a long history of systemic oppression, Environmental and Social Justice (ESJ) Communities, defined by the California Public Utilities Commission (CPUC) as predominantly disadvantaged, low-income, and communities of color, have been underrepresented in the policy setting and decision-making process. ESJ Communities are being left out of California's transition toward a clean energy future, and yet, are some of the most susceptible to the devastating effects of the climate crisis.

We recognize that while SCP has taken a number of efforts to help address inequities in our programs, more is needed to achieve equitable outcomes and benefits in our communities, as we work to fulfill our mission of turning the tide on the climate crisis.

After a presentation to the Community Advisory Committee in February and the Board of Directors in March, Programs Staff conducted public outreach to review a Programs Equity Framework (Framework). The Framework is intended to define the methods in which programs will be considered and developed with the inclusion of ESJ communities. This is intended to be the blueprint for the development and

implementation of programs. It is not intended to be a static document or intended to be a program itself. Programs Staff will present a yearly update to the Community Advisory Committee and Board of Directors.

True to the Framework, we wanted to ensure that the community is included in the development of the Framework. Staff started a public input process in February 2021. The public process is outlined below.

| Date                 | Time               | Event   |
|----------------------|--------------------|---|
| February 18, 2021    | 1:00 PM            | Community Advisory Committee Monthly Meeting      |
| March 4, 2021        | 8:45 AM            | Board of Directors Monthly Meeting                |
| March 9, 2021        | 11:30 AM - 1:30 PM | Public Input Workshop #1 (17 attendees)           |
| March 18, 2021       | 5:30 - 7:30 PM     | Public Input Workshop #2 in Spanish (3 attendees) |
| 18 de marzo del 2021 | (17:30 - 19:30)    | Taller de aportes públicos en español             |
| March 25, 2021       | 5:30 - 7:30 PM     | Public Input Workshop #3 (8 attendees)            |
| April 15, 2021       | 1:00 PM            | Community Advisory Committee Monthly Meeting      |
| May 6, 2021          | 8:45 AM            | Board of Directors Monthly Meeting                |

In addition to the public meetings, Staff invited written public comment to be submitted on our website March 9, 2021 through April 1, 2021 in both English and Spanish. No written public comments were received.

**Discussion:**

Based on public feedback received at the Workshops, the following updates were made to the draft Programs Equity Framework:

- Added an introduction and conclusion to the Framework
- Step 1 - Assess Community Needs and Set Goals
  - Added the question “Do the CBO’s we want to connect with already meet? Can SCP join already occurring coordination meetings?”
  - Added the recommendation “Ensure that marketing campaigns are culturally and linguistically appropriate for the intended audience”
  - Added the recommendation “Work with Black, Indigenous, and People of Color (BIPOC) marketing agencies and individuals to re-invest in small business communities”
- Step 2 - Establish Community Led Decision Making
  - Added the question “What kind of resources or assets are in the communities? How can SCP help to amplify these resources?”
  - Added the question “How can SCP connect CBOs to each other to further the conversation?”
  - Added the recommendation “Set expectations early on with CBOs about the key decisions that CBOs can make and can influence”
- Step 3 - Develop Plan and Metrics for Tracking
  - Added the question “Where will metrics be housed, displayed, and shared?”
  - Added the recommendation “If collecting ethnicity and racial data, ensure that the list of options is inclusive”
  - Added the recommendation “Ensure data collection methods are inclusive to all communities”
- Step 4 - Ensure Funding and Program Leverage
  - No changes were made in this section
- Step 5 - Improve Outcomes
  - Added the question “Does the program have any unintended negative consequences?”
  - Added the question “Is the program participation too burdensome? Is the process to participate in the program too demanding for potential participants? Example: providing a lot of personal information and documentation.”
  - Added the recommendation “Evaluate existing partnerships, include an analysis of partnerships and trust building with organizations.”

**Fiscal Impact:** None

**Community Advisory Committee Review:** The Draft Equity Framework Workshops and the Equity Framework were presented to and accepted by the Community Advisory Committee at their April 15, 2021 meeting. The Committee reinforced the importance of the Equity Framework and highlighted working with community-based organizations to assess community needs, listening and working to create trust.

**Attachments:**

List of Community-Based Organizations and Local Government Departments Invited to SCP Programs Equity Framework Workshops

Updated Programs Equity Framework

## **List of Community-Based Organizations and Local Government Departments invited to SCP Programs Equity Framework Workshops**

|  |   |
|--|---|
| 100 Women Strong Inland Mendocino                    | Mendocino Land Trust                                |
| American Lung Association                            | Mendocino Latinx Alliance                           |
| Becoming Independent                                 | Mendonoma Health Alliance                           |
| Boys and Girls Club of Greater Santa Rosa Area       | Movement Generation Justice & Ecology Project       |
| Boys and Girls Club of Sonoma-Marin                  | Movimiento Cultural de La Union Indigena            |
| Burbank Housing                                      | North Bay Conservation Corp                         |
| Catholic Charities                                   | North Bay Forward                                   |
| Center for Well Being                                | North Bay Jobs with Justice                         |
| Child Parent Institute                               | North Bay Organizing Project                        |
| City of Petaluma Climate Action Commission           | North Bay Regional Center                           |
| Climate Action Mendocino                             | Nuestra Alianza de Willits                          |
| Community Action Partnership                         | Nuestra Comunidad                                   |
| Community Foundation Sonoma County                   | PDI Surgery Center                                  |
| Corazón Healdsburg                                   | PEP Housing   |
| Council on Aging                                     | Petaluma Health Center                              |
| County of Mendocino, Health and Human Services       | Petaluma People's Services                          |
| County of Sonoma, Energy and Sustainability Division | Raizes Collective                                   |
| County of Sonoma, Human Services Department          | Regional Climate Protection Authority               |
| County of Sonoma, Office of Equity                   | Redwood Community Health Coalition                  |
| CTE Foundation                                       | Rising Sun Center for Opportunity                   |
| Daily Acts   | Santa Rosa Community Engagement Division            |
| Economic Development Board                           | Santa Rosa Community Health Centers                 |
| Food For Thought                                     | Santa Rosa Junior College                           |
| Graton Day Labor Center                              | Sebastopol Carbon Conversations                     |
| GreenAcre Homes and School                           | Social Advocates for Youth                          |
| Grid Alternatives                                    | Sonoma 4Cs  |
| Hanna Boys Center                                    | Sonoma County Indian Health Project                 |
| Healthy Mendocino                                    | Sonoma County Workforce Investment Board            |
| Hispanic Chamber of Commerce                         | Sonoma Health Action                                |
| La Luz   | Sonoma State Center for Community Engagement        |
| La Plaza   | The Center for Social and Environmental Stewardship |
| Land Paths   | Undocufund  |
| Latino Service Providers                             | United Nations Association                          |
| NextGen Trades Academy                               | United Way of Wine Country                          |
| Los Cien   | West County Community Services                      |



# Programs Equity Framework

April 2021

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## **Acronyms**

|                 |   |
|-----------------|---|
| <b>CBO</b>      | Community Based Organization  |
| <b>CEC</b>      | California Energy Commission  |
| <b>CPUC</b>     | California Public Utilities Commission                                  |
| <b>ESJ</b>      | Environmental and Social Justice Community                              |
| <b>EV</b>       | Electric Vehicle (includes battery electric and plug-in hybrid vehicle) |
| <b>LIFT</b>     | Low-Income Family and Tenants   |
| <b>PG&amp;E</b> | Pacific Gas & Electric  |
| <b>SCP</b>      | Sonoma Clean Power  |



## **Acknowledgements**

Sonoma Clean Power would like to acknowledge that the base for this plan was created by the Greenlining Institute in their document entitled [\*“Equitable Building Electrification – A Framework for Powering Resilient Communities”\*](#).

We greatly appreciate the foundational work by the Greenlining Institute.

## **Executive Summary**

Sonoma Clean Power (SCP) is turning the tide on the climate crisis, through bold ideas and practical programs. SCP is a not-for-profit public agency based in Santa Rosa and serves the residents and businesses in Sonoma and Mendocino counties. We are committed to offering our customers clean energy solutions that enhance quality of life while helping solve climate change.

The Programs Equity Framework is intended to define a methodology for the inclusion of Environmental and Social Justice Communities in SCP's customer programs to ensure they are not left behind.

## **Environment and Social Justice Communities**

The California Public Utilities Commission (CPUC) defines Environment and Social Justice (ESJ) Communities as communities where residents are:

- predominantly people of color or living on low incomes;
- underrepresented in the policy setting or decision-making process;
- subject to disproportionate impact from one or more environmental hazards; and
- likely to experience disparate implementation of environmental regulations and socioeconomic investments.

Due to a long history of systemic oppression, ESJ Communities have been underrepresented in the policy setting and decision-making process. ESJ Communities are being left out of California's transition toward a clean energy future, and yet, are the most susceptible to the devastating effects of climate change. SCP seeks to offer customer programs that serve all our customers and seeks to invest additional time and funds to ensure that our programs create equity.

## **Programs Equity Framework**

The Framework addresses the considerations that must be made while carrying out programs to reduce total energy use and reduce greenhouse gas emissions. This Framework outlines the steps SCP will take to ensure that equity is integrated when developing new programs.

- **Step 1: Assess the Communities' Needs.** This should include understanding barriers preventing community members from participating in SCP programs, and learning about their specific needs, wishes and concerns when it comes to energy efficiency and electrification.
- **Step 2: Establish Community-Led Decision-Making.** Rich community input and engagement strengthen the overall program design quality with stronger cultural competence, ensure local buy-in and investment, and deliver tangible local benefits rooted in the lived experiences of everyday people. Partner with community-based organizations to develop a decision-making process that ensures that decisions are based on community needs and priorities.
- **Step 3: Develop Metrics and a Plan for Tracking.** Metrics should include both clean energy benefits like greenhouse gas reductions and community benefits such as local hires and residents' ability to pay their energy bills without sacrificing other essential expenses.

- Step 4: Ensure Funding and Program Leveraging. Current low-income energy programs often fail to deliver maximum benefits to all qualifying households due to short and unpredictable funding cycles, poor program design that inadequately reaches qualifying customers, or lack of coordination and integration with complementary programs.
- Step 5: Improve Outcomes. Using the tracking and metrics plan described above, ensure that there is a continuous feedback loop to improve current and future programs' reach and impact in ESJ communities. Consider adjustments to ensure the program reaches the people it seeks to reach and delivers the intended benefits.

Together we can create the foundations for equitable and inclusive programs, but it will require deliberate and inclusive actions. This document will be implemented along with the Programs Strategic Action Plan and will be reviewed at least once a year in May.

## **Programs Equity Framework**

Equity begins by recognizing that not all communities have the same social and economic starting point. African Americans, Native Americans, immigrant communities of color, low-income communities, and others have long suffered systemic exclusion from opportunities such as homeownership, educational attainment, high-road jobs, and the ability to live in a clean and healthy environment.

California is attempting to address some of these harms by committing to more equitable environmental and energy policies. Sonoma Clean Power (SCP) therefore proposes the following framework to function as a roadmap for achieving equitable outcomes in our programs.

### **Early Equity Actions Taken to Date**

- Providing increased incentive amounts for the lease or purchase of new and used electric vehicles (EVs) as part of the Drive EV program;
- Providing incentives to non-profit organizations to purchase or lease EVs;
- Conducting target, on location Ride & Drive events in partnership with low-income employers;
- Providing up front incentives to lower the barriers to program participation;
- Providing larger incentive amounts for low-income homeowners rebuilding through the Advanced Energy Build;
- Working directly with grassroots organizers and participating in fire recover events to encourage rebuilding energy-efficient or all-electric homes;
- Providing increased rebate amounts to low-income, disadvantaged, and rural locations in the Sonoma Coast Incentive Project to encourage infrastructure investments in these communities’;
- Providing free Do-It-Yourself Energy & Water Saving Toolkits through the two library systems to help decrease energy and water usage; and
- Providing bilingual marketing and collateral materials, among other outreach efforts by the SCP Marketing Team.

We recognize that while these are good initial efforts, more is needed to be done as we work to fulfill our mission of turning the tide on the climate crisis.

### **Programs Equity Mission Statement**

SCP customer programs shall be designed, implemented, and evaluated with the goal of being practical and inclusive of Environmental and Social Justice Communities.

### **Environment and Social Justice Communities**

The California Public Utilities Commission (CPUC) defines Environment and Social Justice (ESJ) Communities as communities where residents are:

- predominantly people of color or living on low incomes;
- underrepresented in the policy setting or decision-making process;

- subject to disproportionate impact from one or more environmental hazards; and
- likely to experience disparate implementation of environmental regulations and socioeconomic investments.

### **Three-Dimensional Approach**

This five-step Framework is guided by the USC Program for Environmental and Regional Equity’s three-dimensional approach to equitable implementation of programs that help close the equity gap<sup>1</sup>. The three dimensions are:

1. Past - Prioritize investments that close historic equity gaps in a way that will improve access to workforce training and jobs for the benefit of the local economy and improve environmental health for underinvested communities.
2. Present - Create authentic partnerships that focus on impacted communities, support community-based participation, and result in shared decision-making, while also strengthening the health and well-being of the entire region.
3. Future - Mitigate disparities likely to emerge in the future by leveraging funding for long-term community health and organizational capacity. Also, by incorporating metrics and evaluation to promote adaptable and effective implementation.

### **Step 1 - Assess Community Needs and Set Goals**

Prior to designing programs, staff will conduct community needs assessments to identify communities’ unique needs, the underlying reasons or causes of issues, existing barriers, and the types of resources that are already available to address issues. Keeping in mind that various communities, even neighborhoods, should not be treated the same as they have different characteristics and needs, a community needs assessment is necessary so that stakeholders can conduct a meaningful inquiry into the possible benefits that programs can deliver to ESJ communities and the challenges that residents will face in switching from fossil fuels to clean energy, improving energy-efficiency, and reducing cost. Assessing the needs and barriers of renters since many bear the higher cost burden of inefficient buildings and appliances and lack of authority to participate in programs.

#### **Questions to consider**

- What kind of existing resources does this community have (this includes community-based or faith-based organizations that serve the community, free or low-cost social services programs, after-school programs for kids, energy-related programs for low-income or disadvantaged communities, or workforce development programs for unemployed adults)?
- What are the Community’s perspectives on SCP and how does the community engage with SCP now? Is SCP a trusted organization?
- What barriers prevent residents in this community from participating in programs?

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<sup>1</sup> Vanessa Carter, Manuel Pastor, and Madeline Wander (2018). Measures Matter: Ensuring Equitable Implementation of Los Angeles County Measures, 22

- Do residents have access to broadband internet?
- What do people care about and which issues do they want to prioritize?
- What is the benefit for this community to be associated with SCP? Where is the relevancy?
- How much do people already know about programs offered? Who has access to this information and who does not?
- Who do people in this community trust? Where do they get their information? Where do they go when they have questions?
- Who has participated in other energy programs and who has not? Of those who have not, why haven't they?
- Which communities should be prioritized and what would it take to ensure that they benefit from a program?
- Which data must be collected and considered for this assessment?
- What would a community needs assessment look like? Will it reach the intended audience?
- Do the CBO's we want to connect with already meet? Can SCP join already occurring coordination meetings?
- How can SCP programs strengthen the broader North Bay community?

Equity indicators must also be established to ensure that investments that close historic wealth and environmental gaps are targeted for ESJ residents. Equity indicators can be used in two ways:

1. They can be used to identify specific communities where program investments should be prioritized.
2. They can be used to measure the impacts of investment in ESJ communities.

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*For example, the California Energy Commission's (CEC) [Energy Equity Indicators](#) report identifies a set of equity indicators that the agency may use to track and measure investment, access, and resilience resulting from clean energy programs.*

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The community assessment will lead to a greater understanding and creation of equity-driven goals. The goals must be broad enough to encompass an issue or address a need within a community but also narrow enough to help determine the appropriate equity indicators, timing and level of funding, and metrics needed to track impacts.

## **Recommendations**

- Leverage the Community Engagement and Education Program from SCP's Marketing Department to partner with locally trusted community-based organizations (CBOs) and local government to engage residents of ESJ communities and to make engagement opportunities as accessible as possible.

- Collaborate with a diverse group of CBOs, local governments, and other partners,
- Identify how SCP can help CBOs and local governments achieve their goals and objectives.
- Identify what SCP can offer to help the community in exchange for their time.
- Coordinate with other SCP Department on outreach and engagement and leverage the work they are doing to inform programs.
- Identify the most pressing community needs, including determining the residents' fuel source(s), access to clean energy and energy efficiency programs, and non-energy issues such as housing, health, food, and transportation needs and identify how those needs intersect with energy and climate change.
- Identify the historical structural, economic, and logistical barriers of the communities in general, as well as barriers to upgrading homes to be resilient, efficient, electric, and affordable. Identify strategies to overcome these barriers while keeping residents in their homes.
- Ensure that marketing campaigns are culturally and linguistically appropriate for the intended audience.
- Work with Black, Indigenous, and People of Color (BIPOC) marketing agencies and individuals to re-invest in small business communities.
- Establish equity-driven goals that address the communities' needs.

## **Step 2 – Establish Community Led Decision Making**

Community leaders and advocates face an exceptional challenge to get the attention of decision-makers and help them understand the unique needs of their families or communities. At the same time, decision-makers (*e.g., government, PG&E, SCP*) create new programs that directly affect the lives of impacted communities without their voices being heard. At the heart of community-driven decision-making lies the key environmental justice principle that those closest to the problem are those closest to the solution. Robust community input and engagement improves local buy-in and makes programs better at reaching the communities they intend to reach. Further, bringing community voices to the table helps to demystify the linkages between energy bills, indoor and outdoor air quality, health, local jobs, and community resilience. Developing partnerships with local agencies and CBOs will take time. It is important to build trust with community leaders and advocates, understanding that it may take time given the history of not being heard.

### **Questions to consider**

- Which CBOs that have been serving the residents should be contacted to support this effort (this may include social services organizations, energy efficiency providers, and workforce development organizations)?
- What kind of resources or support do the CBOs need?
- What kind of resources or assets are in the communities? How can SCP help to amplify these resources?

- When, where, and in what context should we engage residents on the issue of equitable program design?
- Are all the relevant stakeholders at the table?
- What level of technical assistance do the CBO reps and residents need in order to fully engage in the program topic?
- What should decision-making processes look like?
- How can SCP support the mission of CBOs?
- How can SCP connect CBOs to each other to further the conversation?

## **Recommendations**

- Develop trust by making time to talk to people early and often and leveraging their feedback. Effective and rooted community organizing is very slow work.
- Be Inclusive. Meet communities where they are. Attend existing meetings, workshops, and opportunities for engagement in accessible places, at convenient times, with appropriate accommodations, including Spanish language. Create meeting opportunities where they do not already exist.
- Seek to minimize the burden of engagement on community members. Investigate providing compensation to community members for their significant contributions of time, whether monetary or other in-kind value.
- Seek to minimize the burden of feeling like community members are the only ones to solve the problem.
- Partner with trusted and experienced local community workers, especially community-based organizations. Stretch and work with new players and foster unexpected partnerships.
- Be Innovative. Other issues may be identified that SCP may be able to help address.
- Listen actively. Trust that community members are experts on their stories, histories, challenges, and priority solutions. Listen first before approaching community members with any solutions. Listen for needs and not for program ideas/feedback.
- Be Practical. Make improving people's actual lives (air, health, home, family, community) the central priority. Technical expertise should respond to community needs and priorities.
- Develop a decision-making process with community members and work with the community during program design.
- Set expectations early on with CBOs about the key decisions that CBOs can make and can influence.



### Step 3 – Develop Plan and Metrics for Tracking

Metrics are essential for assessing the effectiveness of equitable program efforts in meeting established program goals. Metrics should be used for all three activities involved in advancing programs.

1. **Policy adoption:** Metrics should articulate the principles being embraced and set target benchmarks or expectations for what progress is desired.
2. **Program Design:** Metrics should help specify program objectives, decide program parameters, and target audiences, and determine the necessary data collection schemes to inform evaluation.
3. **Post-implementation:** Metrics should largely support program evaluation, execution effectiveness, and expenditure value—as feedback to policy and program oversight.

Because equitable program efforts focus on reducing energy and non-energy hardships that affect ESJ communities, metrics cannot just measure energy savings monetarily or by greenhouse gas emissions. Stakeholders must also be open to both quantitative and qualitative metrics. Without qualitative measures there will be no consideration of quality-of-life type of improvements in program design. Lastly, tracking the metrics' progress is a significant programmatic tool that must be designed and planned at this early stage. Tracking will allow stakeholders to reach a deeper understanding of the challenges and successes of programs. Tracking also identifies areas for improvement and allows for regular and transparent reporting to the public to improve accountability.

#### Questions to consider

- What quantitative and qualitative benefits can a program deliver to ESJ communities?
- What kind of baseline data is needed to compare against our metrics?
- Who should conduct tracking?
- Where will the metrics be housed, displayed, and shared?
- How and at what interval should data be collected and reported? Are certain communities or individuals excluded by the data collection method chosen.

#### Recommendations

- Identify metrics, including baseline or control group, that will be tracked and measured based on the goals and indicators.
- Identify and establish both quantitative (*e.g., pounds of greenhouse gas saved*) and qualitative (*e.g., increased comfort*) metrics.
- Develop a plan to track metrics. Ensure that this plan maximizes the best feedback loop to improve current and future program design and provides transparency.
- Be aware that data collection may raise trust issues. Be flexible with collecting data and ensure data privacy and protection.
- If collecting ethnicity and racial data, ensure that the list of options is inclusive.

- When appropriate, utilize trusted outside entities to measure, audit and/or report metrics.
- Ensure data collection methods are inclusive to all communities.

## Step 4 – Ensure Funding and Program Leverage

Funding for energy efficiency and clean energy programs shall be directed to ESJ communities. Low-income energy programs struggle to maximize benefits to all qualifying households. Additionally, barriers to program integration and lack of information on how to leverage funding limit opportunities to streamline services and lock complementary funding sources into silos. We must encourage coordination which combines low-income and non-low-income energy programs along with public health and climate programs. California needs to incentivize building owners to invest in energy efficiency and electrification, without the risk of increasing costs and displacing ESJ renters. We also need to determine how many ESJ residents do not qualify for low-income energy programs and identify ways to meet their needs.

### Questions to consider

- What other programs or funds exist to serve the same community and meet similar needs?
- Are there other organizations that are already doing work in the community we can partner with to augment their work and implement solutions?
- Will a new program align with other programs and make leveraging easy, or will it become yet another silo?
- How can non-low-income programs expand their reach and services to low-income populations?
- What other kinds of programs, like MCE’s Low-Income Family and Tenants (LIFT) pilot, exists that leverage various programs and agencies?
- How can a public agency like SCP leverage these programs?
- What role does financing have in increasing building electrification in ESJ communities, especially for households that do not qualify for free upgrades?
- Are there existing SCP services or programs that can be leveraged to financially support ESJ communities?

**MCE Low-Income Family and Tenants (LIFT) Pilot Program**

In 2017, the CPUC awarded \$3.5 million to MCE to conduct a two-year pilot program to better serve income-qualified multifamily communities.

Qualified properties received:

- \$1,200 per unit in addition to rebates provided by MCE’s Multifamily Energy Savings Program to lower the cost of common area upgrades in deed-restricted buildings.
- Referrals to other programs to enable additional savings

### Recommendations

- Establish research funding and conduct effective research.

- Identify available sources of funding for energy-related or building-related programs.
- Identify gaps in funding for needs that should be addressed, including tenants (renters) and commercial and business owners.
- Create a new program that integrates new and current energy, climate, and health programs available to ESJ communities to maximize benefits.
- Find ways to support ESJ households through alternative financing such as tariffed on-bill financing.

## **Step 5 - Improve Outcomes**

Performance of any given program must be measured to ensure that it is delivering the intended impact. To determine the equitable impacts of programs, measurement and evaluation efforts must be based on three principles:

1. Document and assess the energy and non-energy impacts of the program on ESJ communities.
2. Provide programmatic transparency to hold both programs and program administrators accountable to achieving the goals the program was set to meet, using equity metrics; and
3. Ensure that there is a continuous feedback loop to improve current and future programs' reach and impact in ESJ communities.

### **Questions to consider**

- Are there improvements post-program participation? How much progress has been made between the baseline data and the post-implementation data?
- Are the results on track for achieving short and long-term goals? What factors could have influenced the change between the baseline and post-implementation metrics?
- Has the program reached all the communities it was intended to reach? If not, what adjustments need to be made so that the next program cycle is more effective?
- Has the program delivered all the benefits it was intended to deliver? If not, why not, and what can be improved?
- Does the program mitigate unintended consequences like displacement?
- Does the program have any unintended negative consequences?
- Is the program participation too burdensome? Is the process to participate in the program too demanding for potential participants? Example: providing a lot of personal information and documentation.
- How should the evaluation results be framed and communicated in order to reach important stakeholders?

## Recommendations

- Create a calendar of scheduled updates on tracking and evaluation.
- Ensure that the right people receive the evaluation results. Provide time to solicit the audience's input because they may lead to further clarity and improvement in the tracking, evaluation, and reporting process.
  - Ensure that the community feels heard and understood when feedback is not incorporated.
- Develop an immediate feedback loop for lessons learned and adjust existing programs and a longer and more comprehensive feedback process to change and inform the implementation and evaluation of future programs.
- Evaluate existing partnerships, include an analysis of partnerships and trust building with organizations.
- Highlight and share important data relevant for strategic and budget planning processes.
- Collaborate with community organizations and local government to share results that may be connected to achieving their goals.

## Conclusion

To turn the tide on the climate crisis, SCP must provide comprehensive solutions that improve the lives of ESJ communities. Reducing greenhouse gas emissions leads to healthier, safer, and thriving communities.

As important as it is to reduce total energy consumption and remove fossil fuels from our homes, we need to center equity in this process. Failing to do so will repeat past mistakes in energy efficiency and renewable energy programs that failed to effectively prioritize underserved communities. This will result in insufficient investment in the communities that need the help the most, leaving ESJ communities behind once again.

This equitable program framework provides step-by-step guidance for SCP programs staff on how to approach the creation and review of equitable programs. By assessing the communities' needs, establishing meaningful community decision-making, developing equitable metrics and tracking, leveraging program benefits, and creating a process that allows for improvements, SCP can ensure that the benefits of programs prioritize people who could benefit the most.



## Staff Report - Item 06

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

**From:** Mike Koszalka, COO  
Geof Syphers, CEO  
Rebecca Simonson, Director of Planning and Analytics

**Issue:** Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2021-2022 and Draft Rates for July 1, 2021

**Date:** May 6, 2021

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### Requested Action

Review and provide direction on the Draft Fiscal Year 2021-2022 Annual Budget and Rates.

### Summary

Staff propose a draft budget and rates for Fiscal Year 2021-2022 from July 1, 2021 through June 30, 2022 that:

- Requires no rate changes at the start of the fiscal year on July 1, 2021.
- Plans SCP's next rate change on or about February 1, 2022.
- Reduces the planned revenues and expenditures relative to the current year due to lower expected customer electricity usage.
- Subsidizes customer rates with about \$1.5 million from SCP's rate stabilization fund to continue ensuring customer rates are no more than 5% above PG&E's bundled rates.
- Preserves about \$15.9 million in SCP's rate stabilization fund to subsidize future customer rates as PG&E increases its fees.

## **Background**

Staff is presenting a budget for Fiscal Year 2021-2022 that continues to fulfill SCP's adopted goals for providing electricity from very low greenhouse gas sources, investing in local renewables, operating the Advanced Energy Center and delivering a broad set of the most innovative programs for customers in California, many of which have been replicated by other electric providers. SCP's programs have grown to the point that they are one of the most valued aspects of being a customer of Sonoma Clean Power. We expect this value to increase as we open the Advanced Energy Center soon.

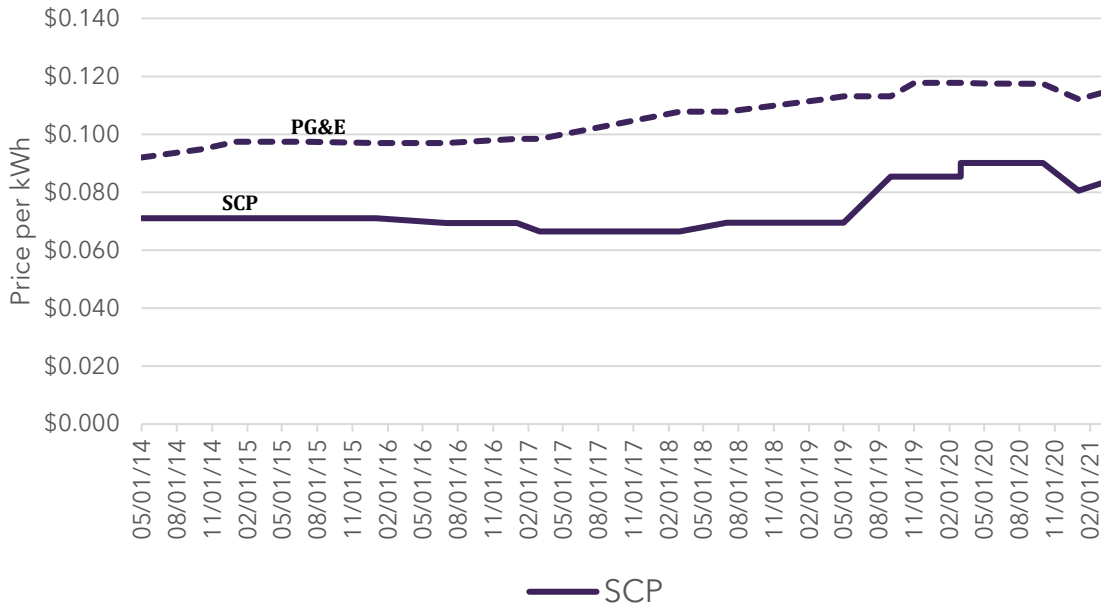
From the outset, SCP has held an extremely high standard for its operations - usually far in advance of State requirements, such as creating EverGreen, the nation's first electric supply that provides 100% local renewable energy 24/7 without any reliance on fossil energy sources for any purpose. SCP invested in 70 megawatts (MW) of new solar power and 50 MW of local baseload geothermal power in its first four months of operations and has pushed the growing CCA industry to follow suit.

Staff believe this leadership role is important to sustain over the next several years of extremely high PG&E fees on our customers, and the Board wisely set aside \$22 million from the last fiscal year to subsidize customer rates during this period. At least until PG&E's Diablo Canyon nuclear power plant is permanently retired in 2025, our customers will likely be subject to a PG&E Power Charge Indifference Adjustment (PCIA) fee that is more than 250% higher than in 2014 when SCP started service.

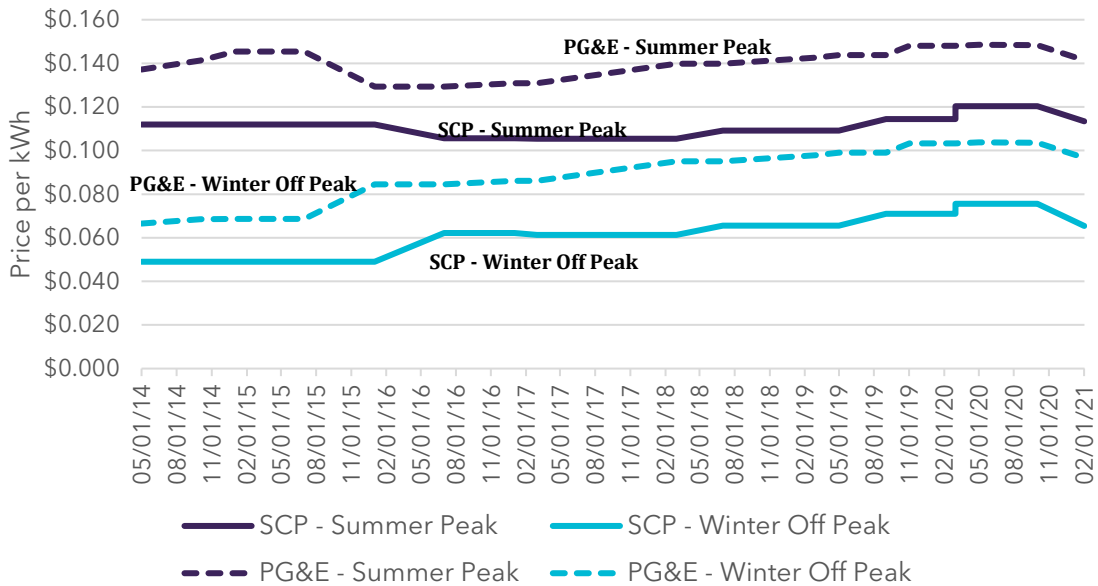
From its inception until last year, Sonoma Clean Power had been able to provide customers lower overall bills each year. This had been achieved by offering significantly lower electric generation rates to all customer classes in order to more than offset the PCIA fee PG&E charges our customers. These low generation rates have resulted in tens of millions in customer bill savings since 2014.

Three of SCP's most common rate classes are shown in the following charts.

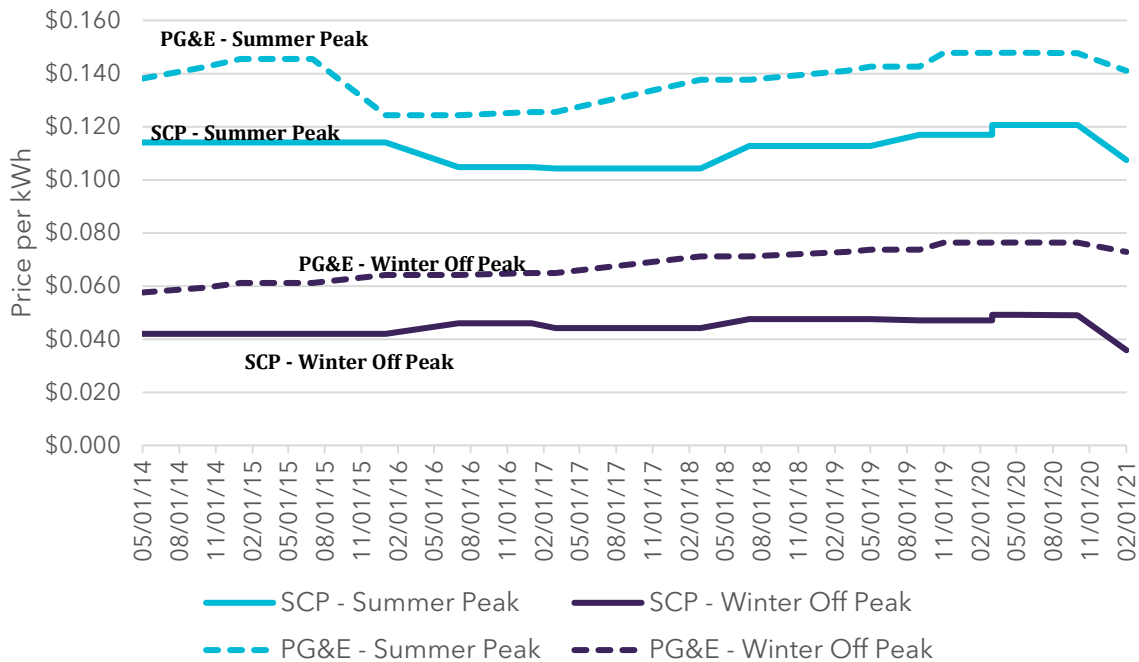
## Residential (E-1) SCP v PG&E Generation Rate



## Small Commercial (A-1 TOU) SCP v PG&E Generation Rate



## Large Commercial (E-19-S) SCP v PG&E Generation Rate



As the charts illustrate, SCP consistently provides generation rates for every customer class significantly below what PG&E charges their bundled customers. Nevertheless, our customers continue to face high PCIA fees that can drive their total charges above bundled customer bills. We expect this situation to persist for the next several years.

When SCP set rates that are currently in effect, the Board’s guidance was to adopt a change to Board Policy B.2 on April 2, 2020 directing the Authority to avoid using credit reserves unless the rates would need to exceed 7% above bundled service rates. Staff has sought to beat that requirement by keeping rates at or below a 5% differential, and this draft budget continues that approach.

When Diablo Canyon Nuclear Power Plant stops operating (one unit in January 2025 and the other unit in July of 2025) PG&E’s total costs for resources used to calculate PCIA will decline by about one third.

At the end of FY 19-20, SCP deferred \$22 million in revenues and set these funds aside (called the Operating Account Fund) with the intent to use them in future



periods to protect customers from rate shock due to changes in the PCIA. This draft budget shows that we expect to keep our customers' bills within 5% of PG&E bundled customer bills by using the Operating Account Fund and not having to use any of SCP's existing credit reserves.

It is important to note that this forecast is based on the best information available to SCP at this time, and that the PCIA fee is extremely difficult to forecast for several reasons. First, the PCIA can be influenced by PG&E's decisions, for example, whether to offer excess resource adequacy (RA) into the market or not. Those decisions impact the PCIA fee on our customers and are made solely at the discretion of the investors of a company that has a history of working to oppose CCAs. Second, the regulatory rules of how the PCIA is calculated are changing rapidly and are expected to continue to change over the coming years. And finally, the PCIA is highly dependent on the market price of natural gas power, which itself fluctuates significantly with the commodity price of methane. For these reasons, staff will regularly update the Committee and Board on the PCIA as new information is available.

The draft budget reflects a scenario where our current rates from April 1, 2021 are sustained through January 31, 2022. On or about February 1, 2022, staff expects that SCP may need to adjust rates to account for changes to the PCIA. However, PG&E could change bundled rates and fees at earlier and/or later dates than expected, so this date may change.

Staff conducted a sensitivity analysis to our energy sales (kilowatt-hours, or kWh) varying sales above and below the midpoint forecast presented in this budget. The result merely altered the amount of Operating Account Fund needed to balance SCP's income statement. This analysis did not indicate a change in our rate setting or budgeting strategy was needed at this time.

### **Community Advisory Committee**

The CAC reviewed the draft budget in their meeting on April 15<sup>th</sup>. The discussion included some concern about the relatively optimistic five year outlook (see table immediately following the draft budget tables) and staff confirmed that they may revise this outlook before bringing the recommended final budget for review. While

the Committee explored the different priorities and recommended changes to clarify the budget, it did not recommend any changes in budget figures.

## **Budget Overview**

The Fiscal Year 2021-2022 draft budget and rates presented in this item seek to:

- Continue to procure a supply portfolio of electricity generation that is at least 30% lower in greenhouse gas emissions than PG&E's portfolio,
- Actively participate in joint procurement through the new CCPower JPA
- Focus program activities into improving existing programs, opening the Advanced Energy Center, improving the availability and equitable participation in SCP programs, and showcasing SCP's new headquarters as a living example of an advanced energy facility.
- Maintain the current level of customer service support, community outreach and improve our communications to customers through marketing.
- Increase funding and staff support for the new building, planning and the Advanced Energy Center.

## **DRAFT BUDGET**

The draft budget is presented first in the form that will be used for adoption, and then is followed by supplemental information. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments.

|                                      | Revised Budget FY 20-21 | DRAFT Budget FY 21-22 | Notes   |
|--------------------------------------|-------------------------|-----------------------|---|
| <b>REVENUES &amp; OTHER SOURCES</b>  |                         |                       |   |
| Electricity Sales (net of allowance) | \$ 188,347,000          | \$ 177,577,000        | Lower sales volume. Bad debt budgeted at 1.25%.                             |
| Operating Account Fund Inflows       | \$ 4,630,000            | \$ 1,466,000          | Estimate only. Will request Board approval for final figure.                |
| EverGreen Premium (net of allowance) | \$ 1,488,000            | \$ 2,074,000          | Growth and inclusion of City of Santa Rosa and City of Petaluma accounts.   |
| CEC Grant Proceeds                   | \$ 2,974,000            | \$ 2,065,000          |   |
| BAAQMD Grant                         | \$ 50,000               | \$ 50,000             |   |
| Interest Income                      | \$ 750,000              | \$ 840,000            |   |
| <b>Total Revenues</b>                | <b>\$ 198,239,000</b>   | <b>\$ 184,072,000</b> |   |
| <b>EXPENDITURES</b>                  |                         |                       |   |
| <b>Product</b>                       |                         |                       |   |
| Cost of Energy and Scheduling        | \$ 167,024,000          | \$ 158,069,000        | Lower expected sales volume.  |
| Data Management                      | \$ 3,195,000            | \$ 3,198,000          |   |
| Service Fees to PG&E                 | \$ 969,000              | \$ 973,000            |   |
| Product Subtotal                     | \$ 171,188,000          | \$ 162,240,000        |   |
| <b>Personnel</b>                     | \$ 5,623,000            | \$ 6,200,000          | Increase of 4 staff and regular increases.                                  |
| <b>Outreach and Communications</b>   | \$ 1,130,000            | \$ 1,130,000          |   |
| <b>Customer Service</b>              | \$ 383,000              | \$ 363,000            |   |
| <b>General and Administration</b>    | \$ 615,000              | \$ 1,140,000          | New headquarters costs, moving costs, current lease, new IRP planning tool. |
| <b>Other Professional Services</b>   |                         |                       |   |
| Legal                                | \$ 360,000              | \$ 410,000            |   |
| Regulatory and Compliance            | \$ 397,000              | \$ 430,000            |   |
| Accounting                           | \$ 217,000              | \$ 245,000            |   |
| Legislative                          | \$ 78,000               | \$ 120,000            | Return to using a Sacramento lobbyist                                       |
| Other consultants                    | \$ 185,000              | \$ 225,000            |   |
| Other Professional Services Subtotal | \$ 1,237,000            | \$ 1,430,000          |   |

|  | Revised<br>Budget<br>FY 20-21 | DRAFT<br>Budget<br>FY 21-22 | Notes  |
|--|-------------------------------|-----------------------------|--|
| <b>EXPENDITURES – continued</b>                        |                               |                             |  |
| <b>Industry Memberships and Dues</b>                   | \$ 437,000                    | \$ 536,000                  | Combines CalCCA and CC Power dues                |
| <b>Programs</b>  |                               |                             |  |
| Program Dev. and Implementation                        | \$ 3,149,000                  | \$ 5,640,000                | Program details in Strategic Action Plan         |
| CEC Grant Program                                      | \$ 5,561,000                  | \$ 4,000,000                |  |
| Programs Subtotal                                      | \$ 8,710,000                  | \$ 9,640,000                |  |
| <b>Total Expenditures</b>                              | \$ 189,323,000                | \$ 182,679,000              |  |
| <b>Revenues Less Expenditures</b>                      | \$ 8,916,000                  | \$ 1,393,000                |  |
| <b>OTHER USES</b>                                      |                               |                             |  |
| Capital Outlay   | \$ 8,916,000                  | \$ 1,393,000                | Completion of headquarters building construction |
| <b>DEBT SERVICE</b>                                    |                               |                             |  |
| Debt Service   | \$ -                          | \$ -                        | No debt  |
| <b>Total Expenditures, Other Uses</b>                  | \$ 198,239,000                | \$ 184,072,000              | Note reduction in overall costs                  |
| <b>Net Increase/(Decrease) in Fund Balance</b>         | \$ -                          | \$ -                        |  |
| <b>Cumulative Net Increase/(Decrease) in Fund Bal.</b> |                               |                             |  |
| Operating Account Fund (Bill Stability)                | \$ 17,370,000                 | \$ 15,904,000               |  |

## INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

Details on the draft budget are provided in this section along with projections of the next five years. This five-year outlook is subject to significant changes as new information is available regarding PCIA and the market cost of energy.

|  | DRAFT<br>Budget<br>FY 21-22 | Forecast<br>FY 22-23  | Forecast<br>FY 23-24  | Forecast<br>FY 24-25  | Forecast<br>FY 25-26  |
|--|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>REVENUES &amp; OTHER SOURCES</b>            |                             |                       |                       |                       |                       |
| Electricity Sales (net of allowance)           | \$ 177,577,000              | \$ 186,775,000        | \$ 168,055,000        | \$ 165,195,000        | \$ 177,926,000        |
| Operating Account Fund Income/(Deferral)       | \$ 1,466,000                | \$ (9,217,000)        | \$ 10,320,000         | \$ 9,135,000          | \$ 1,665,000          |
| EverGreen Premium (net of allowance)           | \$ 2,074,000                | \$ 2,133,000          | \$ 2,187,000          | \$ 2,241,000          | \$ 2,298,000          |
| Grant Proceeds                                 | \$ 2,115,000                | \$ -                  | \$ 500,000            | \$ 500,000            | \$ 500,000            |
| Interest Income                                | \$ 840,000                  | \$ 600,000            | \$ 600,000            | \$ 500,000            | \$ 500,000            |
| <b>Total Revenues</b>                          | <b>\$ 184,072,000</b>       | <b>\$ 180,291,000</b> | <b>\$ 181,662,000</b> | <b>\$ 177,571,000</b> | <b>\$ 182,889,000</b> |
| <b>EXPENDITURES</b>                            |                             |                       |                       |                       |                       |
| <b>Product</b>                                 |                             |                       |                       |                       |                       |
| Cost of Energy and Scheduling                  | \$ 158,069,000              | \$ 158,471,000        | \$ 159,036,000        | \$ 154,243,000        | \$ 158,657,000        |
| Data Management                                | \$ 3,198,000                | \$ 3,199,000          | \$ 3,199,000          | \$ 3,200,000          | \$ 3,200,000          |
| Service Fees to PG&E                           | \$ 973,000                  | \$ 974,000            | \$ 974,000            | \$ 974,000            | \$ 974,000            |
| <b>Product Subtotal</b>                        | <b>\$ 162,240,000</b>       | <b>\$ 162,644,000</b> | <b>\$ 163,209,000</b> | <b>\$ 158,417,000</b> | <b>\$ 162,831,000</b> |
| <b>Personnel</b>                               | <b>\$ 6,200,000</b>         | <b>\$ 6,572,000</b>   | <b>\$ 6,834,000</b>   | <b>\$ 7,108,000</b>   | <b>\$ 7,400,000</b>   |
| <b>Outreach and Communications</b>             | <b>\$ 1,130,000</b>         | <b>\$ 1,130,000</b>   | <b>\$ 1,130,000</b>   | <b>\$ 1,130,000</b>   | <b>\$ 1,130,000</b>   |
| <b>Customer Service</b>                        | <b>\$ 363,000</b>           | <b>\$ 350,000</b>     | <b>\$ 355,000</b>     | <b>\$ 360,000</b>     | <b>\$ 365,000</b>     |
| <b>General and Administration</b>              | <b>\$ 1,140,000</b>         | <b>\$ 958,000</b>     | <b>\$ 913,000</b>     | <b>\$ 750,000</b>     | <b>\$ 775,000</b>     |
| <b>Other Professional Services</b>             |                             |                       |                       |                       |                       |
| Legal  | \$ 410,000                  | \$ 500,000            | \$ 500,000            | \$ 500,000            | \$ 500,000            |
| Regulatory and Compliance                      | \$ 430,000                  | \$ 460,000            | \$ 492,000            | \$ 527,000            | \$ 563,000            |
| Accounting                                     | \$ 245,000                  | \$ 255,000            | \$ 265,000            | \$ 276,000            | \$ 287,000            |
| Legislative                                    | \$ 120,000                  | \$ 124,000            | \$ 128,000            | \$ 132,000            | \$ 136,000            |
| Other consultants                              | \$ 225,000                  | \$ 235,000            | \$ 245,000            | \$ 250,000            | \$ 250,000            |
| <b>Other Professional Services Subtotal</b>    | <b>\$ 1,430,000</b>         | <b>\$ 1,574,000</b>   | <b>\$ 1,630,000</b>   | <b>\$ 1,685,000</b>   | <b>\$ 1,736,000</b>   |
| <b>Industry Memberships and Dues Programs</b>  | <b>\$ 536,000</b>           | <b>\$ 563,000</b>     | <b>\$ 591,000</b>     | <b>\$ 621,000</b>     | <b>\$ 652,000</b>     |
| <b>Total Expenditures</b>                      | <b>\$ 182,679,000</b>       | <b>\$ 180,291,000</b> | <b>\$ 181,662,000</b> | <b>\$ 177,571,000</b> | <b>\$ 182,889,000</b> |
| <b>Revenues Less Expenditures</b>              | <b>\$ 1,393,000</b>         | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           |
| <b>OTHER USES</b>                              |                             |                       |                       |                       |                       |
| <b>Capital Outlay</b>                          | <b>\$ 1,393,000</b>         | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           |
| <b>DEBT SERVICE</b>                            |                             |                       |                       |                       |                       |
| <b>Debt Service</b>                            | <b>\$ -</b>                 | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           |
| <b>Total Expenditures, Other Uses</b>          | <b>\$ 184,072,000</b>       | <b>\$ 180,291,000</b> | <b>\$ 181,662,000</b> | <b>\$ 177,571,000</b> | <b>\$ 182,889,000</b> |
| <b>Net Increase/(Decrease) in Fund Balance</b> | <b>\$ -</b>                 | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>           |
| <b>Operating Account Fund Balance (EOY)</b>    | <b>\$ 15,904,000</b>        | <b>\$ 25,121,000</b>  | <b>\$ 14,801,000</b>  | <b>\$ 5,666,000</b>   | <b>\$ 4,001,000</b>   |

Further detail on each of the proposed budget categories follows.

## **REVENUES AND OTHER SOURCES**

The primary source of income is from the retail sale of electricity to CleanStart and EverGreen customers. Customers of both of these services provide all of the Electricity Sales revenue. EverGreen costs 2.5 cents per kWh over the price of CleanStart, and provides 100% renewable energy from sources in Sonoma and Mendocino Counties. The EverGreen premium pays for the purchase of local sources of renewable geothermal and solar, and is not intended to produce surplus income.

The total sales are based on the following scenario:

- No change to rates on July 1, 2021
- Set new rates only when PG&E changes the PCIA or their generation rates. PG&E's next significant changes are expected on January 1, 2022. Due to the limited forewarning of rates, SCP rate changes can be effective 30 days after PG&E publishes new rates.

The total sales estimate is based on 87% of eligible customers and load participating in SCP. The net financial performance of SCP is not sensitive to small changes in the rate of participation because a majority of expenses are proportional to the load served. In other words, income and expenses generally tend to go up and down together.

Staff's estimate of uncollectable billings remains at 1.25% of gross revenues. Total budgeted revenues are net of this reduction.

Staff has forecast energy sales for CleanStart and EverGreen and has developed low-kWh, mid-kWh, and high-kWh scenarios to determine a range of expected outcomes. Staff presents the mid-kWh scenarios in this budget.

## **EXPENDITURES**

### **Product**

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 2,393,000 MWh of energy, long term renewable power purchase agreements, ProFIT feed-in-tariff projects, capacity (resource adequacy), short term renewable and carbon free contracts,

scheduling services, CAISO fees, and other miscellaneous power market expenses. The volume of purchased energy is approximately 7% greater than the volume sold because of normal system transmission and distribution losses.

SCP has entered into renewable and financial hedge contracts with suppliers that will meet approximately 90% of its expected energy requirements through the full fiscal year, meaning that energy costs are reasonably well known, although changes in energy market prices will still have an impact on SCP's costs.

Major amounts of SCP's customer load are also served by customer-owned solar arrays. Small amounts also reduce the load of other SCP customers through NetGreen overproduction. None of this production is reportable on SCP's Power Content Label, however, because it is treated as a load reduction rather than supply energy under California regulations.

Based on current rates of participation by net-metered customers, the total payout amount forecast for SCP's NetGreen customers is estimated to be about \$460,000 for the fiscal year.

Energy is procured for over 90% of the forecast load through December 2024. The primary price risks are therefore related to forecast error, changes in rates of customer participation, Public Safety Power Shutoffs (PSPS), variable generation output of solar and wind resources, generation curtailment risks, forward pricing peak and off-peak unhedged energy, unprocured resource adequacy, and legislative and regulatory risks (e.g., PCIA fees).

Scheduling Coordinator services are provided by Northern California Power Agency through December 2024. The charges for this service are included together with energy and resource adequacy in the budget. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.

Data Management is a broad scope of services provided by contract through Calpine Energy Solutions, including billing data validation, bill coordination with

PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting.

Service Fees to PG&E consist of a charge of \$0.35 per account per month (including a \$0.21 per account service fee and a \$0.14 per account meter data management fee). There are also numerous small fees associated with data requests. The fees cover PG&E's costs associated with additional data processing and bill coordination, and are mandatory and regulated by the California Public Utilities Commission (CPUC).

## **Personnel**

Personnel costs include direct salaries, benefits, workers compensation premiums, and payroll taxes. We have added employee development expenses of 1% of direct labor costs to improve the skills and abilities of our staff. For FY 21-22, we expect to hire four new full-time staff. One for the front desk in the new headquarters building, one for building management for the new headquarters building and the AEC, and one in Planning & Analytics. SCP also expects to add a senior Legal Director role in this next fiscal year.

## **Outreach and Communications**

The attached draft budget assumes that nearly all marketing efforts will focus on the Advanced Energy Center and Outreach Communications and sponsorships. Other marketing focuses include Advanced Energy Build and other programmatic support.

SCP will continue to focus on increasing our reach and relevance to underserved communities through our updated Marketing team outreach efforts, and with our Programs Equity Framework and Community Education and Engagement Plan. SCP will also continue supporting nonprofit events and efforts which provide exposure and visibility for SCP as a community partner committed to supporting our diverse communities as the economy opens up post-pandemic.

Similarly, SCP will continue to reinforce brand awareness through our consistent marketing, public relations and social media platforms, and will continue to provide leadership within the non-profit sector and the community choice industry.



## **Customer Service**

This subcategory includes required customer noticing and local business and industry development.

### Customer Noticing

There are several kinds of official mailed notices SCP provides to its customers. Outside of enrollment rollouts, the following notices are mailed out to applicable customers:

- Move-in notice postcard (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)
- Opt-out confirmation - immediate notice (weekly)
- Opt-out confirmation - 6-month notice (weekly)
- Late payment notice (monthly)
- Pre-collections notice (monthly)
- Joint Rate Comparison with SCP and PG&E information (annually)
- California Energy Commission's Power Content Label (annually)
- As needed, special rate notices (e.g., NetGreen 2.0 transition)

The budget reflects the approximately 1,250 letters mailed every week plus the required annual mailings.

### Business and Industry Development

The Customer Service team also works with SCP's local business and industry groups through memberships and sponsorships to increase awareness of SCP and improve relationships. SCP hopes to participate in many events that raise money and awareness for local businesses, such as the food, wine, and agricultural industries. This is contingent on the economy opening back up and that business are able to again host events. Development broadly includes frequent meetings with customers, other CCAs, industry stakeholder groups, and PG&E.

## **Other Professional Services**

### Legal

An increase in costs is expected in this category for the next fiscal year as regulatory activity increases.

### Regulatory & Compliance

This category includes technical research into CPUC rate cases, resource adequacy, PCIA and other key issues. It includes technical and legal consultants for compliance filing preparation, review, and filings.

### Accounting

Accounting includes services from three different providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. The County's Auditor Controller Treasurer Tax Collector's (ACTTC) office provides internal auditing and control for SCP. SCP also has an outside auditor review our financial statements each year. A modest increase in accounting fees is anticipated as the business has increased in complexity.

### Legislative

Staff anticipate rehiring a Sacramento legislative lobbyist. These costs also include coverage for tracking and advancing bills in the legislative session that affect SCP and the energy industry directly. Contributions to the statewide CalCCA trade association continue to allow SCP to track and participate in legislative work that affects CCAs across the state.

### Other Consultants

Other Consultants covers costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the buildings at 431 E Street and 741 4<sup>th</sup> Street, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts. With the addition of the new headquarters building, the Advanced Energy Center and our new Integrated Resource modeling software tool, these costs are increasing.

## **CalCCA**

The CalCCA trade association is an important entity for sharing the costs of legislative, regulatory, and analytic work. The association has been instrumental in improving SCP's effectiveness at the CPUC on matters including the PCIA, resource adequacy, and in the legislature on organizing and providing direction to lobbyists and requesting action. We expect further improvements in the association's service to SCP and the other public CCA power providers around California.

## **Programs**

The semi-annual Programs Strategic Action Plan recently presented to the Committee and Board details the programs that SCP is planning to deliver in the next fiscal year. In addition, the Programs Equity Framework is an enhancement to that plan and will result in new programs and initiatives that will be brought to the Committee and Board for review.

## **Other Uses**

Capital Outlay is for equipment costing in excess of \$1,000, including computers, printers and furniture. However, SCP's capital investment in its owned headquarters building will conclude in early FY 21-22.

## **Debt Service**

SCP currently carries no debt.

## **Net Increase/ (decrease) in Available Fund Balance**

Staff has balanced our FY21-22 expected net fund balance to zero by using funds from the Operating Account fund as previously discussed.