AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, FEBRUARY 3, 2022
8:45 A.M.

******AB 361******
RE CORONAVIRUS COVID-19

CONSISTENT WITH THE PROVISIONS OF AB 361, MEMBERS OF THE BOARD OF DIRECTORS WILL PARTICIPATE IN THE FEBRUARY 3, 2022, MEETING BY TELECONFERENCE. IN-PERSON PARTICIPATION BY THE PUBLIC WILL NOT BE PERMITTED AND NO PHYSICAL LOCATION FROM WHICH THE PUBLIC MAY ATTEND THE MEETING WILL BE AVAILABLE. REMOTE PUBLIC PARTICIPATION DETAILS ARE LISTED BELOW.

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

- Webinar link: https://us06web.zoom.us/j/88546704126
- Telephone number: 1 (253) 215-8782
- Meeting ID: 885 4670 4126

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 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.

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.

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 January 6, 2022, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) - pg. 5
2. Authorize Extension of SCP Resolution 2021-05 Permitting Remote Teleconference Meetings of the Board of Directors and Community Advisory Committee Pursuant to AB 361 (Staff Recommendation: Approve) - pg. 11
3. Approve 3% Performance-Based Salary Increase for CEO Syphers to be Effective March 1, 2022 (Staff Recommendation: Approve) - pg. 15
4. Delegate Authority to the CEO or His Designee to Execute a Legal Services Agreement with Best Best & Krieger LLP in the Amount Not-To-Exceed of $180,000 (Staff Recommendation: Approve) - pg. 17

BOARD OF DIRECTORS REGULAR CALENDAR

5. Appointment of Chair and Vice Chair of the Board for One-Year Terms (Staff Recommendation: Approve) - pg. 19
6. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 21
7. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 33
8. Approve Parameters to Establish New Customer Rates for Implementation Following Certain Changes to Customer Exit Fees on or After March 1, 2022 (Staff Recommendation: Approve) - pg. 45
9. Recieve Empower Update – Engaging Youth (Staff Recommendation: Receive and File) - pg. 49

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

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

ADJOURN

COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator
CCA	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP's standard service
CPUC	California Public Utility Commission
DER	Distributed Energy Resource
DR	Demand Response
ERRA	Energy Resource Recovery Account
EverGreen	SCP's 100% renewable, 100% local energy service
Geothermal	A locally-available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case
GridSavvy	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.
IOU	Investor Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan
JPA	Joint Powers Authority
MW	Megawatt (Power = how fast energy is being used at one moment)
MWh	Megawatt-hour (Energy = how much energy is used over time)
NEM	Net Energy Metering
NetGreen	SCP's net energy metering program
PCIA	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&E prior to their switch.)*
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers – Fully subscribed
RA	Resource Adequacy – a required form of capacity for compliance
RPS	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.
REC	Renewable Energy Credit – process used to track renewable energy for compliance in California.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day and by season

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Sonoma Clean Power

AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, JANUARY 6, 2022
8:45 A.M.

******AB 361******
RE CORONAVIRUS COVID-19

CONSISTENT WITH THE PROVISIONS OF AB 361 WHICH SUSPENDED CERTAIN REQUIREMENTS OF THE BROWN ACT, MEMBERS OF THE BOARD OF DIRECTORS PARTICIPATED IN THE JANUARY 6, 2022, MEETING BY TELECONFERENCE.

CALL TO ORDER

Chair Bagby called the meeting to order at approximately 8:52 a.m.

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

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 Programs; Kate Kelly, Director of Public Relations and Marketing; Scott Salyer, Programs Manager; Claudia Sisomphou, Communications Specialist; and Joshua Nelson, Special Counsel.

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve December 2, 2021, Draft Board of Directors Meeting Minutes
2. Authorize Extension of SCP Resolution 2021-05 Permitting Remote Teleconference Meetings of the Board of Directors and Community Advisory Committee Pursuant to AB 361
3. Pass a Resolution Opposing the Use of Rail to Transport U.S. Coal for Export
4. Receive Update of 2020 Power Content Label
5. Receive Legislative and Regulatory Updates
6. Approve and Ratify the Sonoma Clean Power Market Access Program Plan

Vice Chair King asked about PG&E's Power Content Label Item 4, if there is an inventory of PG&E power contracts that shows termination dates as it relates to the PCIA. Neal Reardon, Director of Regulatory Affairs, responded that there is not a formal inventory, but the information is available via data requests. Geof Syphers, Chief Executive Officer, requested that a Power

Charge Indifference Adjustment (PCIA) discussion be brought to a future Board meeting.

Public Comment: None

Motion to Approve the January 6, 2022, Board of Directors Consent Calendar by Director Fudge

Second: Director Rogers

Motion passed by roll call vote: 11 – 0 – 0

BOARD OF DIRECTORS REGULAR CALENDAR

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

   Stephanie Reynolds, Director of Internal Operations, introduced two new employees: Monica Arroyo, Customer Service Representative, and Felicia Smith, Programs Manager, who were recently hired at SCP. She gave a brief update on the Advanced Energy Center and the On-Bill Finance program before discussing Mendocino County participation rates in SCP.

   CEO Syphers discussed financials and stated that at the next Board meeting, SCP will ask for parameters to adjust customer rates.

   CEO Syphers announced that S&P Global has issued SCP an "A" credit rating, reflecting that SCP has demonstrated ongoing fiscal strength despite multiple emergencies, including wildfires and COVID-19.

   CEO Syphers announced that the Board-appointed ad hoc committee assembled to fill vacancies on the Community Advisory Committee (CAC) met again and decided to reopen a 2nd round of recruitments to fill the remaining vacant seat. This recruitment will be open for 3 months. Director Slayter asked what a credit rating does and what it means for SCP. CEO Syphers answered that it allows SCP to speed up negotiating for power supply agreements, allows for less cash collateral when issuing debt, and would allow SCP the ability to issue bonds.

   Public Comment: None

8. Accept the Independent Draft Report for the Financial Statements from Fiscal Years Ending June 30, 2020, and June 30, 2021

   Brett Bradford and Kellin Gilbert, Pisenti & Brinker Certified Public Accountants, presented a draft report for the Financial Statements from Fiscal Years Ending June 30, 2020, and June 30, 2021. They announced that their audit is complete, and they found SCP's financial statements to be materially accurate and there are no significant deficiencies in internal control. Jenna Blanchard, also from Pisenti & Brinker, then described what went into their risk assessment including: reviewing policies and procedures, the current economic climate, revenue recognition, the existence of cash and securities and the accrued cost of electricity. Mr. Gilbert then described required board communications.

Director Reynolds noted that the audited statements will be available on the SCP website.

Public Comment: None

Motion to Accept the Independent Draft Report for the Financial Statements from Fiscal Years Ending June 30, 2020, and June 30, 2021, by Vice Chair King

Second: Director Rogers

Motion passed by a roll call vote: 11 – 0 -- 0

9. Delegate Authority to the CEO or Designee to Execute a Professional Services Agreement with StopWaste in the Amount Not-To-Exceed of $300,000 ($30,000 in Administration Fees and $270,000 in Customer Incentives) to Provide SCP Incentives Through the BayREN Multifamily Building Enhancement (BAMBE) Program

Scott Salyer, Programs Manager, briefed the Board on the proposed pilot program which would provide SCP incentives to building owners participating in the existing BayREN Bay Area Multifamily Building Enhancements (BAMBE) program. The existing BAMBE program offered by BayREN provides free consultation to building owners and incentives of $750 per unit for upgrades that reduce greenhouse gas emissions. Salyer stated that SCP would be providing additional incentives including smart thermostats and EV chargers as well. Salyer mentioned that, because BayREN does not operate in Mendocino County, this pilot program will not be available in Mendocino County, however SCP is actively researching equitable options for those customers.

Director Fudge requested to see a message from SCP that is up-front and lets customers know of incentives for ageing appliances. Rebecca Simonson, Director of Programs, confirmed that SCP is focusing on drafting a message.

Vice Chair King inquired about what outreach has been made to smaller landlords. Director Simonson added that BayREN required a minimum of 5 units for the program.

Director Hopkins requested that SCP conduct outreach with North Bay Association of Realtors (NORBAR) and other tenant organizations. She also asked how SCP can extend these programs northward. noted that SCP's newest Program Manager, Felicia Smith, was brought on to focus on Mendocino County and strategize on a regional energy network (REN).

Chair Bagby mentioned that the California legislature was working on legislation dealing with weatherization and she asked how this could dovetail with the BayREN Program. CEO Syphers explained that state funding is typically channeled through regional energy networks like BayREN, and SCP will lobby for Mendocino's inclusion.

Director Gjerde announced that Mendocino County, in partnership with Humboldt County, is applying for membership in a rural REN and he will circle back with Director Simonson about it.

Public Comment: None

Motion to Delegate Authority to the CEO or Designee to Execute a Professional Services Agreement with StopWaste in the Amount Not-To-Exceed of $300,000 ($30,000 in Administration Fees and $270,000 in Customer Incentives) to Provide SCP Incentives Through the BayREN Multifamily Building Enhancement (BAMBE) Program by Director Rogers

Second: Director Elward

Motion passed by a roll call vote: 11 – 0 – 0

At approximately 9:52 a.m., Chair Bagby called for a 7-minute recess.

10. Continuation of Update on Empower (SCP's Community Engagement, Education, and Outreach)

Claudia Sisomphou, Communications Specialist, continued her update on "Empower," from the December 2, 2022, SCP Board of Director's Meeting with a focus on equity. Sisomphou explained that Empower is an agency-wide endeavor to improve the relevance, reach, and impact of SCP's partnerships, community offerings, education, engagement and outreach efforts. She explained that a focus on equity requires meeting the underserved's needs, wider participation across demographic groups, working with Programs Equity Framework, and attention toward SCP's core brand pillars.

Vice chair King noted that communication is key and the more people that know about SCP, the more effective it will be.

Director Hopkins suggested that SCP take advantage of untapped resources including youth and environmental organizations using Health Action as a model. She also requested that the SCP BOD be given training on equity.

Director Fudge requested that when SCP staff sees opportunities in technologies, SCP should call it to the attention of its customers.

Director Landman reiterated that SCP has made strong efforts not to leave communities behind.

Director Elward suggested that since the Board Members know their districts, they should aid staff in communicating with underrepresented areas.

Director Slayter suggested the use of campaign tactics to communicate, including lawn signs.

Director Peters suggested that SCP adopt a slogan and a mascot.

Public Comment: Madge Strong is planning a session to discuss SCP and power at the Willits Economic Localization.

11. Receive 2021 Annual Report

Kate Kelly, Director of Public Relations and Marketing, presented the 2021 Annual Report. The report begins with a nod to the Advanced Energy Center followed by messages from CEO Syphers and Chair Bagby. Director Kelly stated that the report will be available on the SCP website following the Board of Directors meeting. She detailed several SCP programs including Bike Electric, GridSavvy, and Electric Vehicle Charging. Director Kelly highlighted EverGreen at the end of the report and indicated that SCP is working on a case study for the EverGreen program.

Public Comment: None

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

Vice Chair King announced that he was re-appointed to the SCP Board of Directors and his alternate is Petaluma Council Member Kevin McDonald. He thanked Rohnert Park for subscribing to EverGreen and congratulated SCP for being positively mentioned for reducing greenhouses gases at the Petaluma City Council meeting.

Director Rogers announced that on Wednesday, January 12, 2022, at 4 p.m., the Santa Rosa Climate Action Sub-Committee will give a presentation identifying the effect joining EverGreen has had for the City of Santa Rosa.

Chair Bagby requested a future agenda item describing the effects being a part of EverGreen has on local communities.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Public Comment: Linda and Leighton Richardson submitted the written comment below:

"Dear Board Members

As a Sonoma Clean Power customer and a household with a home solar system including power backup as well as an electric vehicle, we are concerned about the agenda of the upcoming meeting of the CPUC on 27 January 2022.

If I understand the proposal correctly, the PUC wants to implement a $57/Month ($684/Yr) penalty charge for solar ownership, cut solar credits for clean energy sent to the grid by 80% and roll back existing protections to solar users.

Please use your influence with Governor Newsom and the CPUC to stop these proposals and to work on measures that promote, support and continue to encourage the deployment of clean solar energy.

The CPUC's (PG&E's) measures are short sighted, punitive and regressive.

We need clean progressive energy measures and legislation to save our environment.

Sincerely,

Lynda & Leighton Richardson"

BC Capps announced Region Climate Protection Authority's countywide contract with the Bay Area Regional Energy Network (BayREN) and invited Council Members to give presentations on services available through BayREN.

ADJOURN

The meeting was adjourned at approximately 10:57 a.m.

Sonoma Clean Power

Staff Report – Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO

Issue: Authorize Extension of SCP Resolution 2021-05 Permitting Remote Teleconference Meetings of the Board of Directors and Community Advisory Committee Pursuant to AB 361

Date: February 3, 2022

Requested Action:

Authorize extension of SCP Resolution 2021-05 to permit remote teleconference meetings of the Board of Directors and Community Advisory Committee pursuant to AB 361.

Summary of the Item:

On September 16, 2021, the Governor signed AB 361, which allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees.

In order to continue to qualify for AB 361's waiver of in-person meeting requirements, the Board must, within thirty (30) days of its first meeting under AB 361, and every thirty (30) days thereafter, make findings that (a) state or local officials continue to recommend measures to promote social distancing, or that (b) an in-person meeting would constitute an imminent risk to the safety of attendees. This item would extend Resolution 2021-25 by making the necessary findings to permit remote meetings.

Attachment:

- Resolution 2021-05 of the Board of Directors of the Sonoma Clean Power Authority

RESOLUTION NO. 2021 - 05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY AUTHORIZING VIRTUAL BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361

WHEREAS, the Sonoma Clean Power Authority ("SCP") is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of SCP's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate in SCP's meetings; and

WHEREAS, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

WHEREAS, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

WHEREAS, pursuant to the Governor's executive orders, SCP has been holding virtual meetings during the pandemic in the interest of protecting the health and safety of the public, SCP staff, and Directors; and

WHEREAS, the Governor's executive order related to the suspension of certain provisions of the Brown Act expired on September 30, 2021; and

WHEREAS, on September 16, 2021 the Governor signed AB 361 (in effect as of October 1, 2021 – Government Code Section 54953(e)), which allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in SCP, specifically, a state of emergency has been proclaimed related to COVID-19, Sonoma and Mendocino County officials are imposing and recommending measures to promote social distancing, and because of the ongoing threat of COVID-19, meeting in person would present imminent risks to the health and safety of attendees;

WHEREAS, these recommendations include the September 24, 2021 Recommendation of the Sonoma County Health Officer Dr. Sundari R. Mase which outlines specific social distancing recommendations for in-person meetings by local agencies within Sonoma County;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Remote Teleconference Meetings: Consistent with the provisions of Government Code Section 54953(e), the Board of Directors finds and determines that (1) a state of emergency related to COVID-19 is currently in effect; (2) local officials in Sonoma and Mendocino Counties have imposed or recommended measures to promote social distancing in connection with COVID-19, including indoor mask requirements and minimum recommend distance between attendees; and (3) due to the COVID-19 emergency, meeting in person would present imminent risks to the health and safety of attendees. Based on such facts, findings and determinations, the Board authorizes staff to conduct remote teleconference meetings of the Board of Directors, including the Community Advisory Committee and other legislatives bodies, under the provisions of Government Code Section 54953(e).

Section 3. Effective Date of Resolution. This Resolution shall take effect October 7, 2021, and shall be effective for 30 days or until this Resolution is extended by a majority vote of the Board of Directors in accordance with Section 4 of this Resolution.

Section 4. Extension by Motion. The Board of Directors may extend the application of this Resolution by motion and majority vote by up to thirty days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3).

PASSED AND ADOPTED by the Board of Directors of the Sonoma Clean Power Authority this 7th day of October 2021, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN/ ABSENT
Cloverdale	Director Bagby	X		
Cotati	Director Landman	X		
Fort Bragg	Director Peters	X		
Petaluma	Director King	X		
Rohnert Park	Director Elward	X		
Santa Rosa	Director Rogers			X
Sebastopol	Director Slayter	X		
Sonoma	Director Felder	X		
Windsor	Director Fudge	X		
County of Mendocino	Director Gjerde	X		
County of Sonoma	Director Hopkins	X		

In alphabetical order by jurisdiction

Chair, Sonoma Clean Power Authority

Attest:

Clerk of the Board

APPROVED AS TO FORM:

Special Counsel,
Sonoma Clean Power Authority

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Staff Report – Item 03

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

From: **Melanie Bagby, Chair**
Dave King, Vice Chair

Issue: **Approve Performance-Based Salary Increase for CEO Syphers**

Date: **February 3, 2022**

Requested Action

Approve a 3.0% performance-based salary increase to be effective March 1, 2022, for CEO Syphers.

Discussion

Mr. Syphers' contract provides a 2.0% automatic annual increase in salary and allows the Board of Directors to provide up to an additional 3.0% increase based on performance in achieving the Board's adopted goals. While Mr. Syphers received a very positive performance evaluation for Fiscal Year 2020-2021, he voluntarily declined the performance increase based on uncertainty about the potential impact of the COVID-19 pandemic on SCP's finances. This was consistent with how salary adjustments were handled for other staff members.

Fortunately, and in large part due to Mr. Syphers' leadership, SCP remains in a strong financial position and other staff members have received performance and similar increases in January 2022. Due to this, the Board may wish to consider providing Mr. Syphers with his performance salary increase, effective March 1, 2022.

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Staff Report – Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO

Issue: Delegate Authority to the CEO or His Designee to Execute a Legal Services Agreement with Best Best & Krieger LLP in the Amount Not-To-Exceed of $180,000

Date: February 3, 2022

Requested Action

Staff requests that the Board of Directors delegate authority to the Chief Executive Officer or his designee to execute a Legal Services Agreement with Best Best & Krieger LLP with a not-to-exceed budget of $180,000.

Background

Sonoma Clean Power utilizes a number of firms for its legal services needs. This includes Best Best & Krieger LLP, which currently provides Special Counsel services to Sonoma Clean Power. Special Counsel performs many functions provided by other agencies' county counsel, city attorney, or general counsel, including attending Board of Directors meetings and providing advice on Brown Act and similar transparency laws. SCP uses different counsel for specialized energy and other regulatory matters.

Special Counsel serves at the pleasure of the Board of the Directors. Over the years, Sonoma Clean Power has utilized different models for this role, including an in house counsel. Since 2020, BB&K has served in this function with Harriet Steiner acting as the named Special Counsel until mid-2021 when Josh Nelson assumed this role.

Discussion

Historically, SCP has entered into annual agreements with BB&K for Special Counsel services. This item would approve the agreement for this calendar year, and as staff is comfortable with BB&K's performance, would include two additional years for a proposed three-year term. This agreement would remain terminable by SCP at its election with written notice.

Fiscal Impact

The total proposed not-to-exceed amount for the agreement is $180,000 but BB&K has generally been under $50,000 per year. BB&K is requesting a rate increase this year but the agreement allows the CEO to approve inflationary or similar rate adjustments in future years at his discretion.

Attachments

- Draft Legal Services Agreement with Best Best & Krieger LLP
  (Available at this link or by request from the Clerk of the Board.)

Sonoma Clean Power

Staff Report – Item 05

To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations

Issue: Appointment of Chair and Vice Chair of the Board for One-Year Terms

Date: February 3, 2022

Requested Board Action:

Nominate and approve the appointments of Chair and Vice Chair of the Sonoma Clean Power Authority Board of Directors for the next 12 months.

Background:

The appointment of Chair and Vice Chair for the Sonoma Clean Power Board of Directors is for twelve months. The term begins after appointment at the February meeting and continues until the next appointment the following February.

There are no additional written materials for this item.

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Staff Report – Item 06

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: February 3, 2022

ADVANCED ENERGY CENTER

Due to the sharp increase in COVID-19 cases in Sonoma County, the Advanced Energy Center was closed to the general public on Thursday, January 13. Previously scheduled private tours have still been held, with safety precautions in place. During the closure, staff have been working on displays and improvements to the audio/video systems. We hope to reopen to the general public for walk-in traffic in the very near future.

2022 CHAIR AND VICE CHAIR APPOINTMENTS FOR THE COMMITTEE

At the February meeting of the Community Advisory Committee (CAC), the opening of nominations and appointment of the Chair and Vice Chair for the next 12 months will be on the agenda.

CALeVIP PROGRAM UPDATE

It has been 18 months since the Sonoma Coast Incentive Project (or CALeVIP) launched in July 2020, with the goal of promoting easy access to electric vehicle (EV) chargers in Mendocino and Sonoma counties. As of January 2022, we have 20 public EV charging sites in progress - representing 46 new DC Fasting Charging ports and

129 Level 2 ports. We expect that number to go up with additional funding programmed for the 2nd and 3rd year of the project.

We are looking forward to the first station opening in 2022, after granting several extensions where the applicant was able to provide justification. The most common justifications include ripple effects from the pandemic such as finding labor, job sites being closed for months, supply chain delays to get equipment and materials, permitting and inspection delays from cities, and delays working with utilities.

The project is funded with a total of $6.63 million available over three years from the California Energy Commission, SCP, and the Northern Sonoma County Air Pollution Control District. The project was quickly oversubscribed after opening and has a sizable wait list. SCP staff is now working to unlock additional funding to help construct wait-listed fast charging applications in underserved areas. Staff will return as soon as there is more news to share.

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is slightly lower than projections due primarily to greater than expected cost of energy. Revenue from electricity sales is nearly equal to budget projections, and cost of energy is more than expectations by approximately 11%. Year-to-date electricity sales reached $76,386,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position is a positive $90,524,000. In addition to Net Position, SCP maintains an Operating Account Fund of $26,000,000 at the end of the period. Approximately $72,429,000 is set aside for reserves (Operating Reserve: $59,327,000; Program Reserve: $10,865,000; and Collateral Reserve: $2,237,000).

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 2021/22 budget approved by the Board of Directors in June 2021.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2021/22 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 on target with the budget at the end of the reporting period.

The cost of electricity is more than the budget-to-date by approximately 11%. 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, except for Energy which is considerably higher than forecast for SCP and nearly all electric providers from July 2021 through the current month.

ATTACHMENTS

- November 2021 Financials

UPCOMING MEETINGS

- Community Advisory Committee – February 17, 2022
- Board of Directors – March 3, 2022
- Community Advisory Committee – March 17, 2022
- Board of Directors – April 7, 2022

MAHER
ACCOUNTANCY

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 November 30, 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
January 3, 2022

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Five Months Ended November 30, 2021

	2021/22 YTD Budget	2021/22 YTD Actual	2021/22 YTD Budget Variance (Under) Over	2021/22 YTD Actual / Budget %	2021/22 Budget	2021/22 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 75,453,344	$ 75,513,726	$ 60,382	100%	$ 179,277,000	$ 103,763,274
Evergreen Premium (net of allowance)	805,960	871,924	65,964	108%	2,074,000	1,202,076
Inflow from Operating Account Fund Reserves	-	-	-	0%	1,353,000	1,353,000
CEC Grant	860,417	571,133	(289,284)	66%	2,065,000	1,493,867
BAAQMD grant	20,833	41,500	20,667	199%	50,000	8,500
Interest income	350,000	128,087	(221,913)	37%	840,000	711,913
Total revenue and other sources	77,490,554	77,126,370	(364,184)	100%	185,659,000	108,532,630
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	70,976,325	78,843,413	7,867,088	111%	159,436,000	80,592,587
Data management	1,332,243	1,329,181	(3,062)	100%	3,198,000	1,868,819
Service fees- PG&E	405,161	403,747	(1,414)	100%	973,000	569,253
Personnel	2,583,333	2,025,353	(557,980)	78%	6,200,000	4,174,647
Outreach and communications	562,500	346,153	(216,347)	62%	1,350,000	1,003,847
Customer service	151,250	145,320	(5,930)	96%	363,000	217,680
General and administration	475,000	338,471	(136,529)	71%	1,140,000	801,529
Legal	170,833	167,197	(3,636)	98%	410,000	242,803
Regulatory and compliance	179,167	67,309	(111,858)	38%	430,000	362,691
Accounting	102,083	92,350	(9,733)	90%	245,000	152,650
Legislative	50,000	-	(50,000)	0%	120,000	120,000
Other consultants	93,750	195,721	101,971	209%	225,000	29,279
Industry memberships and dues	223,333	211,137	(12,196)	95%	536,000	324,863
Program implementation	2,350,000	623,429	(1,726,571)	27%	5,640,000	5,016,571
Program - CEC grant	1,666,667	591,373	(1,075,294)	35%	4,000,000	3,408,627
Total current expenditures	81,321,645	85,380,154	4,058,509	105%	184,266,000	98,885,846
OTHER USES						
Capital outlay	580,417	531,585	(48,832)	92%	1,393,000	861,415
Total Expenditures, Other Uses and Debt Service	81,902,062	85,911,739	4,009,677	105%	185,659,000	99,747,261
Net increase (decrease) in available fund balance	$ (4,411,508)	$ (8,785,369)	$ (4,373,861)		$ -	$ 8,785,369

** Represents sales of approximately 940,000 MWh for 2021/22 YTD actual.*

RESERVES	Current Balance	% of Long-Term Target	Long-Term Target Balance
Operating Cash Reserve	$ 59,327,000	64%	$ 92,133,000
Program Cash Reserve	10,865,000	59%	18,426,600
Collateral Cash Reserve	2,237,000	14%	15,943,600
	$ 72,429,000	57%	$ 126,503,200

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
Five Months Ended November 30, 2021

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	(8,785,369)
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(567,213)
Add back capital asset acquisitions		548,535
Add back certain program expenses recognized for budget purposes only		(360,000)
Change in net position	$	(9,164,047)

MAHER
ACCOUNTANCY

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 November 30, 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
January 3, 2022

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of November 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 44,161,786
Accounts receivable, net of allowance	19,415,534
Other receivables	2,149,382
Accrued revenue	8,138,197
Prepaid expenses	1,173,801
Deposits	4,599,205
Total current assets	79,637,905
Noncurrent assets	
Unrestricted cash in Rate Stabilization Fund	26,000,000
Deposits	6,160,922
Land	860,520
Capital assets, net of depreciation	19,021,375
Total noncurrent assets	52,042,817
Total assets	131,680,722
LIABILITIES	
Current liabilities	
Accrued cost of electricity	11,328,715
Accounts payable	816,116
Other accrued liabilities	2,508,161
User taxes and energy surcharges due to other governments	503,564
Total current liabilities	15,156,556
DEFERRED INFLOWS OF RESOURCES	
Rate Stabilization Fund	26,000,000
NET POSITION	
Investment in capital assets	19,881,895
Unrestricted	70,642,271
Total net position	$ 90,524,166

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Five Months Ended November 30, 2021

OPERATING REVENUES	
Electricity sales, net	$ 75,513,726
Evergreen electricity premium	871,924
Grant revenue	612,633
Total operating revenues	76,998,283
OPERATING EXPENSES	
Cost of electricity	78,843,413
Contract services	3,666,459
Staff compensation	2,025,353
General and administration	712,279
Program rebates and incentives	475,700
Depreciation	567,213
Total operating expenses	86,290,417
Operating income (loss)	(9,292,134)
NONOPERATING REVENUES (EXPENSES)	
Interest income	128,087
Nonoperating revenues (expenses), net	128,087
CHANGE IN NET POSITION	(9,164,047)
Net position at beginning of period	99,688,213
Net position at end of period	$ 90,524,166

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
Five Months Ended November 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	77,602,767
Other operating receipts		2,286,134
Payments to electricity suppliers		(83,126,391)
Payments for other goods and services		(4,963,112)
Payments for staff compensation		(2,121,809)
Tax and surcharge payments to other governments		(1,033,678)
Payments for program rebates and incentives		(572,948)
Net cash provided (used) by operating activities		(11,929,037)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to acquire capital assets		(3,150,742)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received		145,201
Net cash provided (used) by investing activities		145,201
Net change in cash and cash equivalents		(14,934,578)
Cash and cash equivalents at beginning of year		85,096,364
Cash and cash equivalents at end of period	$	70,161,786
Reconciliation to the Statement of Net Position		
Unrestricted cash and cash equivalents (current)	$	44,161,786
Unrestricted cash and cash equivalents (noncurrent)		26,000,000
Cash and cash equivalents	$	70,161,786

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
Five Months Ended November 30, 2021

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	$	(9,292,134)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		567,213
Revenue adjusted for allowance for uncollectible accounts		1,558,907
(Increase) decrease in:		
Accounts receivable		(2,199,309)
Other receivables		(623,539)
Accrued revenue		840,407
Prepaid expenses		(63,459)
Deposits		(806,289)
Increase (decrease) in:		
Accrued cost of electricity		(2,216,927)
Accounts payable		(603,664)
Accrued liabilities		(767,638)
User taxes due to other governments		(16,564)
Supplier security deposits		1,693,959
Net cash provided (used) by operating activities	$	(11,929,037)

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Staff Report – Item 07

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: **February 3, 2022**

Requested Action:

Receive Legislative and Regulatory Updates and Provide Direction as Appropriate.

Updates:

Proposed Decision Implementing New Rates

On January 24, 2022, the assigned Administrative Law Judge ("ALJ") of PG&E's Energy Resources Recovery Account ("ERRA") Forecast proceeding issued a Proposed Decision which would lower exit fees levied on CCA customers and raise PG&E's bundled generation rates. This proposal would conclude the ERRA Forecast case, which Sonoma Clean Power and other Northern California CCAs began litigating last Spring. If enacted as written, PG&E bundled rates and CCA exit fees would both be changed March 1st, 2022.

This rate change would significantly improve Sonoma Clean Power's "headroom" - the amount of revenue needed to pay costs while remaining competitive with PG&E – beginning in March. There are three contributing factors to the increase in PG&E rates and decrease in CCA exit fees, all related to the difference between forecasted market prices and prices later observed in the market. In late 2020, PG&E forecasted that energy prices would remain stable through 2021. However, prices increased dramatically. These higher prices resulted in PG&E having to spend more to provide service to their bundled customers than they were collecting in rates during 2021. Now, bundled customers are paying back these under-collections made in 2021.

Also, because prices were higher than PG&E predicted, the utility lost less than expected from the long-term energy supply contracts at fixed prices. During 2021, expecting significant losses, PG&E charged CCA customers a very high exit fee called the Power Charge Indifference Adjustment ("PCIA"). However, because the actual 2021 losses were less than predicted, the utility is now crediting back those over-collections to CCA customers. Finally, because forward prices for the year 2022 are higher than they were last year, PG&E will also collect more from bundled customers beginning in March to serve them for the rest of the year. They will also collect less from CCA customers beginning in March as these higher forward market prices indicate the utility should expect to incur fewer losses from long-term contracts in the upcoming year.

If the CPUC approves the Proposed Decision as written on their February 10th meeting, PG&E would provide updated rates by the end of the month. SCP staff will bring a separate item to the board recommending adoption of rates based on the final rates adopted by PG&E. Adjustments to SCP rates would go into effect on April 1st, 2022.

Legislative Updates:

Sacramento has started the 2022 session, and energy and climate related bills are starting to trickle in. The biggest news so far is Governor Newsom's budget proposal, which includes $15 billion of the state's surplus to go toward measures to combat the climate crisis. See attached.

Assembly Member Lorena Gonzalez, from Southern San Diego, resigned her seat to take the top spot at the California Labor Federation. She will be replacing Art Pulaski, who is expected to retire from the union post in July 2022.

Assembly Member Holden was selected for Chair of Appropriations, and Assembly Member Eduardo Garcia will be the new Chair of the Assembly Utilities and Commerce Committee.

Senator Mike McGuire was elevated to Majority Leader and authored Senate Resolution SCR-53 declaring a Climate Emergency, which was consistent with SCP's adopted Legislative Platform, so staff immediately supported the resolution. You can see SCP's brief letter and the analysis in the attachments. SCP was joined in support by MCE and the Climate Center, along with a few other regional organizations. There is no opposition so far.

Senator Bill Dodd also reintroduced language CLECA had authored a year ago relating to demand response programs for large industrial customers with SB 839, although neither SCP nor CalCCA have had time to fully analyze the bill yet.

Attachments:

- 2022-23 Governor's Climate Change Proposed Budget
  (Available at this link or by request from the Clerk of the Board.)
- SCR 53 (McGuire) - Letter of Support
- Bill SCR 53 (McGuire) – Resolution to Declare Climate Emergency

Sonoma Clean Power

431 E Street
Santa Rosa, CA 95404

sonomacleanpower.org

January 4, 2022

The Honorable Mike McGuire
Member of the Senate
1021 O Street, Suite 8620
Sacramento, CA 95814

Re: SCR 53 (McGuire) - SUPPORT

Dear Senator McGuire,

Thank you for working to elevate the urgency of addressing our global climate crisis with SCR 53. Sonoma Clean Power (SCP) strongly supports the resolution.

Last year, in partnership with the California Energy Commission, SCP opened the nation's first Advanced Energy Center in downtown Santa Rosa dedicated to helping people upgrade their homes and cars to use clean renewable energy for every purpose. The Counties of Mendocino and Sonoma are also now receiving 100% locally-produced renewable energy from SCP every hour of the year.

It's progress, but there is far to go. We look forward to working with you on the next big climate initiative.

Sincerely,

Geof Syphers

Geof Syphers, CEO

copy: Members of the Senate Environmental Quality Committee
Eric Walters, Consultant
Chris Nielsen, Legislative Director

SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
Senator Allen, Chair
2021 - 2022 Regular

Bill No:	SCR 53		
Author:	McGuire		
Version:	6/22/2021	**Hearing Date:**	1/10/22
Urgency:	No	**Fiscal:**	No
Consultant:	Eric Walters		

SUBJECT: Climate change

DIGEST: This resolution would declare that a climate emergency threatens the state, the nation, the planet, the natural world, and all of humanity.

ANALYSIS:

Existing law:

1) Under the California Global Warming Solutions Act of 2006 (Health and Safety Code (HSC) §38500 et seq.):

    a) Establishes the Air Resources Board (ARB) as the state agency responsible for monitoring and regulating sources emitting greenhouse gases (GHGs).

    b) Requires ARB to approve a statewide GHG emissions limit equivalent to the statewide GHG emissions level in 1990 to be achieved by 2020 (AB 32, 2006) and to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030. (SB 32, 2015)

    c) Requires ARB to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in GHG emissions and to update the scoping plan at least once every 5 years.

    d) Requires ARB when adopting regulations, to the extent feasible and in furtherance of achieving the statewide GHG emissions goal, to do the following:
        i) Ensure that activities undertaken to comply with the regulations do not disproportionately impact low-income communities.
        ii) Ensure that activities pursuant to the regulations do not interfere with efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant emissions.

iii) Consider overall societal benefits, including reductions in other air pollutants, diversification of energy sources, and other benefits to the economy, environment, and public health.
iv) Consider cost-effectiveness of these regulations.

This resolution:

1) States that California has proven to be a leader in adopting policies to address climate change.

2) Acknowledges that the consequences of climate change are causing multiple crises across the globe.

3) Recognizes that 97% of scientists agree that climate change is human induced and warn that the planet's warming should not exceed 1.5 °C.

4) Finds that the United States has rejoined the Paris Agreement and global emissions must begin to fall by 7.6% each year beginning in 2020 in order to meet the most ambitious goals of the Paris Agreement.

5) Finds that climate change will cause sea level rise, ocean acidification and warming, impact human health, disproportionately impact marginalized communities, all of which have impacts across California and across the globe.

6) Recognizes that California has been profoundly impacted by several natural disasters, made worse by climate change, and the state has already warmed by 3 °F over the past century, which has led to a hotter and drier climate that exacerbates wildfires.

7) Finds that 40 cities and counties in California have already declared climate emergencies as well as many governments and universities globally.

8) States that California has demonstrated a remarkable capacity to protect human health in the face of a crisis during the COVID-19 pandemic, and must apply those lessons to protect communities from climate change.

9) Declares that the State of California must commit to ensuring that its actions remain in alignment with the most current science regarding climate change and do everything in its power to encourage swift conversion to an ecologically, socially, and financially stable economy.

10) Resolves that the California State Legislature declare that the climate emergency threatens the state, the nation, the planet, the natural world, and all of humanity.

Background

1) *The climate crisis in California.* California is particularly susceptible to the harmful effects of climate change, including an increase in extreme heat events, drought, wildfire, sea level rise, and more. According to the Fourth California Climate Change Assessment, by 2100, the average annual maximum daily temperature is projected to increase by 5.6-8.8 °F, water supply from snowpack is projected to decline by two-thirds, the average area burned in wildfires could increase by 77%, and 31-67% of Southern California beaches may completely erode without large-scale human intervention, all under business as usual and moderate GHG reduction pathways.

   California is already experiencing the effects of climate change now. For example, eight out of the past ten years have had significantly below average precipitation. As of September 2020, the state has experienced a degree of wildfire activity that California's Fourth Climate Change Assessment initially forecasted to not occur until 2050. We can expect effects such as these as well as extreme weather events to increase over time until global GHG emissions are significantly reduced.

2) *The scientific consensus on climate change*. Over 40 years ago in 1979, scientists from 50 nations met at the First World Climate Conference in Geneva and agreed that climate change was an alarming concern that necessitated urgent action. Since then, through many more global assemblies and meetings, scientists have continued to warn of insufficient progress towards mitigating global climate change. In a study published November 2019 in the journal *Bioscience*, more than 11,000 scientists from around the world declared that the planet "clearly and unequivocally faces a climate emergency." The article also laid out six broad policy goals that must be met to address climate change, including decarbonizing the energy sector, reducing short-lived climate pollutants, protecting and restoring natural ecosystems, changing the food system to be more plant-based and sustainable, and decoupling the global economy from excessive extraction and overexploitation of ecosystems.

   The International Panel on Climate Change (IPCC), an intergovernmental body of the United Nations formed in 1988, is often seen as the leading international body of scientists on climate change. Since their landmark Fifth Assessment Report in 2014 declaring that, to ensure that the most harmful impacts of climate change are avoided, global warming should not surpass 2 °C, their recommendations have only become more urgent. In 2018, they released a special report stating that warming should actually not surpass 1.5 ℃. On August 9th, the first installment of the Sixth Assessment Report on Climate Change was released. This report states that scientists are currently observing climate change in motion, with changes in the Earth's climate measured in every region across the whole climate system. This has and will continue to lead to an increase in extreme weather events and irreversible changes to ecosystems and local environments the will continue to wreak havoc for humans over the next several decades. It also warns that the chances of limiting warming to 1.5-2 ℃ are slipping out of reach without drastic and immediate global action to transition away from fossil fuels and reduce GHG emissions to zero by around 2050.

3) *Global climate goals and progress*. In 2015, The Paris Climate Agreement, an international treaty on climate change, was adopted and signed by 195 nations. The goal of the agreement is to keep the rise in mean global temperatures below 2 ℃ above preindustrial levels, and preferably below 1.5 ℃ in order to avoid the worst impacts of climate change. Emissions should be reduced as soon as possible and reach net-zero in the second half of the 21st century. Under the agreement, each country must determine, plan, and regularly report on its contributions.

The United Nations Environment Programme (UNEP) releases an annual Emissions Gap Report to provide an update on global progress towards reducing emissions and updated targets to avoid the worst effects of climate change if 1.5 ℃ is exceeded. In their 2020 report, they make several recommendations for global climate policy to ensure a safe climate future for all. The consensus is that, globally, we are currently not on track to reduce emissions in a timely manner. Under current unconditional commitments from the Paris Agreement, temperatures are expected to rise by 3.2 °C. The report warns that unless global GHG emissions fall by 7.6% each year between 2020 and 2030, the world will miss the opportunity to get on track towards the 1.5 °C temperature goal of the Paris Agreement. The global level of ambition for GHG emissions reductions must be roughly tripled for a 2 °C pathway and increased at least fivefold for the 1.5 °C pathway. The United States is identified as one of the countries not on track to meet their current, and insufficient, nationally determined contribution (NDC).

The report also highlights that the growing number of countries committing to net-zero emissions goals by mid-century is the most significant climate policy development of 2020. To remain feasible and credible, these commitments must urgently be translated into strong near-term policies and actions and reflected in NDCs.

The COVID-19 recovery is identified as a vital turning point towards reducing emissions. A green pandemic recovery that accelerates a low-carbon transition could cut up to 25% off the emissions we would expect to see in 2030 compared to the trajectory of emissions based on policies in place prior to COVID-19.

4) *The cost of climate change*. Climate change comes with a huge price tag for every government, and California is no exception. The increasing intensity and frequency of the consequences of climate change will continue to burden budgets. California's 2018 wildfires, less than half the size of the 2020 conflagrations, cost \$148.5 billion in damages (about two thirds of California's pre-COVID 2020 state budget), with \$27.7 billion (19%) in capital losses, \$32.2 billion (22%) in health costs and \$88.6 billion (59%) in indirect losses with a majority of those far from the actual wildfire footprint. The cost of water and energy is predicted to increase significantly as well, especially in the Western United States. The Natural Resources Defense Council (NRDC) estimates that under a business-as-usual scenario, between the years 2025 and 2100, the cost of providing water to the western states in the US will increase from \$200 billion to \$950 billion per year, nearly an estimated 1% of the United States' gross domestic product.

   There is a greater human cost to climate change as well. In addition to capital losses, increased cost of resources, and health costs, the impacts of climate change on mental health, food security, displacement and migration, and more are just coming into the conversation and are still difficult to quantify.

   Of course, taking action to mitigate climate change damages—by reducing emissions, protecting vulnerable communities and assets, and limiting warming—will be costly as well. However, it is important that those costs be compared to the monumental costs of inaction leading to increased warming, more frequent and intense disasters, and greater human health impacts.

5) *Climate change and equity.* The effects of climate change to date have been felt the world over, but the most dire consequences have often struck those least able to defend themselves. This is true both in California and worldwide. Should reaching net zero GHG emissions be delayed and rapid warming allowed to continue, experts predict unprecedented numbers of deaths, ecosystem destruction, and human migration. In a 2019 report on climate change and poverty, the United Nations Human Rights Council states,

"Addressing climate change will require a fundamental shift in the global economy, decoupling improvements in economic well-being from fossil fuel emissions… An over-reliance on the private sector could lead to a climate apartheid scenario in which the wealthy pay to escape overheating, hunger, and conflict, while the rest of the world is left to suffer."

Climate change poses the greatest threat to those least responsible for it, including low-income and disadvantaged populations, women, racial minorities, marginalized ethnic groups, and the elderly. When equity is taken into account for GHG emissions reductions, "the combined emissions of the richest one per cent of the global population account for more than twice the poorest 50 per cent. The elite will need to reduce their footprint by a factor of at least 30 to stay in line with the Paris Agreement targets," according the UNEP 2020 Emissions Gap Report.

Comments

1) *Purpose of Bill.* According to the author, "Experts believe climate change has made California - and the American West - warmer and drier over the last 30 years. Extreme heat is now the top weather-related killer in the US. Western states are more susceptible to extreme drought and larger, more destructive and more frequent wildfires. Our coastal communities are already experiencing early challenges with sea level rise. California's climate has always been variable, but the last couple of decades have been some of the hottest on record here in the Golden State. We know that this crisis is evolving faster than anticipated and communities big and small are starting to witness its damaging impacts.

   "Just last year, the legislature approved over $15 billion in funding to tackle the growing wildfire crisis in this state. We'll be investing in drought response and resiliency, helping communities prepare for extreme heat and sea level rise, advancing more sustainable agriculture practices. This is truly a nation-leading climate agenda. And while we Californians have historically led this nation on emission reduction efforts, now more than ever, we must redouble our focus to combat this growing crisis."

2) *What's in an emergency?* SCR 53 declares that, "the climate emergency threatens the state, the nation, the planet, the natural world, and all of humanity." Given the concordance of such a wide body of scientific evidence supporting this fact, there is little doubt this is true.

   However, the term "climate emergency" does not appear in California statute and merits further consideration. In the 1970 California Emergency Services Act, three conditions or degrees of emergency were established. In particular, a "state of emergency" is, in part, defined as "conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions such as air pollution, fire, flood, storm, epidemic, riot, drought, cyberterrorism, sudden and severe energy shortage, plant or animal infestation or disease." Most of these conditions have worsened (or are expected to) considerably because of increasing global climate change. Therefore, the use of phrase "climate emergency" appears justified.

Related/Prior Legislation

AB 1395 (Muratsuchi, 2021) would have declared that it is the policy of the state to achieve net zero GHG emissions and reduce anthropogenic GHG emissions by at least 90% below the 1990 level no later than 2045, and to achieve and maintain net negative GHG emissions thereafter. AB 1395 is on the Senate inactive file.

SB 582 (Stern, 2021) would, amongst other things, update the statewide GHG emission reduction target to be up to 80 percent by 2030 and require the California Natural Resources Agency (CNRA), the California Environmental Protection Agency (Cal EPA), and ARB to develop a Climate Restoration Plan that specifies carbon removal targets before 2035. SB 582 is on the Senate inactive file.

SOURCE: Author

SUPPORT:

350 Humboldt
350 Silicon Valley
Elders Climate Action, Norcal and Socal Chapters
Fossil Free California
Marin Clean Energy (MCE)
Sonoma Clean Power
The Climate Center

OPPOSITION:

None received

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Sonoma Clean Power

Staff Report – Item 08

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

From: **Rebecca Simonson, Director of Programs**
Ryan Tracey, Director of Planning
Geof Syphers, CEO
Mike Koszalka, Chief Operating Officer

Issue: **Approve Parameters to Establish New Customer Rates for Implementation Following Certain Changes to Customer Exit Fees on or After March 1, 2022**

Date: **February 3, 2022**

Recommended Action:

Approve new customer rates to be implemented as soon as staff practically can following PG&E's expected changes to PCIA and rates expected on or after March 1, 2022, using the following parameters to set the rates:

1. Recovers all forecast expenses in the current fiscal year ending June 30, 2022.
2. All rate classes are reset so SCP customer total bills have an equal percentage difference from bundled service total bills.
3. Sets rates to the lowest values which achieve both of the above criteria so long total bills are between equal and 5% above bundled service bills.
4. Requires that staff return to the Board following rate implementation to have the final rate tables ratified.

Background:

SCP has certain goals with customer rates, including:

- Smooth out energy costs for customers when possible;
- Have few rate changes in a given year to provide stability for customers;
- Recover expenses, and when possible make progress in building cash reserves to meet SCP's adopted long-term reserve targets.

As previously reported, a number of adjustments to PG&E's rates and fees are expected on March 1, 2022. However, it is possible the CPUC's timeline for final approval of those changes could be delayed. As a result, staff are requesting approval of rates in advance so that SCP can adjust rates as quickly as possible following those changes.

The key changes to PG&E's rates and fees expected on March 1, 2022 include:

- A significant increase in PG&E delivery costs for all customers;
- A significant increase in bundled service generation costs for two reasons: PG&E undercollected these costs in 2021 and is predicting higher energy costs in 2022;
- The implementation of a Wildfire Expense Memorandum Account (WEMA) cost recovery charge; and
- A major decrease in the Power Charge Indifference Adjustment for CCA customers for two reasons: PG&E overcollected the PCIA in 2021 and is predicting a lower PCIA in 2022.

SCP has no final numbers for these changes and does not expect to get them until PG&E publishes their rates around March 1, 2022. In addition, the CPUC will be deciding whether to amortize PG&E's undercollection of bundled service generation rates over 12 or 18 months.

Adding to these factors, SCP *also* undercollected generation costs in the second half of 2021 and is expected to continue undercollecting those costs until SCP implements its next rate change. The amount of this undercollection is estimated to be approximately $20 million for the period from July 1, 2020 through March 31, 2022. Many electric providers across the Western U.S. are in this same situation, since the Texas ice storm drove up commodity energy costs.

Proposed Action:

Just as in several prior years, staff are recommending a set of criteria to quickly establish customer rates as soon as all of the information about PG&E's charges is available. The current expectation is that the full information will probably be available on March 1, 2022, and that SCP would be able to implement new rates by April 1, 2022. If the CPUC delays implementation of PG&E's fee and rate changes, then staff proposes to make SCP's rate change as soon as feasible following the actual date the information is available.

The criteria proposed for setting SCP's rates are based on trying to reduce the premium for SCP customers while covering the undercollection of energy costs from the first nine months of the current fiscal year. Staff expect that the effect of sustaining such rates through December 2022 would build considerable financial reserves of between $30 and $60 million, which would provide considerable stability for ratepayers to combat unpleasant surprises in future energy costs or exit fees, and help SCP reach its long-term financial reserve targets.

Staff therefore requests the Board approve new customer rates to be implemented as soon as staff practically can following PG&E's expected changes to PCIA and rates expected on or after March 1, 2022, using the following parameters to set the rates:

1. Recovers all forecast expenses in the current fiscal year ending June 30, 2022.
2. All rate classes are reset so SCP customer total bills have an equal percentage difference from bundled service total bills.
3. Sets rates to the lowest values which achieve both of the above criteria so long as total bills are between equal and 5% above bundled service bills.
4. Requires that staff return to the Board following rate implementation to have the final rate tables ratified.

Community Advisory Committee:

The Community Advisory Committee discussed this item and recommended it unanimously.

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Staff Report – Item 09

To: Sonoma Clean Power Authority Board of Directors

From: Claudia Sisomphou, Communications and Engagement Manager

Issue: Recieve Empower Update – Engaging Youth

Date: February 3, 2022

Recommendation:

Continuation of presentation received on January 6, 2022 - Receive a presentation on the final area for improvement (Engaging Youth) of Empower, an Agency-wide endeavor to improve the relevance, reach, and impact of SCP's partnerships, community offerings, and education, engagement, and outreach efforts. Provide detailed input on the questions in the Key Questions section.

Background:

While reviewing applications for the Community Outreach (event sponsorship) program, the Marketing team noted that there were a number of requests to sponsor community projects and efforts which aligned well with SCP's values, but fell outside of the program's guidelines. Because of limits on resources (both budget and staff time), it was important that every granted request clearly fell within the set criteria. However, without any other means of support to offer, every denied request felt like a missed opportunity to engage with a community group or organization that had proactively reached out to SCP.

This recognition opened the door to a larger discussion around SCP's Public Relations and Marketing department's existing strategies for community engagement and outreach, as well as how the Agency's needs had shifted over the years. Brand awareness, business relationships, and name-recognition had been major priorities of the department's education and outreach efforts for SCP's first few years of service.

Today, those efforts have served the Agency well, as most residents and businesses in Sonoma and Mendocino counties are aware of Sonoma Clean Power.

However, through countless interactions with customers, the breakdown of participants in SCP's customer programs, and qualitative data provided by recent focus groups, it is evident that there is still confusion around what Sonoma Clean Power is, what services it provides, how it operates (individually, and in relation to PG&E), and why customers see SCP charges on their bill. There was also internal acknowledgment that SCP has struggled to reach and engage with certain customer groups, including those who are low-income, Spanish-speaking, renters, and living in underserved communities.

These challenges are common among electric power providers, with most utilities accrediting their community engagement to donations and occasional participation in live events. Nevertheless, SCP staff believe that the status quo is not a good enough bar for SCP to be measured by.

To tackle this problem, the Marketing team began reevaluating the effectiveness of its existing community education, engagement, and outreach efforts, and began developing Empower to guide the cultivation of new Marketing strategies and its allocation of resources. The more that Marketing thought about its goals and target audiences, the more obvious it became how intertwined its efforts were with other departments, from first interactions with the public all the way through planning and development, and beyond.

What started as a plan to better support the work of local organizations, increase customer participation, and build community trust, has now presented the opportunity for an Agency-wide shift in how SCP operates. Better quality outreach and engagement will inform and improve the effectiveness of SCP's programs, services, partnerships, and offerings. To produce valuable benefits, SCP must not only garner public input from across the service territory and different demographic groups, but also invite the input to change, halt, and expand the work SCP does.

With Empower at the core of how SCP allocates its resources, evaluates partnerships and new ideas, identifies customer groups to engage with, and tracks progress and measures success, SCP will be an Agency that better serves and supports ***all*** its customers and communities.

The areas for improvement that Empower seeks to focus on, in no order, are:

1. Building Partnerships (Discussed at the October 7, 2021, Board meeting)
2. Customer Education (Discussed at the December 2, 2021, Board meeting)
3. Focus on Equity (Discussed at the January 6, 2022, Board meeting)
4. **Engaging Youth (To be discussed at this meeting)**

Key Questions:

As SCP staff work to develop Empower and put it into practice, staff seek the help and guidance of the Committee, the Board, and the public. At this early stage, staff request input and discussion on the following:

1. Are there local organizations, cities, or agencies that have notably effective community engagement and/or education programs? What makes these efforts effective?

2. What examples of community projects or efforts do you know of that listened to the considerations and concerns of its constituents, and did a great job incorporating public feedback into the final policy or action?

3. How can the Board of Directors members best support SCP in Building Partnerships, Customer Education, Focusing on Equity, or Engaging Youth?

Fiscal Impact:

In the first year of implementation, the Public Relations and Marketing department will dedicate $40,000 of its approved budget toward implementing Empower. These funds will offer financial support to the SCP community and customers in a variety of ways, including community grants of up to $2,000 (max of 20 recipients per fiscal year), providing giveaways and food & beverages at public forums or workshops that SCP co-sponsors, offering matching donations to nonprofits and community organizations, and assisting partners with event, program, or project expenses when appropriate and on a case-by-case basis.

As some of SCP's existing efforts fall under the umbrella of Empower, other departments may also contribute financially to addressing one or more of the four areas for improvement. For example, existing scholarships, grants, or partnerships that are currently managed and funded by other departments (e.g., Spirit of Entrepreneurship Grant, SWITCH Vehicle Program, 10,000 Degrees Scholarships).

Attachments:

PowerPoint presentation slides.

Empower

Presentation to SCP's Board of Directors
February 3, 2022

1

Overview

- Discussed the background, vision, and purpose of Empower
- Covered the areas:
  - Building Partnerships
  - Customer Education
  - Focus on Equity
- Today - discussing 'Engaging Youth'
- Next – staff to return with draft guidelines and implementation plan

2

Key questions

1. Are there local organizations, cities, or agencies that have notably effective community engagement and/or education programs? What makes these efforts effective?

2. What examples of community projects or efforts do you know of that listened to the considerations and concerns of its constituents, and did a great job incorporating public feedback into the final policy or action?

3. How can the Board of Directors best support SCP in Building Partnerships, Customer Education, Focusing on Equity, and Engaging Youth?

3

Vision

Empower is an Agency-wide endeavor to improve the relevance, reach, and impact of Sonoma Clean Power's partnerships, community offerings, and education, engagement, and outreach efforts.

4

Purpose

- Reach and serve *all* of SCP's customers
- Build trust in the community
- Let customer needs and input shape our efforts
- More customer engagement will lead to better offerings and services; and vice versa

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Areas for improvement

1. Building partnerships - discussed on 10/7/21
2. Customer education - discussed on 12/2/21
3. Focus on equity – discussed on 1/6/22
4. Engaging youth

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Engaging youth

Intent

Inviting youth to be part of SCP's discussions, initiatives, programs, planning, and outreach efforts.

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Engaging youth

Benefits

- Helping the next generation mitigate and adapt to the impacts of climate change
- Education not only for the students, but for their households as well
- Increases the number of environmentally-conscious professionals and community members
- More opportunities to support a sustainable, local workforce

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Engaging youth

Some of SCP’s youth-focused efforts

- Elementary/Middle school – Sonoma Water education program, Mike Hauser Academy
- High school - SWITCH Vehicle Program, NextGen Trades Academy
- Higher education – Spirit of Entrepreneurship Grant, 10,000 Degrees Scholarship
- Internships and employment

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Engaging youth

What this could look like

- Sponsoring local youth climate action groups and energy education programs
- Partnering with schools, colleges, after-school programs, youth camps, local organizations, and libraries
- Supporting programs that focus on local workforce development

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Next steps

- Return to the CAC/BOD with draft guidelines and implementation plan
- Will be seeking input on geographic areas of priority
- Continue inviting feedback from the CAC, BOD, and the public
- Learn what works and what doesn't as we start to implement

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Thank you!

Have questions or ideas?

Email us at community@sonomacleanpower.org

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