AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 3, 2021
8:45 A.M.

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


Members of the public who wish to 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/96323461783
- Telephone number: 1 (669) 900-9128
- Meeting ID: 963 2346 1783

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 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 May 6, 2021 Draft Board of Directors Meeting Minutes
   (Staff Recommendation: Approve) - pg. 5


BOARD OF DIRECTORS REGULAR CALENDAR

3. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 19

4. Introduction to the Internal Integrated Resource Planning (IRP) Process (Staff Recommendation: Receive and File) - pg. 37

5. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 51

6. Adopt an Updated SCP Energy Risk Management Policy (Staff Recommendation: Approve) - pg. 55

7. Approve the Proposed Annual Budget for Fiscal Year 2021-2022 with no Change to Rates on July 1, 2021 (Staff Recommendation: Approve) - pg. 71

8. Discuss the Development of a Community Engagement, Education, and Outreach Program and Provide Feedback and Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 85

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.)

CLOSED SESSION

The Board of Directors of the Sonoma Clean Power Authority will consider the following in closed session:

9. Public Employment: Appointment - Special Legal Counsel (Staff Recommendation: Discussion) - pg. 89

ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 890-8491, or by email at meetings@sonomacleanpower.org as soon as possible to ensure arrangements for accommodation.
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<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>CAC</td>
<td>Community Advisory Committee</td>
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<tr>
<td>CAISO</td>
<td>California Independent Systems Operator</td>
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<td>CCA</td>
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<td>CEC</td>
<td>California Energy Commission</td>
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<td>CleanStart</td>
<td>SCP’s standard service</td>
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<td>CPUC</td>
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<td>DER</td>
<td>Distributed Energy Resource</td>
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<td>DR</td>
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<td>ERRA</td>
<td>Energy Resource Recovery Account</td>
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<td>EverGreen</td>
<td>SCP’s 100% renewable, 100% local energy service</td>
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<tr>
<td>Geothermal</td>
<td>A locally-available, low-carbon baseload renewable resource</td>
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<td>GHG</td>
<td>Greenhouse gas</td>
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<td>GRC</td>
<td>General Rate Case</td>
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<tr>
<td>GridSavvy</td>
<td>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.</td>
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<tr>
<td>IOU</td>
<td>Investor Owned Utility (e.g., PG&amp;E)</td>
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<td>IRP</td>
<td>Integrated Resource Plan</td>
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<td>JPA</td>
<td>Joint Powers Authority</td>
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<td>MW</td>
<td>Megawatt (Power = how fast energy is being used at one moment)</td>
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<td>MWh</td>
<td>Megawatt-hour (Energy = how much energy is used over time)</td>
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<td>NEM</td>
<td>Net Energy Metering</td>
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<tr>
<td>NetGreen</td>
<td>SCP’s net energy metering program</td>
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<tr>
<td>PCIA</td>
<td>Power Charge Indifference Adjustment (This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&amp;E prior to their switch.)</td>
</tr>
<tr>
<td>ProFIT</td>
<td>SCP’s “Feed in Tariff” program for larger local renewable energy producers – Fully subscribed</td>
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<tr>
<td>RA</td>
<td>Resource Adequacy – a required form of capacity for compliance</td>
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<tr>
<td>RPS</td>
<td>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.</td>
</tr>
<tr>
<td>REC</td>
<td>Renewable Energy Credit – process used to track renewable energy for compliance in California.</td>
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<td>SCP</td>
<td>Sonoma Clean Power</td>
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<tr>
<td>TOU</td>
<td>Time of Use, used to refer to rates that differ by time of day and by season</td>
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**GOVERNOR’S EXECUTIVE ORDER N-25-20**
**GOVERNOR’S EXECUTIVE ORDER N-29-20**
**RE CORONAVIRUS COVID-19**


CALL TO ORDER

Vice Chair King called the meeting to order at approximately 8:50 a.m.

Board Members present: Vice Chair King and Directors Elward, Fudge, Landman, Gjerde, Hopkins, Rogers, Slayter, and Harrington.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Rebecca Simonson, Director of Planning & Analytics; Carolyn Glanton, Programs Manager; and Harriet Steiner, Special Counsel.

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve April 1, 2021 Draft Board of Directors Meeting Minutes

2. Adopt the 2021 EverGreen Local Resource Plan

   Public Comment: None

Motion to Approve the May 6, 2021 Board of Directors Consent Calendar by Director Slayter

Second: Director Rogers
BOARD OF DIRECTORS REGULAR CALENDAR


CEO Syphers began by thanking the City of Petaluma for their recent vote to support all-electric construction and banning the construction of new gas stations.

Stephanie Reynolds, Director of Internal Operations, announced Sonoma Clean Power celebrated its seventh anniversary of service to customers on May 1, 2021. The first meeting of the ad-hoc committee for the CAC recruitment will take place following the May 6th Board meeting. Sonoma Clean Power hosted a fourth drive-up donation food drive at Redwood Empire Food Bank and received a note of gratitude from Lisa Cannon, REFB Director of Development;

Construction at the SCP Headquarters is progressing on pace for a late-summer completion. A soft opening of the Advanced Energy Center is scheduled for June 15th. A true grand opening will be held at a later date.

Neal Reardon, Director of Regulatory Affairs introduced newly hired employee Brian Goldman, Principal Compliance Analyst.

Public Comment: None

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

Director Reardon reported on PCIA updates. A recent workgroup meeting about pre-payment options ended with the CPUC and SCP being very far apart in the deposit required to initiate the process. Next, a proposed decision denying allocations of resources was held.

CEO Syphers commented that PG&E passed the stress test required under the State Fire Insurance Bill passed in 2019 which will allow them to finance $7.5B of their 2017 wildfire liabilities from recovery bonds. This means that they are allowed to put a fixed charge of $394M per year on ratepayer bills for the next 30 years.

Director Rogers asked about the next steps for the PCIA pre-payment option. He encouraged staff to notify board members if letters of support would be
helpful to the cause.

Director Slayter asked if the PCIA is unique to California or if other states also have something similar. Director Reardon answered that other states do have exit fees, however California is the only state whose exit fee has no set end date.

Director Hopkins asked about PSPS events possibly being more frequent this and upcoming years. CEO Syphers answered based on PG&E’s reported analyses and modeling of past years, it is likely that some parts of SCP’s service territory will experience more PSPS outages. Director Reardon added that the CPUC opened an investigation into utilities and their information sharing during PSPS events. A decision on this investigation is expected soon.

CEO Syphers began the legislative report with an update that SB 612, the CalCCA sponsored bill to help address the PCIA, has passed the Policy Committee and is now headed to Appropriations. He requested Board members to have their jurisdictions send in letters of support to help the bill succeed.

SCP is watching bill AB427 and is considering a position of support. The bill pertains to customer-owned batteries providing reliability to the grid when needed. SCP is also watching AB1139 by Lorena Gonzalez, however it was revised recently, and the analysis is now outdated. This bill proposes to create an entirely new solar net metering rate.

Public Comment: None

5. Discuss Draft Equity Framework Workshops, Receive Programs Equity Framework and Provide Direction as Appropriate

Programs Manager, Carolyn Glanton, first gave thanks to former SCP staffer, Nelson Lomeli, who championed the Programs Equity Framework.

Before diving into SCP’s public equity workshops and the Programs Equity Framework, she gave background on how other CCA’s are approaching equity; as a member of CalCCA, SCP staff regularly participates in environmental justice and equity calls with other CCA’s.

She then shared some of the public feedback SCP received during equity workshops held in March 2021 and thanked SCP staff who assisted with the workshops. The staff report identifies the updates that were made to the draft Framework based on suggestions received from the public, Board of Directors, and Community Advisory Committee Members. The Framework will help staff develop new programs, as well as evaluate existing programs.
CEO Syphers added that SCP is trying to achieve something that there are not yet good examples of in the United States; he implored Board members to bring attention to any public agencies or utilities that they feel are doing a good job in this space.

Director Elward shared her excitement that SCP is taking on this charge, and in response to CEO Syphers’ comment about having few good examples of this work being done, stated that SCP should be the leader.

Public Comment: None


Mike Koszalka, Chief Operating Officer, gave a high-level overview of the draft budget for Fiscal Year 2021-2022. The proposed budget requires no rate changes at the start of the fiscal year on July 1, 2021. However, SCP will subsidize customer rates by using funds from SCP’s rate stabilization fund to ensure customer rates are no more than 5% above PG&E’s bundled rates. The 5-year forecast utilized the best data available at the time of analysis, however, the PCIA continues to be difficult to forecast.

Director Slayter and Vice Chair King expressed support for the budget.

Director Fudge suggested that CEO Syphers reach out to PG&E’s new CEO personally to discuss how PG&E’s actions affect SCP’s rate-making strategies.

Vice Chair King commended SCP for not carrying debt just seven years after launching.

Public Comment: None

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

Director Gjerde stated that the County of Mendocino is exploring several environmental initiatives including a possible upgrade to EverGreen for municipal accounts outside of the City of Ukiah, which is not part of SCP’s service territory.

Director Rogers thanked Director Reardon for his presentation at a recent meeting of California League of Cities Environmental Equality Committee.

Vice Chair King commented that City of Petaluma passed an all-electric building code. He also recommended that SCP consider lobbying federal efforts to
further the fuel switching movement away from natural gas.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Marcy Snyder, on behalf of Grassroots Institute, asked for SCP to endorse a proposal for County of Mendocino to allocate funds to environmental programs.

CEO Syphers clarified that SCP has a staff policy that SCP does not lobby its members on how they should vote but can serve as a resource to them and can provide helpful data and information.

ADJOURN

Vice Chair King adjourned the meeting at approximately 10:22 a.m.
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To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Director of Customer Service


Date: June 3, 2021

Requested Action:


Community Advisory Committee

The Community Advisory Committee recommended the extension of customer protections unanimously on May 20, 2021.

Background:

On March 16, 2020 Governor Newsom issued an Executive Order requesting the California Public Utilities Commission (CPUC) to monitor the consumer protections offered by the utilities in response to COVID-19. The CPUC issued a letter to the investor-owned utilities, including PG&E, on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for customers in natural disasters, such as wildfires, to the COVID-19
pandemic. See CPUC Decision 19-07-015. Among other protections, it halted all disconnections for non-payment.

Based on Governor Newsom’s Executive Order on March 16th, SCP staff implemented its internal “COVID-19 Emergency Consumer Protection Policy I.13” for its Residential and Non-Residential Customers.

On October 1, 2020, the Board of Directors ratified Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy. This policy went into effect the day a state of emergency proclamation has been issued by the California Governor Newsom’s Office until December 31, 2020.


On February 11, 2021, the Commission unanimously voted to extend protections for all utilities it regulates until June 30, 2021.


Discussion:

The Commission opened an Order Instituting Rulemaking (OIR) to address energy utility customer bill debt on February 11, 2021. The Commission opened the OIR to consider the necessity of establishing special relief mechanism(s) for customers who could not pay their energy bills during the COVID-19 pandemic to give them a better chance of becoming current on their energy bills. SCP through CalCCA has been an active member of the OIR, fighting for protections for all ratepayers and equal treatment of bundled and unbundled customers. This proceeding is moving swiftly with a Proposed Decision expected as early as May 21, 2021.

Staff believes the Emergency Consumer Protection Plans put in place by the IOUs at the behest of the Commission will not be extended past June 30, 2021, but the Commission has not signaled its intentions. PG&E has provided SCP the below Estimated Earliest High-Level Timeline of Key Activities if protections expire. The
chart summarizes that a residential customer could be disconnected by PG&E for non-payment as early August 2021, but it is expected that PG&E will focus on getting customers onto payment plans and target the largest arrearage customers first.

Staff believe it could take years to recoup all the arrearages accrued during the pandemic, but staff also believes that people generally pay their electric bill.

Staff proposes to the Board of Directors the primary changes to Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy outlined below. Without action from the Board of Directors, the four activities below would revert to Customer Service Policy A.3 - Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections on July 1, 2021. A full redline of the entire updated Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy is attached to this presentation.

1) **Late Payment Notice**: SCPA will halt sending modified Late Payment Notices to eligible customers starting through January 14, 2022.
   a) **Modified Late Payment Notices**: SCP will begin sending Modified Late Payment Notices to eligible customers starting July 1, 2021. Modified Late Payment Notices will communicate to customers that their account is delinquent with SCPA and request payment.

2) **Transfer for Non-Payment**: SCPA will not transfer eligible customers back to PG&E for non-payment through January 14, 2022.

3) **Pre-Collection Notices**: SCPA will resume sending Pre-Collection Notices to eligible customers July 1, 2021. These notices are sent to customers who no longer have an account with SCPA but have an outstanding balance.

4) **Collections**: SCPA will resume collection activity for eligible customers July 1, 2021.
Considerations:

- By extending payment protections for SCPA customers, it is expected SCPA’s accounts receivable will continue to grow.
- Only PG&E has disconnection authority, plus more information about customers, thus they are better at collecting arrearages from customers than SCPA.
- Extending SCPA’s customer protections will help our local community begin to recover financially from the pandemic before transferring customers to PG&E, including taking advantage of SCPA’s programs to reduce their utility costs.
  - As Sonoma and Mendocino counties relax pandemic restrictions, more people will return to the workforce.

Fiscal Impact:

Unknown. By extending payment protections to customers, the risk of not recovering payments increases, however for the reasons listed in this presentation, staff believes continuing protections is good practice.

Bad Debt Allowance and Aging

- For the previous fiscal year, SCPA used a 0.70% allowance for bad debt compared to revenues, when SCPA completed its annual financial write-off, the 0.70% was accurate. For this fiscal year, SCPA increased its allowance for bad debt to 1.25% due to the global pandemic.
- SCPA has not transferred a customer from SCP service to PG&E service for non-payment since mid-March 2020.
  - Between January 1, 2020 and May 3, 2021, SCPA’s accounts receivable of:
    - 60 - 90 days has increased from $870 thousand to $1.384 million.
    - 90 - 120 days has increased from $569 thousand to $1.168 million.
    - 120+ days has increased from $6.374 million to $11.348 million.

Attachments:

- Redline version of Customer Service Policy A.6a
Customer Service Policy A.6a

Purpose:
On March 16, 2020 Governor Newsom issued an Executive Order requesting the California Public Utilities Commission (CPUC) to monitor the consumer protections offered by the utilities in response to COVID-19. The CPUC issued a letter to the investor-owned utilities, including PG&E, on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for customers in natural disasters, such as wildfires, to the COVID-19 pandemic. See CPUC Decision 19-07-015.

Based on Governor Newsom’s Executive Order on March 16th, SCPA implemented its internal “COVID-19 Emergency Consumer Protection Policy I.13” for its Residential and Non-Residential Customers experiencing financial hardship due to the COVID-19 pandemic. This Policy is consistent with and continues the policies set forth in Policy I.13.

On February 11, 2021, the CPUC voted to extend consumer protections for all utilities (that they regulate) until June 30, 2021.


Definitions:
For purposes of this Policy, the following definitions apply:

a) **Residential Customer**¹: Class of customers whose dwellings are single-family units, multi-family units, mobile homes or other similar living establishments. A customer who meets the definition of a Residential Customer will be served under a residential rate schedule if 50% or more of the annual energy use on the meter is for residential end-uses. PG&E’s tariff eligibility requirements will determine customer eligibility for this rate class.

b) **Non-Residential Customer**²: Small and medium business customers that take service on a commercial, industrial, or agricultural rate. This definition does not include Non-Residential Customers who are on a fixed usage or unmetered usage rate schedule³.

c) **SCPA Service Area**: As defined by SCPA’s Joint Powers Agreement⁴.

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¹ PG&E Electric Rule No. 1: Definitions, Sheet 30
³ PG&E Electric Rule No. 1: Definitions, Sheet 31
d) **Impacted Customers:** Customers that are in located in the area designated by California Governor’s Office or the President of the United States as a state of emergency.

**Background:**
On March 4, 2020, Governor Newsom declared a statewide emergency due to COVID-19. In response, PG&E suspended disconnections and implemented flexible payment plans for all residential and small business customers.

As adopted, D.19-07-015 requires PG&E to implement the emergency disaster relief program “in the event the Governor of California or a President of the United States declares a state of emergency because a disaster has either resulted in the loss or disruption of the delivery or receipt of utility service and/or resulted in the degradation of the quality of utility service.”

Although COVID-19 has not resulted in the loss or disruption of the delivery or receipt of gas and electrical service and/or in the degradation of the quality of gas and electrical service, SCPA understands that customers may be affected financially, whether diagnosed with the virus or not.

On March 16, 2020 Governor Newsom issued an Executive Order requesting the Commission to monitor the consumer protections offered by the utilities in response to COVID-19. The Commission issued a letter to the investor-owned utilities on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for in D.19-07-015 to Impacted Customers.


**On October 1, 2020, the Board of Directors ratified Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy. This policy went into effect the day a state of emergency proclamation has been issued by the California Governor Newsom’s Office until December 31, 2020.**


**On February 11, 2021, the Commission unanimously voted to extend protections for all utilities it regulates until June 30, 2021.**

Eligibility for COVID-19 Emergency Consumer Protection Plan:
Due to potential financial hardship from COVID-19, a customer will be eligible for SCPA’s 2020 Covid-19 Emergency Consumer Protection Plan if the following criteria has been met:

a. A state of emergency proclamation has been issued by the California Governor’s Office or the President of the United States due to the health emergency in SCPA’s Service Territory; and
b. The customer is a Residential Customer or Non-Residential Customer of SCPA.

2020 COVID-19 Emergency Consumer Protection Plan:
SCPA’s Emergency Consumer Protection Plan goes into effect the day a state of emergency proclamation has been issued by the California Governor’s Office or the President of the United States due to a disaster in SCPA’s Service Territory and includes the measures and parameters outlined below:

a. Late Payment Notice: SCPA will halt sending Late Payment Notices to eligible customers through June 30. January 14, 2022.
   i. Modified Late Payment Notice: SCPA will begin sending Modified Late Payment Notices to eligible customers starting July 1, 2021.


c. Pre-Collection Notices: SCPA will stop-resume sending Pre-Collection Notices to eligible customers through June 30. July 1, 2021.

d) Collections: SCPA will halt-resume collection activity for eligible customers through June 30 on July 1, 2021.

SCPA’s Board of Directors may change or extend these measures at its sole discretion.
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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: June 3, 2021  

PUBLIC MEETING TRANSITION (after June 15th)

Since March of 2020, SCP staff have been following the guidelines for public meetings as set by Governor Newsom’s Executive Orders N-25-20 and N-29-20, which temporarily loosened requirements to the Ralph M. Brown Act for public meetings and made allowances for virtual public meetings.

In a letter to Governor Newsom, dated May 18, 2021 (attached), multiple agencies that regularly hold meetings that fall under the Brown Act expressed concern about returning to holding meetings in person and asked for time to prepare for the eventual repeal of COVID-19 related Executive Orders. While not a signatory on the letter, SCP agrees that the transition back to in-person meetings will be a challenge, especially during a move to our new headquarters. We will provide the Board, Committee members, and the public with timely notification should there be any changes to the Executive Orders and work towards a smooth transition following any updated legislation.

COMMUNITY ADVISORY COMMITTEE (CAC) RECRUITMENT FOR CURRENT AND UPCOMING VACANCIES IN 2022

The recruitment officially opened May 17th and will remain open until October 1st, 2021. The intention is that the Ad Hoc will make recommendations to fill the upcoming vacancies at the November meeting and the new CAC members will be
introduced at the December CAC meeting before starting their terms in January 2022.

NEW SCP TEAM MEMBERS

This month, SCP welcomed Brant Arthur to the team. Brant is joining the Programs Team as Program Manager, filling a recent vacancy. He brings experience on electrification and electric vehicles to the team and has roots in Sonoma County.

SCP HEADQUARTERS PROJECT UPDATE

Construction on the headquarters building is continuing to proceed on pace for completion in summer of 2021. Finishing touches are being made to the interior (flooring, appliances, elevator, staircases). Exterior work is continuing with landscaping being placed and the solar canopy being installed. Due to issues with supplying the battery, the micro-grid will not be commissioned until after the building is complete.

ADVANCED ENERGY CENTER UPDATE

Construction

SCP will file its notice of completion for the construction subcontractor by the end of May. The soft opening of the Advanced Energy Center is scheduled for June 15th. A tour of the Center and the benefits for our community was presented to the Association of Women in Water, Energy and Environment (AWWEE), the California Energy Commission (CEC), and the Lead Locally Technical Advisory Committee. A virtual tour was developed for those who could not safely attend in person and is segmented strategically to easily update and reuse. This tour will be presented at the Board meeting and can be viewed at this link: Advanced Energy Center Virtual Tour.

Advanced Energy Center Operations

Two new interns started May 24th. We now have four interns to help staff the Advanced Energy Center. All interns will be taken through a 12-step Training Module. Training includes SCP history and purpose, customer service skills, and learning about specific technologies that will be on display at the center. The more seasoned Interns are assisting with contractor recruitment and the final stages of setting up the Center prior to opening.
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 registers for an event receives a link to the recording and presentation.

**Past Webinars**

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<tr>
<td>Induction for Commercial Kitchens</td>
<td>5/20, 10am</td>
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<tr>
<td>On-Bill Financing: 0% Financing. 100% Easy.</td>
<td>5/25, 12pm</td>
<td>15*</td>
<td>N/A*</td>
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<td>Healthy Home Ventilation Retrofits for Building Professionals</td>
<td>5/26, 1pm</td>
<td>2*</td>
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<td>Financiamiento en factura - Financiamiento al 0%. 100% fácil.</td>
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<td>Understanding the Time-of-Use Transition &amp; Your Options</td>
<td>6/2, 6pm</td>
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*Registration and live attendee information available as of 5/24/2021

**Upcoming Webinars**

- 6/3, 6pm - Cómo Comprender la Transición a Tiempo-de-Uso y Sus Opciones Para Su Hogar (Understanding the Time-of-Use Transition & Your Options in Spanish)
- 6/9, 10am - Battery Storage: Technology, Performance and Trends

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

Bike Electric

At our last Board meeting, staff was directed to develop a rider’s guide in conjunction with the Bike Electric Program. The document is attached to this report and published on SCP’s webpage at https://sonomacleanpower.org/customer-programs.

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 3%. Year-to-date electricity sales reached $151,152,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $112,550,000, 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. Approximately $72,410,000 is set aside for reserves (Operating Reserve: $59,313,000; Program Reserve: $10,862,000; and Collateral Reserve: $2,235,000).

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 – June 17, 2021
Board of Directors - July 1, 2021
Community Advisory Committee – July 15, 2021
Board of Directors - August 5, 2021

ATTACHMENTS

Letter to Governor Newsom regarding transition of Public Meetings
Bike Electric Riders’ Guide
March 2021 Financial Reports
Communications to the Board from the Period of 5/6/21 to 5/28/21 (Attachments for this item can be accessed through this link or by request from the Clerk of the Board)
May 18, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Re: Transition Period Prior to Repeal of COVID-related Executive Orders

Dear Governor Newsom:

On behalf of the California State Association of Counties (CSAC), Urban Counties of California (UCC), Rural County Representatives of California (RCRC), League of California Cities (CalCities), California Special Districts Association (CSDA), California Association of Local Agency Formation Commissions (CALAFCO), Association of California School Administrators (ACSA), Association of California Healthcare Districts (ACHD), California Municipal Utilities Association (CMUA), and the Association of California Water Agencies (ACWA), we write to respectfully request that you assist local governing bodies by providing time to prepare for the eventual repeal of COVID-related Executive Orders, including those that allow local legislative bodies to hold public meetings remotely. While our respective members welcome the opportunity to return to in-person public meetings and events with the improvements in public health metrics over the last few months, local government leaders around the state have considerable work to do to effectively transition back to conducting the public’s business in meetings where elected and appointed officials, staff, and the public are physically present.

As you are aware, local agencies have been operating under the provisions of Executive Order N-25-20 and N-29-20, which you signed on March 12 and 17, 2020, authorizing local agencies to hold public meetings via teleconferencing and requiring public comment to be presented electronically. These Executive Orders also waived the requirement to post the remote meeting locations (typically the home addresses of elected and appointed officials and staff), as well as making those locations accessible to the public. Since then, our members have dramatically shifted the way they conduct their public business to maintain the health and safety of their staff and the public generally, while continuing to include the public in the important work of our local agencies. Returning to conducting business in person will require time and effort to ensure continued public health and safety, even with the state’s improved public health status.

In light of the Center for Disease Control’s May 13 announcement that vaccinated individuals can resume normal activities and in anticipation of the June 15 date for reopening the state, we respectfully request a period of transition of at least 30 days to allow local agencies time to effectively adjust to whatever new state or local public health and safety requirements may exist to ensure a deliberative and collaborative approach to return to in-person public meetings.
We greatly appreciate your leadership during the pandemic to ensure that the public’s business would continue unabated and look forward to a return to normalcy. To the extent that you are considering repealing Executive Orders from early in the pandemic, we would greatly appreciate enough time to adjust operations to avoid unnecessary disruption or confusion and to allow us to safely transition back to in-person public meetings. Please do not hesitate to reach out if you wish to discuss further.

Sincerely,

Graham Knaus
Executive Director
California State Association of Counties
916-327-7500

Jean Kinney Hurst
Legislative Advocate
Urban Counties of California
916-327-7531

Staci Heaton
Acting Vice President of Government Affairs
Rural County Representatives of California
916-447-4806

Carolyn Coleman
Executive Director
League of California Cities
916-658-8200

Neil McCormick
Chief Executive Officer
California Special Districts Association
916-442-7887

Pamela Miller
Executive Director
California Association of Local Agency Formation Commissions
916-442-6536

Laura Preston
Legislative Advocate
Association of California School Administrators
916-444-3216

Amber King
Vice President, Advocacy and Membership
Association of California Healthcare Districts
916-266-5200

Danielle Blacet-Hyden
Deputy Executive Director
California Municipal Utilities Association
916-326-5800

Kristopher M. Anderson, Esq.
Legislative Advocate
Association of California Water Agencies
916-441-4545

cc: Jim DeBoo, Chief of Staff, Office of the Governor
Ana Matosantos, Cabinet Secretary, Office of the Governor
Ronda Paschal, Deputy Legislative Secretary, Office of the Governor
Electric Bike Rider’s Guide

eBike Basics

Electric bikes, also called eBikes, assist riders using power provided by an integrated motor and battery. Compared to traditional bikes, eBikes provide faster, easier commutes, near-zero emissions, and an enjoyable ride.

When compared to traditional bikes, eBikes allow riders to travel longer distances in a shorter amount of time. The added range and electric-assisted pedaling can help replace car trips, ease commutes to work or school, and bridge the gap between public transit and home or your next destination.

California recognizes three classes of eBikes: Class 1, Class 2, and Class 3. The differences between these classes include whether power is provided only when pedaling or controlled by the throttle and the top speed the motor assists the rider up to (20 MPH or 28 MPH). The differences are summarized in the table below.

<table>
<thead>
<tr>
<th>Type</th>
<th>Power</th>
<th>Top Speed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1</td>
<td>Pedal-assisted</td>
<td>20 MPH</td>
</tr>
<tr>
<td>Class 2</td>
<td>Throttle Controlled</td>
<td>20 MPH</td>
</tr>
<tr>
<td>Class 3</td>
<td>Pedal-assisted</td>
<td>28 MPH</td>
</tr>
</tbody>
</table>

In California, all eBike motors are required to be 750 watts or less. Additionally, riders under the age of 17 are required to wear a helmet while riding any eBike, and Class 3 bikes can only be legally ridden by those 16 and older.
Considerations

Several different styles of eBikes are on the market, including cargo bikes, folding bikes, and even three-wheeled bikes. Step-through bikes without a top frame tube can provide easier mounting and dismounting. Specialty road, mountain, and tandem bikes are also available.

More affordable eBikes generally have a rear hub motor, while higher-end models often have mid-drive motors that are integrated into the bottom bracket (meaning between the pedals). Some find the mid-drive motors more stable, due to the weight being centered on the bike, but both are proven technologies.

eBikes vary in their power (watts) and battery size (watt-hours), so make sure to understand how far and fast your potential bike is designed to go. On some models, the batteries are designed to be removed for easy charging and security. If you plan to regularly leave your eBike outdoors, you may want to prioritize this feature for increased security.

Benefits

eBikes break down a number of barriers to recreation, commuting, and everyday use. In short, an eBike allows anyone to go farther and faster with less effort. Replacing car trips using eBikes also positively impacts our communities through reduced vehicle pollution, less congestion on the roads, and better health for all.

Committing to a 10- to 20-mile commute on a bicycle, especially when it includes hills, is intimidating to many infrequent riders. But, with the assistance of an electric motor, that goal is now well within reach.

Similarly, while many people would be open to replacing car trips with bike trips, they might think it will be more difficult to haul groceries, necessities, and even young children. Fortunately, with the right model, all of these challenges can be overcome with the help of an eBike. Seniors, too, will find that owning an eBike makes riding more enjoyable and accessible, especially when needing to keep up with more athletic riders or energetic grandkids.

Charging & Riding

Charging times will vary based on the size of the battery, but, generally, it will take 3-5 hours to fully charge an eBike battery using a standard 120-volt outlet typical in most homes and businesses. A common question is “how far can I ride on a fully-charged eBike?” The answer depends on several factors including: pedaling assist level, battery size, and terrain.

On flat terrain with a low assist level, many eBikes can travel for 50 miles or more on a single charge. However, 20-30 miles is a reliable average. Some models also accept an extra battery for added range. It’s recommended that new owners test battery life on shorter rides to better gauge long distance endurance.

eBike Safety

If you haven’t ridden a bike very often on public roads, the first step is to become familiar with the basics of signaling turns, navigating intersections, and passing other riders. The League of American Bicyclists has extensive resources on the Smart Cycling section of their web site bikeleague.org/ridesmart.

In addition, Sonoma County Bicycle Coalition hosts regular smart cycling classes and family bicycle workshops. Visit bikesonoma.org/education to find out more.

Among the important differences for new eBike riders is the eBike’s speed and weight. Although road cyclists often travel at 20 mph or more, casual riders usually do not. Therefore, it’s important to understand that you may have less time to react than you are used to, and traffic may not expect you to be traveling at these higher speeds. In addition, eBikes usually weigh about 20 lbs. more than a traditional bike, so the process of mounting and dismounting will be somewhat different, and braking may take longer despite having stronger disk-style brakes.
eBike Security

Because eBikes are more expensive than their non-motored counterparts, they can be targets for theft. The best strategy is to keep your eBike secured in a locked home, access-controlled building, or bike locker. When this isn’t possible, leave your bike in a well-trafficked location for as short a time as possible. Also invest in a strong U-lock or chain lock that encloses the frame and back wheel, along with a secondary folding or cable lock for the front wheel. Removing the front wheel and locking it with the back wheel works when using a single lock.

When possible, remove your battery and take it with you. Finally, consider getting insurance for your bike in the event it is stolen and make sure to record your serial number in case it is recovered.

Sonoma County Bicycle Coalition has more bike security tips on their web site at bikesonoma.org/bike-theft/.

eBikes on Transit

In the North Bay Area, many local transit authorities allow eBikes to use the on-board bike racks, including Sonoma County Transit, Petaluma Transit, Santa Rosa Transit, Napa Valley Transit Authority, Mendocino Transit, and the San Francisco Bay Ferry. However, keep in mind that eBikes often weigh in excess of 50 pounds and will need to be lifted by the rider. eBikes are also welcome on SMART train. eBikes are prohibited on Golden Gate Transit and Marin Transit, and other jurisdictions have restrictions on weight and tire size.

As eBikes become more common, transit agencies around the country and in the Bay Area are updating their policies. Check with your local transit authority to understand where and how eBikes can be used on buses, ferries, and trains.

eBikes on Trails and in Parks

Generally, Class 1 and Class 2 eBikes are allowed on all types of paved trails, including Class 1 (paved, separated bike paths). Class 3 eBikes are not allowed on Class 1 bike paths. Riders should remember that the speed limit on all Class 1 trails is 15 miles per hour.

In most California State Parks, Class 1 and Class 2 eBikes are allowed on paved and unpaved trails where traditional bicycles are allowed, but riders should consult park rules before visiting.

In national parks, eBikes are treated like motorized vehicles and are allowed in the same areas and on the same trails. The U.S. Forest Service has about 60,000 miles of trails that are open to Class 1, 2, and 3 eBikes. On Bureau of Land Management (BLM) trails, local land managers set rules on eBike use.

In Sonoma Clean Power’s service territory, eBikes are not allowed on unpaved trails in Sonoma County Regional Parks or in Annadel State Park. Rules in Mendocino County parks vary by location.
ACCOUNTANTS’ COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 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
May 4, 2021
SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of March 31, 2021

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 75,203,134</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance</td>
<td>18,326,380</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,922,264</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>6,807,210</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,457,385</td>
</tr>
<tr>
<td>Deposits</td>
<td>814,979</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>147,000</td>
</tr>
<tr>
<td>Total current assets</td>
<td>105,678,352</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td></td>
</tr>
<tr>
<td>Unrestricted cash in Rate Stabilization Fund</td>
<td>22,000,000</td>
</tr>
<tr>
<td>Land and construction-in-progress</td>
<td>16,503,701</td>
</tr>
<tr>
<td>Capital assets, net of depreciation</td>
<td>293,007</td>
</tr>
<tr>
<td>Deposits</td>
<td>6,430,922</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>45,227,630</td>
</tr>
<tr>
<td>Total assets</td>
<td>150,905,982</td>
</tr>
</tbody>
</table>

| LIABILITIES                                 |       |
| Current liabilities                        |       |
| Accrued cost of electricity                | 12,278,484 |
| Accounts payable                           | 2,471,091 |
| Advanced from grantors                     | 30,425 |
| Other accrued liabilities                  | 999,945 |
| User taxes and energy surcharges due to other governments | 575,995 |
| Total current liabilities                  | 16,355,940 |

| DEFERRED INFLOWS OF RESOURCES              |       |
| Rate Stabilization Fund                    | 22,000,000 |

| NET POSITION                                |       |
| Restricted                                  | 147,000 |
| Investment in capital assets                | 16,796,708 |
| Unrestricted                                | 95,606,334 |
| Total net position                          | $ 112,550,042 |

See accountants’ compilation report.
<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$ 149,985,173</td>
</tr>
<tr>
<td>Evergreen electricity premium</td>
<td>1,167,256</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>1,884,370</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td><strong>153,036,799</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>123,732,203</td>
</tr>
<tr>
<td>Contract services</td>
<td>7,035,141</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>3,642,868</td>
</tr>
<tr>
<td>General and administration</td>
<td>1,041,875</td>
</tr>
<tr>
<td>Program rebates and incentives</td>
<td>501,090</td>
</tr>
<tr>
<td>Depreciation</td>
<td>61,337</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td><strong>136,014,514</strong></td>
</tr>
<tr>
<td>Operating income</td>
<td>17,022,285</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONOPERATING REVENUES (EXPENSES)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>536,354</td>
</tr>
<tr>
<td>Other nonoperating revenue</td>
<td>7,009</td>
</tr>
<tr>
<td>Nonoperating revenues (expenses), net</td>
<td><strong>543,363</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET POSITION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of period</td>
<td>94,984,394</td>
</tr>
<tr>
<td>Net position at end of period</td>
<td><strong>$ 112,550,042</strong></td>
</tr>
</tbody>
</table>
SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2020 through March 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$160,080,481</td>
</tr>
<tr>
<td>Receipts from grantors</td>
<td>3,462,098</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>447,460</td>
</tr>
<tr>
<td>Payments to electricity suppliers</td>
<td>(129,533,445)</td>
</tr>
<tr>
<td>Payments for other goods and services</td>
<td>(8,500,931)</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>(3,584,437)</td>
</tr>
<tr>
<td>Tax and surcharge payments to other governments</td>
<td>(2,205,377)</td>
</tr>
<tr>
<td>Payments for program rebates and incentives</td>
<td>(1,252,394)</td>
</tr>
</tbody>
</table>

Net cash provided (used) by operating activities 18,913,455

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to acquire capital assets</td>
<td>(7,656,682)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income received</td>
<td>711,202</td>
</tr>
<tr>
<td>Proceeds from certificates of deposit matured</td>
<td>20,291,718</td>
</tr>
</tbody>
</table>

Net cash provided (used) by investing activities 21,002,920

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>32,259,693</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>65,090,441</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$97,350,134</td>
</tr>
</tbody>
</table>

Reconciliation to the Statement of Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted cash and cash equivalents (current)</td>
<td>$75,203,134</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents (current)</td>
<td>147,000</td>
</tr>
<tr>
<td>Unrestricted cash and cash equivalents (noncurrent)</td>
<td>22,000,000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$97,350,134</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$ 17,022,285</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided (used) by operating activities</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>61,337</td>
</tr>
<tr>
<td>Revenue adjusted for allowance for uncollectible accounts</td>
<td>1,913,321</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,414,251</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(278,689)</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>3,388,248</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(379,138)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(1,029,580)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
</tr>
<tr>
<td>Accrued cost of electricity</td>
<td>(3,769,961)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(123,881)</td>
</tr>
<tr>
<td>Advance from grantors</td>
<td>(158,450)</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>846,858</td>
</tr>
<tr>
<td>User taxes due to other governments</td>
<td>6,854</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$ 18,913,455</td>
</tr>
</tbody>
</table>
ACCOUNTANTS’ COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended March 31, 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
May 4, 2021
## REVENUE AND OTHER SOURCES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020/21 YTD Actual</th>
<th>2020/21 YTD Amended Budget</th>
<th>Variance (Under)</th>
<th>2020/21 YTD Actual / Amended Budget %</th>
<th>2020/21 YTD Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (net of allowance) *</td>
<td>$149,985,173</td>
<td>$150,523,166</td>
<td>($537,993)</td>
<td>100%</td>
<td>$188,347,000</td>
</tr>
<tr>
<td>Evergreen Premium (net of allowance)</td>
<td>1,167,256</td>
<td>1,122,055</td>
<td>-</td>
<td>104%</td>
<td>4,630,000</td>
</tr>
<tr>
<td>Inflow from Operating Account Fund Reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>50,000</td>
</tr>
<tr>
<td>CEC Grant</td>
<td>1,725,920</td>
<td>2,230,500</td>
<td>($504,580)</td>
<td>77%</td>
<td>2,974,000</td>
</tr>
<tr>
<td>BAAQMD grant</td>
<td>158,450</td>
<td>50,000</td>
<td>108,450</td>
<td>317%</td>
<td>750,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>536,354</td>
<td>567,000</td>
<td>($30,646)</td>
<td>95%</td>
<td>213,646</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>7,009</td>
<td>-</td>
<td>7,009</td>
<td>0%</td>
<td>(7,009)</td>
</tr>
<tr>
<td><strong>Total revenue and other sources</strong></td>
<td>153,580,162</td>
<td>154,492,721</td>
<td>($912,559)</td>
<td>99%</td>
<td>198,239,000</td>
</tr>
</tbody>
</table>

### EXPENDITURES AND OTHER USES:

**CURRENT EXPENDITURES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2020/21 YTD Actual</th>
<th>2020/21 YTD Amended Budget</th>
<th>Variance (Under)</th>
<th>2020/21 YTD Amended Budget %</th>
<th>2020/21 YTD Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of energy and scheduling</td>
<td>123,732,203</td>
<td>126,946,580</td>
<td>($3,214,377)</td>
<td>97%</td>
<td>167,024,000</td>
</tr>
<tr>
<td>Data management</td>
<td>2,394,472</td>
<td>2,396,250</td>
<td>($1,778)</td>
<td>100%</td>
<td>3,195,000</td>
</tr>
<tr>
<td>Service fees- PG&amp;E</td>
<td>724,581</td>
<td>725,764</td>
<td>($1,183)</td>
<td>100%</td>
<td>969,000</td>
</tr>
<tr>
<td>CCPower JPA</td>
<td>56,098</td>
<td>57,000</td>
<td>($902)</td>
<td>98%</td>
<td>57,000</td>
</tr>
<tr>
<td>Personnel</td>
<td>3,642,868</td>
<td>4,115,000</td>
<td>($472,132)</td>
<td>89%</td>
<td>5,623,000</td>
</tr>
<tr>
<td>Outreach and communications</td>
<td>493,583</td>
<td>847,503</td>
<td>($353,920)</td>
<td>58%</td>
<td>1,130,000</td>
</tr>
<tr>
<td>Customer service</td>
<td>246,651</td>
<td>351,150</td>
<td>($104,499)</td>
<td>70%</td>
<td>383,000</td>
</tr>
<tr>
<td>General and administration</td>
<td>374,287</td>
<td>461,250</td>
<td>($104,763)</td>
<td>81%</td>
<td>360,000</td>
</tr>
<tr>
<td>Legal</td>
<td>280,696</td>
<td>282,000</td>
<td>($1,304)</td>
<td>100%</td>
<td>360,000</td>
</tr>
<tr>
<td>Regulatory and compliance</td>
<td>83,867</td>
<td>297,750</td>
<td>($209,883)</td>
<td>30%</td>
<td>397,000</td>
</tr>
<tr>
<td>Accounting</td>
<td>159,750</td>
<td>164,747</td>
<td>($4,997)</td>
<td>97%</td>
<td>217,000</td>
</tr>
<tr>
<td>Legislative</td>
<td>-</td>
<td>21,000</td>
<td>($21,000)</td>
<td>0%</td>
<td>28,000</td>
</tr>
<tr>
<td>Other consultants</td>
<td>140,041</td>
<td>134,997</td>
<td>($5,044)</td>
<td>104%</td>
<td>185,000</td>
</tr>
<tr>
<td>CalCCA Trade Association</td>
<td>261,721</td>
<td>285,003</td>
<td>($23,282)</td>
<td>92%</td>
<td>380,000</td>
</tr>
<tr>
<td>Program implementation</td>
<td>1,659,373</td>
<td>2,399,250</td>
<td>($739,877)</td>
<td>69%</td>
<td>3,199,000</td>
</tr>
<tr>
<td>Program - CEC grant</td>
<td>3,674,307</td>
<td>4,961,000</td>
<td>($1,286,603)</td>
<td>74%</td>
<td>5,561,000</td>
</tr>
<tr>
<td><strong>Total current expenditures</strong></td>
<td>137,929,088</td>
<td>144,446,244</td>
<td>($6,517,156)</td>
<td>95%</td>
<td>189,323,000</td>
</tr>
</tbody>
</table>

**OTHER USES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2020/21 YTD Actual</th>
<th>2020/21 YTD Amended Budget</th>
<th>Variance (Under)</th>
<th>2020/21 YTD Amended Budget %</th>
<th>2020/21 YTD Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital outlay</td>
<td>6,672,926</td>
<td>6,687,000</td>
<td>($14,074)</td>
<td>100%</td>
<td>8,916,000</td>
</tr>
<tr>
<td><strong>Total Expenditures, Other Uses and Debt Service</strong></td>
<td>144,602,014</td>
<td>151,133,244</td>
<td>($6,531,230)</td>
<td>96%</td>
<td>198,239,000</td>
</tr>
<tr>
<td>Net increase (decrease) in available fund balance</td>
<td>$8,978,148</td>
<td>$8,978,148</td>
<td>-</td>
<td>267%</td>
<td>$8,978,148</td>
</tr>
</tbody>
</table>

* Represents sales of approximately 1,786,000 MWh for 2020/21 YTD actual.

## RESERVES

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Balance</th>
<th>% of Long-Term Target</th>
<th>Long-Term Target Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Reserve</td>
<td>$59,313,000</td>
<td>60%</td>
<td>$99,119,500</td>
</tr>
<tr>
<td>Program Cash Reserve</td>
<td>10,862,000</td>
<td>55%</td>
<td>19,823,900</td>
</tr>
<tr>
<td>Collateral Cash Reserve</td>
<td>2,235,000</td>
<td>13%</td>
<td>16,702,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$72,410,000</td>
<td>53%</td>
<td>$135,645,800</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
Net increase (decrease) in available fund balance per budgetary comparison schedule: $8,978,148

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtract depreciation expense</td>
<td>(61,337)</td>
</tr>
<tr>
<td>Add back capital asset acquisitions</td>
<td>8,648,837</td>
</tr>
<tr>
<td>Change in net position</td>
<td>$17,565,648</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
To: Sonoma Clean Power Authority Board of Directors

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

Issue: Introduction to the Internal Integrated Resource Planning (IRP) Process

Date: June 3, 2021

Recommended Actions

No action. Staff will present a summary of the public presentation of the Introduction to the Internal Integrated Resource Planning (IRP) process. The presentation was conducted through the Community Advisory Committee (CAC) May 20, 2021 meeting. The presentation and comment period can be viewed here.

Background

Integrated Resource Planning (IRP) evaluates future customer electricity needs and lays out a plan to supply those future needs with demand side and generation resources.

SCP participates in the mandatory CPUC IRP filing that began in 2018 and that is currently required every two years. Recognizing the CPUC process is compliance driven and not specific to SCP goals and methods, SCP also began developing our own internal IRP process in 2018. For this 2021 Internal IRP, SCP is dedicating significant time and resources to rebuild the IRP with the objective of identifying the best mix of generation assets to meet SCP’s emissions targets. This plan will balance low cost with the associated resource plan risks.
The portfolio selected from SCP’s internal IRP process will be used in the next year’s (2022) compliance IRP process. SCP will use the internal IRP process to benchmark Board adopted goals and progress toward those goals.

Staff has previously provided to the Board the following IRPs:

1. 2018 Compliance IRP for the California Public Utilities Commission (CPUC) process.
2. 2018 Internal IRP following SCP methodologies and assumptions.
3. 2020 Compliance IRP for the CPUC.
4. 2021 Internal SCP Local Resource Plan

Discussion

SCP Staff conducted a public presentation of the internal IRP process during the May 20, 2021 CAC meeting. Staff is utilizing the CAC meetings for public input as well as distributing online surveys in both English and Spanish for customers to provide input into the planning process.

The May 20, 2021 presentation kicked off the SCP 2021 Internal IRP process. The presentation slide-deck is attached as Addendum 1 to this report.

There will also be an online survey distributed to the Board following this meeting. The survey focuses on IRP priority setting. The survey results will be presented at future meetings.

The 2021 SCP Integrated Resource Plan current timeline is as follows:

- **05/20/2021 CAC meeting** - Staff provided the public Introduction to IRP presentation
- **06/03/2021 BOD meeting** - Staff is presenting a summary of the Introduction to IRP public presentation
- **07/15/2021 CAC meeting** - technical presentation on load and resource modeling scenarios
- **08/06/2021 BOD meeting** - technical presentation summary
- **09/16/2021 CAC meeting** - Present the IRP Draft narrative and recommended preferred portfolio for feedback.
- **10/07/2021 BOD meeting** - Present the IRP Draft narrative and recommended preferred portfolio for feedback.
- **10/21/2021 CAC meeting** - IRP and preferred portfolio for CAC recommendation to the Board.
- **11/04/2021 BOD meeting** - Staff will seek approval of the IRP and preferred portfolio from Board.
Integrated Resource Plan (IRP)

Presentation Format

• Presentation will be approx. 20 minutes
• Committee comments and questions
• Public comment
  • 3 minutes allotted per commenter
  • 300 words if written to meetings@sonomacleanpower.org
• Additional Committee comment
• Survey with written comment section posted on website afterward
Agenda

• Purpose and Process
• California Energy Policy
• SCP Energy Mix
• Key Assumptions & Challenges
• How Public Can Help

Purpose and Process
Purpose

• **Identify future resources** to meet SCP energy demands and achieve internal and regulatory environmental performance goals

• **Reduce costs and risk** by optimizing energy mix and procurement timing

• **Educate, inform, and collect feedback** on customer priorities and concerns for energy supply

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Comparison to Regulatory Process

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Internal IRP</th>
<th>Regulatory IRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timing</td>
<td>Every odd year</td>
<td>Every even year</td>
</tr>
<tr>
<td>Objective</td>
<td>Minimize cost and risk</td>
<td>Validate GHG emissions are within state target</td>
</tr>
<tr>
<td>Constraints</td>
<td>Internal GHG and RPS metrics, reliability</td>
<td>Reliability and resource availability</td>
</tr>
<tr>
<td>Load Forecast</td>
<td>Internal model</td>
<td>% assignment of statewide CEC forecast</td>
</tr>
<tr>
<td>Model</td>
<td>Ascend PowerSimm</td>
<td>E3 Resolve (for RSP)</td>
</tr>
<tr>
<td>Application</td>
<td>Procurement strategy, advocacy, &amp; long-term financial planning, feeds Regulatory IRP</td>
<td>Compliance and procurement orders</td>
</tr>
</tbody>
</table>
Internal IRP Process

Discovery
- Align on rules, objectives, and metrics
- Review resource plans from other entities
- Identify strategic resource portfolios

Modeling
- Evaluate open position
- Develop candidate resource portfolios
- Develop multiple load forecasts under varying assumptions
- Assess demand-side opportunities

Optimization
- Market price run optimization
- Stress test various load forecasts
- Evaluate environmental performance and regulatory risk
- Compare candidate portfolios
- Propose preferred portfolio

California Energy Policy
Guiding Policy

- **SB 1078** in 2002 established California Renewable Portfolio Standard (RPS) with requirement of 20% by 2017
- **AB 32** in 2006 grants authority to CARB to reduce GHG emissions to 1990 levels by 2020
- **SB 350** in 2015 increases RPS requirement to 50% by 2030, requires 85% of RPS from long-term contracts, and requires load serving entities (LSEs) to develop IRPs
- **SB 32** in 2016 requires CARB to reduce GHG to 40% below 1990 levels by 2030
- **SB 100** in 2018 increases RPS to 60% by 2030 and establishes 100% carbon free or RPS requirement in 2045

IRP Proceeding

- LSEs assigned a proportion of the statewide load and allowance of electricity sector emissions
  - Emissions estimated on an hourly model of resource dispatch in CAISO
- Resource portfolios to meet load must be compared to CPUC’s Reference System Portfolio (RSP) and validated for reliability and resource availability
  - SCP’s submitted portfolio relied heavily on solar + storage in 2030 and will be rebuilt in 2021 internal process
- Compiled submissions used to develop Preferred System Plan (PSP) and used as the basis for ordering required procurement
  - 2018 IRP led to order of 3,300 MW of incremental capacity in 2019
  - Proposed order from 2020 IRP for 1,000 MW of new geothermal, 1,000 MW of new long-duration storage, and 5,500 MW of any type
Adjacent Policy Considerations

- **SB 612** would share attributes and capacity of PCIA resources with SCP customers
- **Title 24** mandates solar on all new construction
- **NEM 3.0 Successor Tariff** could adjust non-bypassable charges, TOU rates, and other incentives for BTM generation
- Governor’s **2035 Zero-Emission Vehicle Mandate** will accelerate adoption of EVs and associated electricity demand
- **Adoption of carbon-free electricity targets in Oregon and Washington** reduces available hydropower for import

SCP Energy Mix
Stated Goals

SCP’s portfolio design is currently driven by two stated environmental objectives:

- Delivering at least 50% RPS by 2020 and meeting compliance obligations beyond
- Reducing GHG Emissions to below 75 lbs CO2e/MWh by 2030
  - Measured using The Climate Registry annual methodology and will be modified to hourly objective
  - 23% below 2030 load-share of GHG emissions in 38 MMT portfolio

Historical Energy Mix

Since starting service, SCP has made steady progress in improving the environmental performance of its electricity products

- The delivered RPS % has increased from 32% in 2014 to 49% in 2020
- GHG emissions have been reduced from over 200 lbs CO2e/MWh in 2015 to less than 80 lbs CO2e/MWh starting in 2019
In order to reach stated goals, SCP anticipates significant procurement of RPS and carbon free resources in the next decade

- Short-term RPS and carbon free contracts roll-off in 2022 and 2023, partially offset by new contracted solar
- Significant RPS open position following end of existing geothermal contract in 2026
Key Assumptions

Objectives
- Redefine internal RPS and GHG goal to align with current trajectory
- Migrate to hourly marginal emissions evaluation
- Prioritize cost and reduced risk after satisfying environmental goals

Demand
- Internal weather-normalized model
- Scenarios bracketing current meter count trend
- Scale NEM and EV impacts from CEC statewide forecast scenarios
- Evaluate demand-side capacity resources and emissions mitigation

Supply
- External market intelligence on PPA cost, hourly load shapes, and volatility
- Economic curtailment of renewable resources
- Marginal capacity costs driven by battery energy storage capital costs

Challenges
- Designing a portfolio that is robust across the range of uncertainty in market prices for capacity, energy, and environmental attributes
- Building portfolio with flexibility for varying trajectories for regulations on capacity, PCIA, power source disclosure, emissions allocation, and procurement mandates
  - This regulatory risk can eliminate or devalue the attributes of CCA procured resources
- Selecting energy and capacity resources that enable SCP to offer competitive rates for customers
How Public Can Help

What? How?

- Attend public meetings and provide comments or submit written comments
- Complete IRP online survey to be distributed after this presentation
Next Steps
Staff will post video recording of this presentation on website for the CAC meetings [https://sonomacleanpower.org/documents](https://sonomacleanpower.org/documents)

The current IRP public process timeline is as follows (subject to change):
- **05/20/2021 CAC meeting** - Introduction to IRP presentation
- **06/03/2021 BOD meeting** - Introduction to IRP presentation summary
- **07/15/2021 CAC meeting** - Technical presentation on load and resource modeling scenarios
- **08/06/2021 BOD meeting** - Technical presentation summary
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Thank you!

Recording of this workshop will be posted to [https://sonomacleanpower.org/documents](https://sonomacleanpower.org/documents)
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Staff Report - Item 05

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: June 3, 2021

Requested Action:
Receive Legislative and Regulatory Updates and provide direction as appropriate.

Regulatory Update

Power Charge Indifference Adjustment ("PCIA")

PCIA on Bundled Bills

IOUs were previously required by CPUC Decision D. 18-10-019 to show above-market procurement charges on bundled customer bills as well as CCA customer bills. While this will not affect the bills of customers served by CCAs, bundled customers will now see to what extent they are being charged for these out-of-market assets. The ultimate implementation of that will occur in Summer of 2022 and will be shown on page 2 of bundled customer bills.

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

SCP staff continue to advocate for the ability of CCAs to make a lump sum PCIA payment in lieu of leaving their customer exposed to volatile fees. This certainty of costs would help protect customers from rate shock and support CCA staff in planning procurement, setting budgets, and implementing rates.
Following a workshop held on May 5th to discuss terms of equitable PCIA prepayment, CPUC staff directed the IOUs to file a supplemental advice letter revising their proposal. Staff made it clear that they do not support the IOU’s initial proposal that CCAs be required to post two years’ worth of PCIA chargers as collateral to begin prepayment negotiations.

An additional workshop on this topic is scheduled for June 9th, which will focus on what level of IOU administrative costs can be charged to CCAs seeking to prepay PCIA obligations. In the meantime, the initial IOU proposal remains suspended for review by Energy Division staff.

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

On May 20th, the CPUC unanimously approved a Proposed Decision addressing some of the outstanding issues in the PCIA Rulemaking. Unfortunately, the Decision 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. The central flaw is that IOUs will retain the use of all Resource Adequacy attributes – a product designed to support grid reliability – in their portfolios. In practice, this means that if a customer pays PG&E for a power plant to be available this summer to help avoid blackouts, then the CPUC should not make that customer pay a second time for the exact same thing through Sonoma Clean Power. SCP customers do receive a financial credit for their forced investment in PG&E’s portfolio, but that credit does not reflect the cost we incur to replace the required Resource Adequacy product.

However, CCAs were awarded the ability to take an allocation of RPS attributes to help meet compliance requirements or internal targets. In addition, the Commission did away with the cap-and-trigger function which caused enormous rate volatility during the last year. Finally, this Decision recognizes that additional analysis is needed to determine what additional financial credit CCA customers should receive for their investment in IOU GHG-free resources.

**PG&E Wildfire Liability Costs**

On May 6th, the CPUC granted PG&E approval to securitize $7.5 billion in costs related to wildfires caused by its power lines in 2017. The utility argued that this would allow PG&E to retire $6 billion in debt and accelerate final payments to the victims of wildfires. However, consumer advocates noted that utilities are normally only allowed to securitize costs which are the responsibility of ratepayers, not shareholders.
During the last Board Meeting, Director Rogers asked when this charge would be seen in customer rates. Staff’s analysis has found that it already is. The former DWR Bond Charge which technically expired in 2020 was repurposed to start recovering these costs. They are shown as the “Wildfire Fund Charge” on page 2 of PG&E bills.

Order Instituting Investigation of IOU PSPS “De-energization” Practices

During the last Board Meeting, staff noted that a Proposed Decision ordering utilities to improve data sharing practices and work collaboratively with local governments and first responders was on the Commission’s upcoming agenda. That Proposed Decision has since been held by CPUC staff for additional review and is now on the agenda for the upcoming 6/3 Commission meeting. Staff will report back when the proposal is ultimately adopted. As written, it would help SCP protect customers, evaluate targeted PSPS mitigation efforts, and develop effective customer programs.

Legislative Update

There are no written materials for the legislative update and a verbal update will be given to the Board.
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Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, CEO
Issue: Adopt an Updated SCP Energy Risk Management Policy
Date: June 3, 2021

Recommendation
Staff requests that the Board of Directors (“Board”) adopt the proposed revised SCP Energy Risk Management Policy in Attachment A.

Background
Since 2015, SCP has made few changes to its official risk management policies while making significant improvements to its internal risk management practices. Staff is presenting a significantly updated Energy Risk Management Policy (“Policy”) that, if adopted by the Board, would codify the changes staff have largely already implemented and supersede four existing Board policies:

- B.1 Financial Policy - CEO Spending Authority;
- C.1 Power Services - Risk Management;
- C.2 Power Services - California Independent System Operator; and
- C.3 Power Services - Procurement Criteria, Policies, and Signature Authority.

The scope of the new proposed Policy addresses SCP’s electric supply and participation in energy markets and continues to leave the detailed management of operational risks to staff for matters like data management, deal entry, settlement validation, and the accuracy of load and generation forecasts.

Staff drafted language intending to balance the objectives of providing stable and competitive electric rates to customers, maintaining the financial viability of SCP, managing business processes to allow SCP staff to work efficiently and cost effectively, and achieving SCP’s environmental goals.
The proposed Policy would establish an organizational structure for risk management controls, including setting acceptable risk parameters and limits, identifying permitted transactions and product types.

**Why an Energy Risk Management Policy is Needed**

On May 24, 2021, Western Community Energy (WCE), a CCA serving Riverside County, declared a fiscal emergency and filed for Chapter 9 bankruptcy protection. A combination of factors appear to have contributed to the CCA’s failure shortly after launching in March of 2020 -- the surprise changes in load and increased nonpayment rates due to COVID, high spot market prices heading into a severe summer heat storm, extremely low customer rates at startup, and likely other factors. Just as with both of PG&E’s bankruptcies, the industry will study this experience to see if anything new can be learned. Fortunately, SCP weathered the past year much better due to its focus on risk management.

From long before launching service to customers in 2014, SCP has “prepared for the unknown” by operating in a financially conservative manner and building resilience through cash reserves, through good staffing and careful risk assessment and controls. SCP continues to prepare for the unknown by recovering all expenses through current rates and cash savings, by pre-purchasing virtually all energy and capacity in advance at known prices, and by expecting surprises and setting aside significant cash reserves. SCP also has built a strong staff with an average of 22 years of energy market and financial experience among its senior team. In short, SCP experienced all of the same market conditions as WCE, but had none of the adverse financial impacts and used no cash reserves over the past year.

A few key financial metrics for SCP as of May 2021:

- $72 million in Cash Reserves
- $22 million in Customer Rate Stabilization Fund
- No debt
- Own a $10 million building outright
- Current on all bills
- All current year expenses are recovered through current year customer rates and use of existing cash
- Monthly financial statements and annual audits are timely published at [sonomacleanpower.org](http://sonomacleanpower.org).
SCP has fared well over the past seven years of service, despite terrible impacts from fires, PG&E’s bankruptcy, COVID-19 and rapidly changing regulations. However, continuing to manage risks over time requires more than good policy. It also requires strong ongoing management to implement the policy and continue to make it better. The Proposed Energy Risk Management Policy seeks to help sustain SCP’s strong risk management track record far into the future by institutionalizing both good management practices and good policy.

**Proposed Updated Energy Risk Management Policy**

The Proposed SCP Energy Risk Management Policy is attached as Attachment A to this report. If adopted, the Policy will be actively monitored by SCP’s CEO, COO, Director of Regulatory Affairs, Managing Director of Power Procurement and Senior Risk Officer in consultation with SCP’s Special Counsel – collectively, staff’s Risk Oversight Committee. Every two years, this group would present any recommended updates to the Policy to the CAC and Board for consideration.

The purpose of the Policy is to limit the Authority’s exposure to unnecessary risks and provide a clearer guide to procurement-related decisions.

Perhaps most importantly, the Policy would clarify the separation of duties in SCP’s staff between Procurement (sometimes called “Front Office”), Controls and Reporting (“Middle Office”), and Settlements and Recording (“Back Office”).

Risk Management activities are managed by the Middle Office. The responsibility of the Middle Office is to oversee portfolio exposure, credit and counterparty exposure and regulatory compliance. Staff will develop key metrics to identify and analyze risk and create reports so that staff’s Risk Oversight Committee can evaluate and monitor risks.

The Policy also identifies authorized forms of purchase agreements and authorized products for SCP to purchase.

Finally, the Policy clarifies SCP’s existing requirements for energy market activity to be consistent with both the Integrated Resource Plan and Joint Powers Authority, and incorporates all of the existing signing authorities to consolidate those policies in one place.

**Attachments**

- Attachment A - Draft SCPA Energy Risk Management Policy
- Attachment B - Existing Financial Policy B.1 CEO Spending Authority
- Attachment C - Existing Power Services C.1 Risk Management
➢ Attachment D - Existing Power Services C.2 California Independent System Operator

➢ Attachment E - Existing Power Services C.3 Procurement Criteria, Policies, and Signature Authority
1. Introduction

It is the policy of the Sonoma Clean Power Authority (“SCPA”) to operate Sonoma Clean Power (“SCP”) to provide electric energy and energy-related programs to customers consistent with our Board-approved IRP. SCPA also has a duty to make financially sound and timely investments, and to safeguard the Authority against adverse conditions.

This Energy Risk Management Policy (“Policy”) recognizes that there are risks inherent in participating in energy markets, and establishes the key control structures and policies to prudently manage risk:

- Clearly defined segregation of duties and delegation of authority
- Organizational structure for risk management controls
- Policies setting acceptable risk parameters and risk limits
- Procedures for risk reporting
- Permitted transactions and product types

The scope of this Policy addresses SCPA’s electric supply and participation in energy markets. It does not address operational details such as the prudent handling of data, deal entry, settlement validation, accuracy of load and generation forecasts, and myriad other detailed tasks. It also does not address general business risks, insurance, legislative or policy risks.

SCPA recognizes that risks are inherent in the electric energy business. SCPA therefore seeks to use the prudent management of energy market transactions to minimize the risks to SCPA and its customers.

2. Energy Risk Management Objectives

The primary objectives of energy risk management activities are to balance the business objectives of (1) providing stable electric rates to customers, (2) maintaining the on-going financial viability of the agency, and (3) managing business processes to allow the staff of SCPA to work efficiently and cost effectively while achieving standards in our Integrated Resource Plan (“IRP”).

2.1. Retail Rate Stability

Stable rates are of high value to the citizens and businesses in Sonoma and Mendocino Counties, and yet energy commodity market prices are extremely volatile. Therefore, a key objective is to manage the risks inherent in the energy commodity markets to limit customer exposure to large swings in rates. This is done by mitigating both market risk and credit risk. Reserve balances maintained by SCPA per Financial Policy B2 provide financial credit for entering into long-term contracts and financial liquidity for
entering into shorter-term contracts and purchases of energy in the spot and forward market as needed to meet the projected load.

2.2. **Maintain Financial Viability of the Agency**

SCPA seeks to: (a) reduce exposure to potential adverse energy price movements; (b) control costs by optimizing SCPA contracts; and (c) offering commodity products that address customer needs and recover costs through rate setting Board adopted financial policies.

2.3. **Efficient and Cost-Effective Business Processes**

SCPA staff will utilize business practices and controls that are sufficient to identify, evaluate, and manage risks, and are designed to streamline recording, analysis and reporting requirements. Staff will strive to improve the risk management procedures to enhance productivity, reduce the cost of conducting risk management activities, and maintain transparency and value of the risk management process.

3. **General Transacting Policy**

3.1. **Anti-speculation**

Speculative buying and selling of energy products are prohibited. SCPA will not speculate in the energy market. Purchases of power products are only allowed where there is expectation of receiving delivery/utilizing the financial product. Selling of products is only allowed when SCPA owns the underlying products. Financial transactions that financially protect SCPA from major swings in market pricing are allowed.

3.2. **Consistency with Integrated Resource Plan**

Any transaction that is not consistent with the Board’s most recently adopted Integrated Resource Plan must be reported by the CEO at the next Board meeting together with the reasons for the transaction.

3.3. **Open and Competitive Process**

Whenever possible, SCPA will seek to obtain multiple bids when making a purchase or sale transaction and select the best value transaction consistent with SCPA’s Board-adopted IRP.

3.4. **Adherence to all Required Registrations and Certifications**

Note: The following may be updated by staff periodically to reflect changing requirements:

SCPA aims to comply with all applicable compliance regulations. For instances where SCPA does not meet compliance obligations, the nature of the action will be presented to the Board along with any resulting penalties or consequences.

a) **California Public Utilities Commission (CPUC)**

SCPA shall maintain its certification to operate a CCA through an Implementation Plan and maintain a functional relationship for customer billing with a CPUC-certified Service Agreement between SCPA and the investor-owned utility.
b) **California Independent System Operator (CAISO)**

SCPA is a Market Participant in the CAISO Federal Energy Regulatory Commission filed tariff, which includes Scheduling Coordination, energy imbalance settlement, congestion revenue rights, settlements and other rights and responsibilities as determined by CAISO. SCPA’s market participation shall strictly comply with the laws, rules and regulations governing CAISO operation, including but not limited to, the FERC approved CAISO Tariff, CAISO Business Practice Manuals, and any successors; be consistent with SCPA Board adopted Policies; and continuously seek the lowest cost, least risk impact to SCPA customers.

c) **Western Renewable Energy Generation Information System (WREGIS)**

SCPA is a WREGIS account holder where SCPA has the right to purchase, transfer and retire certificates. WREGIS certificates are required for compliance with state requirements for renewable energy.

d) **California Energy Commission (CEC)**

SCPA engages with the California Energy Commission to ensure compliance in areas including adhering to renewable energy mandates, Resource Adequacy load forecasting, Integrated Energy Policy Report and power content reporting.

e) **California Air Resources Board (CARB)**

SCPA engages with CARB to ensure compliance in areas including Low Carbon Fuel Credits.

3.5. **Operational Risk Assessment**

The Board has directed staff to ensure that standard procedures are maintained to address portfolio valuation risk, counterparty credit and default risk, risks associated with forecasting error, risks of overconcentration on technologies, location or specific counterparties, and other related market risks as determined by the Risk Oversight Committee (“ROC”).

4. **Oversight Bodies**

4.1. **Sonoma Clean Power Authority Board of Directors**

The SCPA Board of Directors has the primary oversight responsibility, governing SCPA’s preferred resources through the Integrated Resource Plan, selecting customer programs, establishing customer rates and ensuring SCPA is responsibly managed by hiring, reviewing and potentially terminating its CEO. The Board receives advice from its Community Advisory Committee and the public. The Board also establishes and reviews this policy from time to time and reviews staff reports on risk.

4.2. **Chief Executive Officer**

The CEO has responsibility for executing and ensuring compliance with policies adopted by the Board of Directors. The CEO shall establish a staff “ROC” which shall consist of the CEO, COO, Director of Regulatory Affairs, Managing Director of Power Procurement and Senior Risk Officer. The CEO shall
report annually to the Board regarding energy risk management activities. The CEO shall maintain clear
delegations of energy market contracting authority for each type of transaction and each staff position
within SCPA.

4.3. Risk Oversight Committee (ROC)

The ROC shall advise the CEO on prudent risk management and aid in ensuring compliance with this and
other Board policies. Any transaction or activity requiring the approval of the CEO or SCPA’s Board Chair
or Vice Chair shall first be reviewed by the ROC.

The ROC shall serve in an oversight and advisory role which governs and ensures adherence to the
Policy. The ROC is responsible for making recommendations to approve or reject transactions based on
the Policy, reviewing hedge tolerance bands, seeking input on recommended transactions prior to
seeking Board approval to execute, reviewing PPA and long-term transactions including seeking input on
RFOs prior to issuance, reviewing RFOs, verifying term sheets details and confirming final contracts prior
to execution.

The ROC will define internal controls, strategies and processes for managing market risks such as those
incurred through wholesale trading, retail marketing, long-term contracting, Congestion Revenue Rights
(“CRR”) trading and load and generation scheduling.

In addition to the above-mentioned responsibilities, the ROC will evaluate energy market transactions
for consistency with SCPA’s procurement strategy and targets (i.e. Renewable Portfolio Standard
(“RPS”), Greenhouse Gas (“GHG”), Resource Adequacy (“RA”), energy storage) and established risk
tolerances. The ROC will also validate that risk management controls and practices are sufficient to
monitor and manage SCPA’s risk exposure.

The ROC also approves counterparties based on Section 5 of this Policy.

The ROC reviews risk management reports provided by the Power Services Team’s Middle Office
including SCPA’s Net Open Position (“NOP”), market exposure, credit exposure, counterparty credit
ratings, transaction compliance, and other relevant market data and portfolio parameters.

The ROC shall recommend updates to the Board for this Policy as needed. At a minimum, this Policy will
be reviewed and updated by the ROC at least every two years.

4.4. Management Responsibility

Risk management oversight is accomplished through supervisory review and approval and appropriate
separation of duties as follows:
f) Front Office – Planning and Procurement

The Front Office is primarily responsible for resource planning and procuring energy supplies and services. The Front Office management responsibility is accomplished through supervisory review and using appropriate transaction approval processes.

g) Middle Office – Controls and Reporting

The Middle Office provides the primary independent management responsibility. The Middle Office oversees all risk management activities including portfolio exposure, credit and counterparty exposure, and compliance. The Middle Office responsibilities provides checks and balances while monitoring SCPA’s risk exposures and ensuring compliance with policies, guidelines, and procedures. The functions of the Middle Office can be broadly defined as risk analysis, compliance tracking and review, credit analysis, and management reporting.

i. Risk Analysis

The Middle Office performs rigorous risk analysis to evaluate the risk exposure on both a transaction and portfolio basis.

ii. Confirmations

Confirmations ensures transactions have gone through appropriate approval, legal review and proper signing authority for execution.

iii. Compliance Tracking and Review

The Middle Office monitors all compliance obligations and transactions to ensure compliance of transactions with SCPA policies and state regulations.

iv. Credit Analytics

The Middle Office monitors and analyzes counterparty creditworthiness. The Middle Office objectively measures and monitors credit limits and credit histories, and may temporarily or permanently halt trading, upon recommendation of the ROC. Credit will provide guidelines and transaction limitations and actively monitor counterparty risk to minimize the potential adverse financial impacts on SCPA in the event of a defaulting counterparty. Credit will implement a mechanism to monitor and report on supply portfolio related counterparty credit exposures. Counterparty credit exposures and transaction volumes relative to the established limits are to be monitored on an ongoing basis and reported to the ROC by the Middle Office. Credit will also analyze and track exposure to margin call, collateral tracking, Letters of Credit and anything related to SCPA’s financial exposure for credit purposes.

v. Management Reporting

The Middle Office administers reports to the ROC related to risk management.
h) Back Office – Settlement and Recording

The Back Office is primarily responsible for counterparty checkouts, settlement of invoices, bookkeeping and accounting, and contract administration. The Back Office roles in oversight are ensuring that invoices reflect purchases or sales, independently monitoring transactions in the tracking database, and verifying and reporting on compliance with procedures. Back Office is responsible for compliance reporting functions including but not limited to WREGIS retirement, RPS retirement reporting, retail sales, and LCFS.

5. Authorized Forms of Agreement

The Board authorizes the CEO to develop and maintain such standard forms of agreement necessary to fulfill SCPA’s compliance obligations and generally supply all of SCPA’s energy and energy-related services. The CEO shall utilize legal counsel with specific expertise in each type of agreement in the development of the standard forms and in reviewing any potential exceptions. The Middle Office and SCPA’s General Counsel maintains the authorized forms of agreement and ensures that exceptions are reviewed by expert counsel prior to execution.

6. Authorized Transacting Products

Products allowed for electric transactions include energy, capacity, transmission, financial hedges and ancillary services. All transactions must:

1. be committed to by authorized transacting personnel;
2. be with approved counterparties;
3. use an authorized form of agreement;
4. be committed over recorded phone lines, via electronic mail or in writing;
5. be recorded into SCPA’s deal book within 24 hours of execution; and
6. be consistent with this Policy.

Failure to observe the above minimum requirements when executing energy transaction is a violation of this Policy and is subject to disciplinary action.

7. Transacting Authority

The CEO is authorized to make all necessary energy product expenditures which meet all of the following criteria:

1. In the best interest of SCPA’s customers;
2. Consistent with this Policy and all other Board policies;
3. Less than 10 years in duration;
4. Less than $250 million in notional value.

The table below shows further detail for specific categories of procurement, and the individuals who are authorized to execute agreements, confirmations, and other documents relating to the procurement.

<table>
<thead>
<tr>
<th>PROCUREMENT CATEGORY</th>
<th>SIGNATURE REQUIREMENTS</th>
<th>COUNSEL REVIEW REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot Transactions</td>
<td>The current head of Power Procurement and one additional staff member in Power Procurement as designated by the CEO.</td>
<td>None</td>
</tr>
<tr>
<td>Non-Spot Transactions of Duration Less Than 3 Years and Having Notional Value Equal to or Less Than $5,000,000</td>
<td>The current head of Power Procurement and either the CEO or COO.</td>
<td>Outside Counsel</td>
</tr>
<tr>
<td>Transactions Less Than 10 Years and Notional Value of Equal to or less than $250,000,000</td>
<td>The current head of Power Procurement and the CEO.</td>
<td>Outside Counsel</td>
</tr>
<tr>
<td>Transactions of 10 Years or More Duration or Having Notional Value Greater Than $250,000,000</td>
<td>The current head of Power Procurement, the CEO, and Chair and Vice Chair of Board of Directors</td>
<td>Outside Counsel</td>
</tr>
</tbody>
</table>

8. Conflict of Interest

In accordance with the Municipal Code and California law, personnel involved in transacting and oversight of SCPA’s supply resources may not engage in financial conflicts of interest, unless SCPA is duly informed, and it elects to waive such conflicts. Certain conflicts cannot be waived, including conflicts related to the Political Reform Act and Government Code Section 1090. All personnel in procuring or selecting counterparties for contracting or transacting are required to complete, on an annual basis, the Form 700 Disclosure forms and submit these forms to the Clerk.
Financial Policy B.1
CEO Spending Authority

The Sonoma Clean Power Authority (SCPA) CEO is authorized to make expenditures without prior Board or Community Advisory Committee review or approval provided that:

1. For power procurement, the total term and dollar amount does not exceed the limits established in Power Services Policy C.3;

2. For all other expenditures the total annual dollar amount/cost or the purchase or contract does not exceed $100,000 AND the expenditure will not result in exceeding the annual amount currently budgeted and approved in the applicable category;

3. The expenditure is consistent with all adopted SCPA policies;

4. The Board Chair and Vice Chair, and the Community Advisory Committee Chair are notified immediately following any purchases that exceed $100,000;

5. The expenditure is in the best interests of SCPA customers; and

6. All expenditures in excess of $100,000 are reported at the next Board meeting.
Power Services Policy C.1
Risk Management

Sonoma Clean Power Authority (SCPA) provides retail electric service to customers enrolled in the Sonoma Clean Power program. In order to provide such service while meeting associated legal compliance obligations and furthering the purposes of the program, SCPA engages in several types of procurement activities for an array of energy-related products. The products may include those related to energy, capacity, ancillary services, energy transmission and others that may be defined through legislative and regulatory changes. Procurement activities may include competitive solicitations, bilateral negotiations, programmatic activities, project development and participation in various markets such as those run by the California Independent System Operator (CAISO).

As an agency that serves customer electric load, and manages a portfolio to perform this function, SCPA faces exposure to many types of risk, such as: forecast error, commodity price fluctuation, market liquidity, and counterparty credit. These risks directly impact overall procurement costs and the risk of adverse procurement cost changes.

SCPA shall implement processes that monitor and manage procurement cost risk consistent with utility industry practice, for the purpose of prudently balancing the dual objectives of cost minimization and protection against low-probability adverse cost movements. These objectives are frequently in conflict, as lowest cost procurement may be achieved by settling all transactions in spot markets and none through forward contracts, while the lowest risk portfolio may be achieved at prohibitively high cost.

Therefore, SCPA’s risk management processes shall include methods to model and calculate portfolio cost in low probability circumstances (5% probability, or 95th percentile) and shall, on no less frequently than a quarterly basis, monitor this cost against a tolerance threshold equal to a 10% increase in procurement costs. In the event that the calculated portfolio cost at the 95th percentile exceeds the tolerance threshold, SCPA management will be notified and corrective action will be taken to reduce this cost to a level at or below the threshold.
Power Services Policy C.2
California Independent System Operator

Sonoma Clean Power Authority (SCPA) is a Market Participant as defined in the California Independent System Operator’s (CAISO) Federal Energy Regulatory Commission filed tariff. SCPA’s participation in the CAISO markets includes, but is not limited to, the areas of Scheduling Coordination, energy imbalance settlement, Congestion Revenue Rights accrual, settlements, and other activities, rights and responsibilities as determined in the CAISO tariff as it applies to all CAISO market participants. SCPA’s CAISO market participation shall:

1) Strictly comply with the laws, rules and regulations governing CAISO operation, including but not limited to, the Federal Energy Regulatory Commission approved CAISO Tariff, CAISO Business Practice Manuals, and any successors;
2) Be consistent with SCPA Board adopted Policies; and
3) Continuously seek the lowest cost, least risk impact to SCPA customers.

On an interval appropriate to each specific CAISO market, but in no circumstance on less than a monthly basis, SCPA shall monitor CAISO transactions for conformance to expected outcomes. SCPA shall immediately take all appropriate actions to address identified deviations. To the extent SCPA identifies contingencies that are likely to result in an impact exceeding 5% of gross revenues, SCPA shall report such contingencies and their proposed resolution to the Community Advisory Committee and the Board at the next available Committee and Board meetings.
Power Services Policy C.3
Procurement Criteria, Policies, and Signature Authority

This Procurement Policy C.3 applies to all “Energy Contracts” as defined in Exhibit A to the Third Amended and Restated Joint Powers Agreement.

Definitions:

As used in this Procurement Policy C.3:

“Transaction” means any “Energy Contract.”

“Spot Transaction” means any Transaction that involves deliveries of product for a period of less than five days.

General Requirements:

All Transactions other than Spot Transactions must be evidenced by a written agreement or confirmation that has been reviewed and approved as to form by the General Counsel or by an outside counsel approved by the General Counsel.

All Transactions must be consistent with any then-applicable Integrated Resource Plan adopted by the Board of Directors. If no Integrated Resource Plan has been adopted by the Board of Directors, all Transactions must be consistent with the purposes stated in the JPA. Transactions that are not consistent with an adopted Integrated Resource Plan or with the JPA must be approved by the Board of Directors. All Transactions must also meet the criteria set forth in Procurement Policy C.1, relating to risk management.

Any Transaction requiring the posting of collateral will require, at a minimum, the signatures of the current head of Power Procurement and the Chief Executive Officer, in addition to any other applicable signature requirements.

Procurement Categories and Signature Requirements:

The table below shows the requirements for specific categories of procurement, and the individuals who are authorized to execute agreements, confirmations, and other documents relating to the procurement.
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</tr>
</tbody>
</table>
To: Sonoma Clean Power Authority Board of Directors

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

Issue: Approve the Proposed Annual Budget for Fiscal Year 2021-2022 with no Change to Rates on July 1, 2021

Date: June 3, 2021

Requested Action

Approve the Proposed Fiscal Year 2021-2022 Annual Budget with no change to Rates on July 1, 2021.

Proposed Budget Updates

To facilitate review of the proposed budget updates in this report, staff will highlight what has changed from the Draft Budget presented at the May meeting. This summary of changes can be found following the revised staff report Summary below.

Summary

To set a new fiscal year budget, staff brings the budget to the CAC and BOD twice. The first Draft Budget is presented by staff for review and comment by the CAC and BOD to give staff direction on the early draft of the budget. This occurred in April for the CAC and May for the BOD. In the second budget review, the Proposed Budget is presented for approval.
The Proposed Budget presented in this report has been adjusted from the Draft Budget reviewed with the CAC and the BOD. The following are attributes of the Proposed Budget and assumptions regarding customer billing rates for Fiscal Year 2021-2022:

- 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 relative to the current fiscal year due to lower SCP customer rates.
- Based on the most recent consultant forecast for the PCIA change in January 2022, and the most recent forecast of PG&E’s expected change in generation rates in January 2022, the Operating Account Fund (for rate stabilization) provides $1.3 million in funding support during the fiscal year to keep customer bills within 5% of PG&E bundled customers.
- Customer bills remain within 5% of PG&E bundled customer bills for the fiscal year.
- Preserves about $16.0 million in SCP’s rate stabilization fund to subsidize future customer rates as PG&E increases its fees.

The Consumer Advisory Committee reviewed this Proposed Budget at their meeting on May 20th and recommends Board approval.

**Changes from the Draft Budget**

This section summarizes the changes made to the Draft Budget subsequent to the CAC and BOD review.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>Revenues were increased $1.7 Million due to a change in the forecast for PG&amp;E generation rates and their PCIA fee in 2022.</td>
</tr>
<tr>
<td>Operating Account Fund</td>
<td>A reduction of $113,000 in the use of the Operating Account Fund to adequately subsidize customer rates.</td>
</tr>
<tr>
<td>Cost of Energy and Scheduling</td>
<td>The estimated cost of energy during the coming fiscal year has risen a bit due to the updated market outlook on future energy prices. See the Budget Tables later in this report for details.</td>
</tr>
<tr>
<td>Outreach and Communications</td>
<td>Added 19.5% ($220,000) to support the successful launch of the Advanced Energy Center based on the results of focus groups and recent market research.</td>
</tr>
</tbody>
</table>
This additional amount would support updating displays quarterly, improve our ability to connect with and provide services to impacted customers, and updating customer communication and reporting tools. The need for this greater level of marketing support is a direct result of the recently completed market research focus groups. The focus groups gave us directional information that suggest SCP needs to revisit basic SCP information communications with customers to improve understanding and clarity about what SCP does/why it’s important. We need to enhance our customer research around customer needs, and generally increase our listening to customers as well as increasing the level and modes of communications to them.

**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 starting June 15.

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, and only, 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 exit fees on our customers, and the Board wisely set aside $22 million from the last fiscal year to subsidize customer rates during this period.
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.

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 Proposed Budget continues that approach.

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 Proposed 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 fueled power, which itself fluctuates significantly with the commodity price of methane. For these reasons, staff will continue to update the Committee and Board on the PCIA as new information is available.

The Proposed 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.
Budget Overview

The Fiscal Year 2021-2022 Proposed 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, increase 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.

PROPOSED BUDGET

The Proposed 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.
<table>
<thead>
<tr>
<th></th>
<th>Revised Budget FY 20-21</th>
<th>DRAFT Budget FY 21-22</th>
<th>PROPOSED Budget FY 21-22</th>
<th>Changes from Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES &amp; OTHER SOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity Sales (net of allowance)</td>
<td>$188,347,000</td>
<td>$177,577,000</td>
<td>$179,277,000</td>
<td>Up $1.7M from draft budget due to updated forecast of PCIA and PG&amp;E rates</td>
</tr>
<tr>
<td>Operating Account Fund Inflows</td>
<td>$4,630,000</td>
<td>$1,455,000</td>
<td>$1,353,000</td>
<td>Slightly smaller use of rate stabilization funds than in the draft budget</td>
</tr>
<tr>
<td>EverGreen Premium (net of allowance)</td>
<td>$1,488,000</td>
<td>$2,074,000</td>
<td>$2,074,000</td>
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<tr>
<td>CEC Grant Proceeds</td>
<td>$2,974,000</td>
<td>$2,065,000</td>
<td>$2,065,000</td>
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<tr>
<td>BAAQMD Grant</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td></td>
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<tr>
<td>Interest Income</td>
<td>$750,000</td>
<td>$840,000</td>
<td>$840,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$198,239,000</td>
<td>$184,072,000</td>
<td>$185,659,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENDITURES</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Energy and Scheduling</td>
<td>$167,024,000</td>
<td>$158,069,000</td>
<td>$159,436,000</td>
<td>Updated estimated energy costs due to recent market trends</td>
</tr>
<tr>
<td>Data Management</td>
<td>$3,195,000</td>
<td>$3,198,000</td>
<td>$3,198,000</td>
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<tr>
<td>Service Fees to PG&amp;E</td>
<td>$969,000</td>
<td>$973,000</td>
<td>$973,000</td>
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</tr>
<tr>
<td><strong>Product Subtotal</strong></td>
<td>$171,188,000</td>
<td>$162,240,000</td>
<td>$163,607,000</td>
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</tr>
<tr>
<td>Personnel</td>
<td>$5,623,000</td>
<td>$6,200,000</td>
<td>$6,200,000</td>
<td></td>
</tr>
<tr>
<td>Outreach and Communications</td>
<td>$1,130,000</td>
<td>$1,130,000</td>
<td>$1,350,000</td>
<td>Added communication resources based on recent mkt research results</td>
</tr>
<tr>
<td>Customer Service</td>
<td>$383,000</td>
<td>$363,000</td>
<td>$363,000</td>
<td></td>
</tr>
<tr>
<td>General and Administration</td>
<td>$615,000</td>
<td>$1,140,000</td>
<td>$1,140,000</td>
<td></td>
</tr>
<tr>
<td><strong>Other Professional Services</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Legal</td>
<td>$360,000</td>
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<tr>
<td>Regulatory and Compliance</td>
<td>$397,000</td>
<td>$430,000</td>
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<tr>
<td>Accounting</td>
<td>$217,000</td>
<td>$245,000</td>
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<tr>
<td>Legislative</td>
<td>$78,000</td>
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<td>Other consultants</td>
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<td><strong>Other Professional Services Subtotal</strong></td>
<td>$1,237,000</td>
<td>$1,430,000</td>
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<td></td>
<td>Revised FY 20-21</td>
<td>DRAFT FY 21-22</td>
<td>PROPOSED FY 21-22</td>
<td>Changes from Draft Budget</td>
</tr>
<tr>
<td>--------------------------------</td>
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<td>------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td><strong>Expenditures – continued</strong></td>
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<td>Industry Memberships and Dues</td>
<td>$437,000</td>
<td>$536,000</td>
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<td><strong>Programs</strong></td>
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<td>Program Dev. and Implementation</td>
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<td>CEC Grant Program</td>
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<td>Programs Subtotal</td>
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<td><strong>Total Expenditures</strong></td>
<td>$185,323,000</td>
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<td>$184,266,000</td>
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<td>Revenues Less Expenditures</td>
<td>$8,916,000</td>
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<td><strong>Other Uses</strong></td>
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<td>Capital Outlay</td>
<td>$8,916,000</td>
<td>$1,393,000</td>
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<td><strong>Debt Service</strong></td>
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<td></td>
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<tr>
<td>Debt Service</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures, Other Uses</strong></td>
<td>$194,239,000</td>
<td>$184,072,000</td>
<td>$185,659,000</td>
<td>Maintain reduction in overall costs from FY20-21</td>
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<tr>
<td>Net Increase/(Decrease) in Fund Balance</td>
<td>$</td>
<td>-</td>
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<tr>
<td>Cumulative Net Increase/(Decrease) in Fund Bal.</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Operating Account Fund (Bill Stability)</td>
<td>$17,370,000</td>
<td>$15,904,000</td>
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INFORMATION ONLY - SUPPLEMENTAL TO THE PROPOSED BUDGET

Details on the proposed 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.

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, or RA), 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 cash-out 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 Proposed 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 Impacted 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
once 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 4th 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 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.
To: Sonoma Clean Power Authority Board of Directors

From: Claudia Sisomphou, Communications Specialist

Issue: Discuss the Development of a Community Engagement, Education, and Outreach Program and Provide Feedback and Direction as Appropriate

Date: June 3, 2021

Recommendation:

Receive a brief overview of the vision and purpose behind the concept of a new community engagement, education, and outreach program for the Public Relations and Marketing Department. Provide feedback and direction as appropriate.

Background:

The Marketing team is in the process of developing a multifaceted plan for increasing SCP’s ground level outreach and engagement efforts, referred to internally as the “Empower program”. The Empower program aims to build affiliations with local nonprofits, agencies, and service providers, broaden SCP’s education and outreach efforts, strengthen community trust, and improve SCP’s engagement with all customers.

The proposed Empower program will establish a new set of pathways for community members and groups to propose ideas and partnerships, request support and information, and provide opportunities for more customers to benefit from SCP’s services and offerings – actions and activities that go beyond sponsorships and which would focus attention and resources on improving the public’s understanding of what the Agency does, its Mission, and how the Agency operates.
The priorities of the Empower program are: (1) Building Partnerships, (2) Customer Education, (3) Focus on Equity, and (4) Engaging Youth.

1. **Building Partnerships** - Nurturing relationships with local organizations will lead to a wider distribution of information about SCP’s services and benefits and can open a valuable channel for feedback and community input.

2. **Customer Education** - Customers first need to understand why they see SCP’s charges on their bill before having an interest in SCP’s incentives and offerings, caring about SCP’s cleaner power mix (including upgrading to EverGreen), and recognizing SCP as a trusted local agency.

3. **Focus on Equity** - To increase customer awareness, participation, and retention, it is crucial that SCP places an emphasis on promoting its existing services and benefits and creating new services and benefits for those who have not historically benefitted from utility programs. In addition to factors such as income, language, and culture, determinants like age, geographic location, housing status, ability, and access to internet and basic needs must all be taken into consideration when conducting outreach and developing customer offerings.

4. **Engaging Youth** - Engaging and educating local students will lead to higher participation rates over time when some of them become SCP customers, and will also have a positive effect on their current households’ understanding and perception of SCP. Additionally, preparing the next generation for careers in environmental and sustainability-related fields will benefit the local economy, workforce, and climate.

**Discussion:**

Does the Board of Directors agree that a more focused community engagement, education, and outreach program of this kind will benefit SCP and its customers?

Are there strong local examples of similar community engagement, education and outreach programs SCP can learn from?

**Fiscal Impact:**

In the first year of implementation, the Marketing Department will dedicate $40,000 of its budget toward implementing the Empower program. These funds will offer financial support to the SCP community in a variety of ways, including community
grants of up to $2,000 (max of 20 recipients per fiscal year), hosting events, public forums, or workshops on-site at nonprofits and workplaces, offering matching donations to nonprofits and community organizations to maximize their fund-raising efforts, and assisting partners with event, program, or project expenses when appropriate and on a case-by-case basis.

In addition, the Empower program will also support customers and community partners in ways which do not require funding, including speaking at community events and forums, encouraging SCP staff to serve on advisory boards or committees, co-hosting workshops and events, providing space in the Advanced Energy Center for groups to meet, publishing partners’ blogs or articles on the SCP and Advanced Energy Center websites, promoting efforts or events on social media, and continuing to offer energy-related advice and expertise.
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To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, Chief Executive Officer
Issue: Public Employment: Appointment - Special Legal Counsel
Date: June 3, 2021

There are no written materials for this item.