MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE APRIL 6, 2023, MEETING AT EITHER OF THE LOCATIONS SHOWN BELOW.

SONOMA CLEAN POWER HEADQUARTERS
431 E STREET
SANTA ROSA, CA 95404

(TELECONFERENCE LOCATION)
MENDOCINO COUNTY ADMINISTRATION BUILDING
501 LOW GAP ROAD, CONFERENCE ROOM C
UKIAH, CA 95482

***Director Farrar-Rivas will be participating from a remote location for just cause pursuant to AB 2449.

MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE MEETING AT THE ABOVE PHYSICAL LOCATIONS OR REMOTELY THROUGH:

Webinar link: https://us06web.zoom.us/j/88546704126
Telephone number: 1 (669) 444-9171
Meeting ID: 885 4670 4126

How to Submit Public Comment When ParticipatingRemotely:

The Chair will request public comment during the Public Comment period for all items on the agenda. Comments may be provided in person at the physical meeting locations. 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) 757-9417, 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

0. Receive Notice that Director Farrar-Rivas is Participating from a Remote Location for Just Cause (Staff Recommendation: Receive and File)

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve March 2, 2023, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve)
2. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File)
3. Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute Two Professional Services Agreements with Hiner & Partners, Inc. With a Collective Amount Not-To-Exceed of $167,000 for Two Separate Research Efforts, the Customer Operations Satisfaction Survey and the Annual Brand Awareness Survey (Staff Recommendation: Approve)
4. Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute an Amendment to the Contract with Keyes & Fox LLP for an Amount Not-to-Exceed $200,000 through June 30, 2023, for Procurement and Regulatory Affairs Purposes (Staff Recommendation: Approve)
5. Approve Revised Sonoma Clean Power Authority Energy Risk Management Policy (Staff Recommendation: Approve)

BOARD OF DIRECTORS REGULAR CALENDAR

6. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File)
7. Receive Legislative and Regulatory Updates, Provide Direction and Approve Positions on AB 643 (Berman) Electricity Interconnection Timelines, AB 1538 (Muratsuchi) Clean Energy Reliability, SB 410 (Becker) Powering Up Californians Act and Other Bills as Appropriate (Staff Recommendation: Approve)
8. Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2023-2024 (Staff Recommendation: Receive and File)

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
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<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 - the grid operator</td>
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<td>CCA</td>
<td>Community Choice Aggregator - a public power provider</td>
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<td>CEC</td>
<td>California Energy Commission</td>
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<td>CleanStart</td>
<td>SCP’s default power service</td>
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<td>CPUC</td>
<td>California Public Utilities Commission</td>
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<td>DER</td>
<td>Distributed Energy Resource</td>
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<td>ERRA</td>
<td>Energy Resource Recovery Account - one of PG&amp;E’s rate cases at the CPUC</td>
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<tr>
<td>EverGreen</td>
<td>SCP’s 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day.</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 - one of PG&amp;E’s rate cases at the CPUC</td>
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<td>GridSavvy</td>
<td>GridSavvy Rewards are available to SCP customers for reducing household energy use when needed to help California ensure reliable low-emission power. A form of ‘demand response.’</td>
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<td>IOU</td>
<td>Investor-Owned Utility (e.g., PG&amp;E)</td>
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<tr>
<td>IRP</td>
<td>Integrated Resource Plan – balancing energy needs with energy resources</td>
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<td>JPA</td>
<td>Joint Powers Authority</td>
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<tr>
<td>MW</td>
<td>Megawatt is a unit of power and measures how fast energy is being used or produced at one moment.</td>
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<td>MWh</td>
<td>Megawatt-hour is a unit of energy and measures how much energy is used or produced over time.</td>
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<tr>
<td>NEM</td>
<td>Net Energy Metering. NEM is a billing mechanism that credits solar energy system owners for the electricity they add to the grid.</td>
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<tr>
<td>NetGreen</td>
<td>SCP’s net energy metering bonus</td>
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<tr>
<td>PCIA</td>
<td>Power Charge Indifference Adjustment - a fee charged by PG&amp;E to all electric customers to ensure PG&amp;E can pay for excess power supply contracts that it no longer needs.</td>
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<tr>
<td>RA</td>
<td>Resource Adequacy - a required form of capacity that helps ensure there are sufficient power resources available when needed.</td>
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<tr>
<td>RPS</td>
<td>Renewables Portfolio Standard refers to certain kinds of renewable energy which qualify to meet state requirements, including wind, solar, geothermal.</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</td>
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CALL TO ORDER

(9:04 a.m. - Video Time Stamp: 00:03:03)

Chair Fudge called the meeting to order.

Board Members present: Chair Fudge, Vice Chair Hopkins, and Directors Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, and Gjerde.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Ryan Tracey, Director of Planning and Analytics; Kate Kelly, Director of Public Relations & Marketing; Sylvia Magallanes, Senior Customer Service Representative; Leif Christiansen, Commercial Accounts Manager; and Carter Bell, Quantitative Analyst

BOARD OF DIRECTORS CONSENT CALENDAR

(9:05 a.m. - Video Time Stamp: 00:04:15)

1. Approve February 2, 2023, Draft Board of Directors Meeting Minutes

   Director Elward made a statement that the Board of Directors along with all local governments should work hard at being inclusive to people of color and place them in leadership positions.

   Motion to approve the March 2, 2023, Board of Directors Consent Calendar by Director Bagby

   Second: Director Rogers

   AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Fudge, Gjerde, Hopkins

   ABSENT: Strong
BOARD OF DIRECTORS REGULAR CALENDAR

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

(9:08 a.m. - Video Time Stamp: 00:07:54)

Stephanie Reynolds, Director of Internal Operations, discussed EV charging and the Advanced Energy Center (Energy Center) has reached out to local nonprofits and encouraged them to use the Energy Center as a resource. She discussed the Energy Education Program which trains teachers on how to present renewable energy topics to students. Geof Syphers, CEO, pointed out the map of census track information in the packet which shows SCP’s participation rates and discussed SCP’s new telenovela “Por El Mañana.” Director Reynolds discussed the December 2022 Financials.

9:14 a.m. Director Strong entered the meeting.

Vice Chair Hopkins mentioned that she was excited to see the work that the Energy Center does with students and education. Director Rogers discussed wastewater and the GeoZone.

Public Comment: None

3. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate and Delegate Authority to the CEO to Take Positions on Bills Supporting Remote Meetings

(09:19 a.m. - Video Time Stamp: 00:18:23)

Neal Reardon, Director of Regulatory Affairs, gave an update on Diablo Canyon and the California Energy Commission’s plan to extend the plant. He stated the Public Utilities Commission is set to vote on a procurement mandate on April 3, 2023. CEO Syphers discussed interconnecting new supply resources to the grid because it is becoming difficult to connect new homes in California. He stated he is working with lawmakers to address the issue. He gave an update on remote meeting legislation and requested the Board give him authority to act on bills that expand the ability to use remote meetings.

Director Bagby asked about the Net Energy Meeting (NEM) deadline for solar hookups in April and Director Reardon responded applications needed to be completed by that deadline. Director Rogers asked about PG&E’s Fast Trip program and inquired if SCP knew where it is in use in SCP’s service territory.
CEO Syphers explained that SCP is waiting on data on Fast Trip from PG&E, but that one PG&E representative said it is everywhere in Tier 2 and 3 high fire threat areas.

Public Comment: None

Motion to Receive Legislative and Regulatory Updates and Provide Direction as Appropriate and Delegate Authority to the CEO to Take Positions on Bills Supporting Remote Meetings by Director Rogers

Second: Director Bagby

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

4. Approve the Delegated Authority to the CEO or his Designee to Execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreements with Chevron New Energies, Cyrq Energy Inc., and Eavor Inc. and Find that Approval of Each Agreement is Not a Project Subject to CEQA and Exempt under CEQA Guidelines §§15061(b)(3), 15262, and 15306

(09:40 a.m. - Video Time Stamp: 00:39:28)

This item was split into 3 separate presentations, comments, and votes.

Ryan Tracey, Director of Planning and Analytics, introduced the GeoZone Cooperation Agreements and the companies that SCP hoped to do business with including Chevron New Energies (Chevron), Cyrq Energy Inc. (Cyrq) and Eavor Inc. (Eavor) Director Tracey then introduced Srimonto Ghosh and Tanmay Chaturvedi of Chevron New Energies. Mr. Ghosh explained that the cooperation agreement with Chevron would include a $10 billion investment in new technologies and explained that there had been a lot of progress across the globe in geothermal technologies. He explained that Chevron would be working closely with Eavor Inc. in the form of pilot programs. Mr. Chaturvedi added that when it comes to geothermal technologies some are more mature than others and the first step would be to assess the available properties.

Director Farrar-Rivas asked what the overall energy target was and Director Tracey explained that each agreement contemplates eventually reaching 200MW and CEO Syphers clarified that the expectation was to get 500-600MW of new capacity in the GeoZone. Director Rogers asked how Chevron could reassure the Board that this project would be zero carbon. CEO Syphers clarified that some carbon would be released during the
construction, and possibly some small amounts during operation, but like other geothermal power it would be far below the emissions of natural gas power.

Director Barnacle expressed concern as Chevron had done $17 Billion in exploratory drilling this year and he questioned whether it would be better to do business with a company that shares SCP’s values. CEO Syphers answered that this issue has been raised since the beginning of the contracting period and further stated that Chevron is aware that they are not to use the GeoZone project to offset carbon for other Chevron projects. Director Tracey explained that the reason Chevron was a finalist was because it has a lot of expertise in the industry and a sophisticated team that can solve complex problems. Director Elward stated she shared the same concerns as Director Barnacle and explained that she was born in a nation that had seen the destruction that Chevron can cause.

Vice Chair Hopkins asked what conversations had been had about workforce make up and had there been discussions of meeting prevailing wage. CEO Syphers answered that each company had signed on for strong local hire protections, prevailing wage and he explained that this would be a conversation SCP would be having again before the pilot projects scale up. Director Bagby stated she did believe that Chevron had the technical skills required for these contracts but asked Mr. Ghosh to share the SCP Board’s concerns with Chevron’s executives.

Public Comment: Woody Hastings of the Climate Center asked for staff’s full disclosure of connections with Chevron and Director Tracey explained his background in the oil and gas industry as a reservoir engineer for Chevron for 8 years and the reasons for wanting to leave that industry to work on clean power solutions.

Motion to Approve the Delegated Authority to the CEO or his Designee to Execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreement with Chevron New Energies by Director Bagby

Second: Chair Fudge

AYES: Bagby, Ford, Rogers, Strong, Fudge, Gjerde, Hopkins

NOES: Barnacle, Elward, Zollman, Farrar-Rivas

Director Tracey introduced Matt Rosenfeld of Cyrq Energy Inc. Mr. Rosenfeld explained that Cyrq’s technology is thermal storage and Cyrq is trying to
implement new technology. He discussed energy storage technology and gave an overview of the thermal energy storage system.

Director Farrar-Rivas asked if Cyrq’s portfolio primarily focused on alternative energy and Mr. Rosenfeld explained that Cyrq is owned by Macquarie which is an infrastructure company and Cyrq is a member of their green fund.

Public Comment: None

Motion to Approve the Delegated Authority to the CEO or his Designee to Execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreement with Cyrq Energy Inc., by Director Rogers

Second: Director Bagby

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

Director Tracey introduced Neil Ethier of Eavor. Mr. Ethier discussed the importance of geothermal energy. He stated that it is reliable and cost certain. He further explained that geothermal creates high paying domestic jobs, hardens the electrical grid, makes the grid resilient, it is the lowest GHG power source when all aspects of production are considered, the taxes go to local jurisdictions, and further moves SCP to energy autonomy. He explained that Eavor uses a closed loop scalable geothermal system that incorporates efficient land and water usage.

Chair Fudge asked how long the closed loop system lasts and Mr. Ethier stated that it is designed to last for 30 years with a .2% decline annually.

Public Comment: Woody Hastings asked if the technologies would be bound to the Geyser’s area and CEO Syphers answered that the Cyrq proposal requires an existing geothermal power plant, but that Chevron and Eavor could work outside the existing Geysers area.

Motion to Approve the Delegated Authority to the CEO or his Designee to Execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreement with Eavor Inc. by Director Rogers

Second: Director Bagby

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins
5. Review Programs Strategic Action Plan and Provide Direction as Appropriate
(10:46 a.m. - Video Time Stamp: 01:45:42)

Carolyn Glanton, Programs Operations Manager, presented the Draft Strategic Action Plan (the Plan) and thanked the Programs Team. She stated that the Plan was intended for SCP customers and partners and combined the equity framework, near term actions, long term goals, and strategies to address the climate crisis. She stated that the next step was to create a metric for programs. She then invited the Board to share their ideas.

Director Roger’s thanked the program team and stated that the document helps to educate the public. Director Barnacle stated that the Plan was a great overview for new Directors and would like to see contractors used as a spotlight. He also stated he would like to see information on mobile home electrification, health and indoor air quality, and how to get induction stoves to low-income constituents. Vice Chair Hopkins mentioned that programs that focus on equity are important, and she also would like battery backup systems discussed. Chair Fudge stated that it is important to bring programs directly to the consumer. Director Gjerde would like to see building energy efficiency programs discussed. Directors Zollman and Elward mentioned they would like to see an equity framework incorporated in the document.

CEO Syphers clarified that the equity framework was incorporated into the document but agreed that future versions would make sure the plan is more explicit about that.

Public Comment: June Brashares, stressed programs should be planned with equity in mind and encouraged the inclusion of the equity framework in the Strategic Action Plan.

6. Approve the Proposed Budget Adjustments for Fiscal Year 2022-2023
(11:25 a.m. - Video Time Stamp: 02:24:38)

Chris Golik, Finance Manager, discussed the proposed adjustments to the FY 22/23 Budget. He explained it included an increase to the fund balance but did not require an increase in rates.

Director Bagby asked about the Energy Center Marketing and Communications Line Item and how it was reclassified, and Finance Manager Golik responded that some community outreach sponsorship were moved from Programs and placed in the Marketing and Communications Line Item.
Public Comment: None

Motion to Approve the Proposed Budget Adjustments for Fiscal Year 2022-2023 by Director Ford

Second: Director Elward

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

(11:29 a.m. - Video Time Stamp: 02:28:07)

Director Bagby discussed the recent snowfall event in Cloverdale. Director Rogers discussed the upcoming Energy and Natural Resource meeting with local governments. Chair Fudge mentioned that the Town of Windsor would be having a ribbon cutting ceremony for their new roundabout.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(11:32 a.m. - Video Time Stamp: 02:31:29)

Public Comment: None

ADJOURN

(11:33 a.m. - Video Time Stamp: 02:33:13)

The meeting was adjourned by unanimous consent.
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To: Sonoma Clean Power Authority Board of Directors
From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer
Issue: Receive Geothermal Opportunity Zone Update
Date: April 6, 2023

Background
The Geothermal Opportunity Zone (GeoZone) was established by the SCP Board of Directors and the Boards of Supervisors in Sonoma and Mendocino Counties to explore expanding local geothermal power capacity. The purpose of the GeoZone is to develop the resources necessary to allow SCP to stop relying on natural gas power plants altogether. To that end, the GeoZone is seeking to sustain existing local geothermal production and add 600 MW of new geothermal capacity.

Ongoing updates, information, and materials about the GeoZone can be found at https://sonomacleanpower.org/geozone.

Cooperation Agreements
The Board of Directors approved moving forward with all three selected private partners: Chevron New Energies, Cyrq Energy, and Eavor Inc. The agreements have been fully executed, allowing early project development to proceed. SCP staff holds bi-weekly meetings with each partner to coordinate on site hosting opportunities, grant funding, stakeholder engagement and interconnection. SCP staff is expecting to host public stakeholder sessions in spring when additional details on the demonstration project locations and configurations will be available. A key focus in the interim is building relationships with early project stakeholders, including labor, environmental organizations, and the surrounding community.

Presentation to Secretary Granholm
SCP had the opportunity to present the GeoZone to Federal Secretary of Energy
Jennifer Granholm on March 7, 2023, as part of a panel organized by the geothermal industry trade association Geothermal Rising. The Department of Energy will be an important partner in funding geothermal technologies that will be deployed in the GeoZone. Staff shared its enthusiasm for geothermal as a load serving entity: that clean firm resources like geothermal are important in providing winter reliability, which is essential to retiring California’s dirtiest natural gas power plants and are expected to provide 40% of SCP’s energy needs by the end of the next decade. SCP also stressed the importance of minimizing water usage in the Western U.S. and echoed other industry comments that federal funding is not commensurate with the opportunity for geothermal technologies.

Grant Opportunities

On March 3, 2023, GeoZone partner Cyrq Energy submitted its application for funding from the Department of Energy’s Long-Duration Energy Storage Demonstrations grant. Cyrq Energy proposed equipping an existing unit at the Geysers with a 20-hour duration thermal storage system that can increase plant capacity by 6 MW during high-need hours. The grant application team included SCP, the National Renewable Energy Laboratory, Babcock and Wilcox, and EthosEnergy. SCP staff provided input on the commerciality of the proposed project, proposed a framework for community benefits and a community engagement strategy, and provided letters of support from the community. SCP and Cyrq Energy are greatly appreciative of the many jurisdictions, local NGOs, and elected officials that supported the grant application. Award notifications for the grant are expected in June.

The Department of Energy released their Bipartisan Infrastructure Law Enhanced Geothermal System Demonstration grant on February 8, 2023. The grant offers federal cost share in deployment of new subsurface geothermal technologies. SCP is working with both Eavor and Chevron New Energies on potential grant applications, which are due in June. SCP is concerned that the grant does not appear to include eligibility for water efficient closed-loop systems like Eavor’s technology due to a policy decision by the Department of Energy’s Geothermal Technology Office and is working on advocacy to reconsider the scope of the grant.

Another funding opportunity is the Department of Energy’s Office of Clean Energy Demonstrations’ Energy Improvements in Rural or Remote Areas Program. This program offers grant funding for projects that can deliver benefits to communities with populations of less than 10,000 people. SCP may be reaching out to local communities to inform grant applications, which are due in June.
Transmission Planning

SCP does not expect any GeoZone partners to participate in CAISO’s Cluster 15 interconnection study, which requires applications by this April. However, both SCP and its partners are evaluating various interconnection strategies for GeoZone projects, including distribution service through PG&E’s Wholesale Distribution Access Tariff. Staff is hopeful projects will be ready to enter PG&E’s distribution queue later this year or CAISO’s Cluster 16 at the latest.

At the end of last year, CAISO, CPUC, and the CEC signed a memorandum of understanding (MOU) to better coordinate transmission planning, the interconnection process, CEC load forecasts, and CPUC resource planning. The agreement is a good first step towards addressing the current issues with transparency, backlog of interconnection requests, and costly transmission upgrades that are impeding deployment of renewable and storage resources and risk the success of the GeoZone.

Staff is monitoring the Federal Energy Regulatory Commission’s proposed rulemaking on interconnection improvements that could provide much-needed modernizations for the interconnection process. Another issue not addressed by the MOU is the performance of investor-owned utilities in delivering required transmission upgrades in a timely and cost-effective manner. CalCCA is exploring the scope of this problem and potential legislative solutions alongside the alarming issues with unusually long delays in service connections to new homes, hospitals and businesses.

The MOU demonstrates that CPUC’s statewide resource portfolios are extremely influential in guiding CAISO transmission planning. In February, the CPUC transmitted portfolios to the CAISO to guide its 2023-2024 Transmission Planning Process. Although the transmitted portfolio included 2,037 MW of new geothermal resources by 2035, only 139 MW were located in the GeoZone. SCP provided comments on the CPUC’s proposed mapping that requested more capacity in the GeoZone, but the CPUC did not see sufficient evidence of commerciality (although they did add 50 MW in response). Advocating the CEC and CPUC to reassess geothermal potential with new technologies, maturing GeoZone projects, submitting interconnection requests, and recruiting other load serving entities to include GeoZone capacity in their resource plans will be important strategies for achieving the required consideration in statewide transmission planning.
Staff Report - Item 03

To: Sonoma Clean Power Authority Board of Directors
From: Kate Kelly, Director of Public Relations & Marketing
       Brytann Busick, Marketing & Events Manager
Issue: Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute Two Professional Services Agreements with Hiner & Partners, Inc. With a Collective Amount Not-To-Exceed of $167,000 for Two Separate Research Efforts, the Customer Operations Satisfaction Survey and the Annual Brand Awareness Survey
Date: April 6, 2023

Recommended Action

Staff requests the Board of Directors delegate authority to the CEO or Designee to execute two contracts with Hiner & Partners, Inc. with a collective Not-To-Exceed amount of $167,000 for two separate research efforts, the Customer Operations Satisfaction Survey and the Annual Brand Awareness Survey, to provide Sonoma Clean Power (“SCP”) with research services.

The Short Form Agreements (Attachments A & B) contain the scope of work in Exhibit A for each research effort. The Customer Operations Satisfaction Survey agreement has a not to exceed amount of $87,000 and the Brand Awareness Survey has a not to exceed amount of $80,000.

Background

Sonoma Clean Power has been working with Hiner and Partners, Inc. (HPI) a market research and public opinion firm, since 2020, beginning with residential focus groups. HPI has extensive experience in the utility space, including working with all three California investor-owned utilities. HPI was recommended to SCP by Peninsula Clean Energy, and is now working with a handful of fellow CCAs; creating the opportunity for SCP to compare against its peers, using like methodologies. In 2022, SCP contracted with (HPI) to conduct a study in their service territory to monitor the
awareness and familiarity of SCP among customers and non-customers. Key research findings included 40 percent SCP unaided awareness and 74 percent awareness when aided. Staff plans to repeat this brand awareness survey annually to monitor progress in supporting customers in trimming energy bills and ending their reliance on fossil fuels.

SCP does not currently have research data regarding customer satisfaction with various customer touchpoints, such as the Contact Center, website, participation in customer programs and their experience with commercial account service.

Community Advisory Committee Review
The Community Advisory Committee recommended the Board of Directors approve the proposed Professional Services Agreements.

Discussion
Staff recommends that the Brand Awareness research be replicated each year to track progress toward educating customers in general and to specific demographic groups. The results each year will show progress made in making more customers aware of Sonoma Clean Power, what SCP does, how electricity delivery works, gain their interest and then convert interest to action. The Brand Awareness survey will be mailed to an audience of 50,000 residential customers and residential non-customers in Sonoma and Mendocino counties (approximately 25,000 recipients for each county.)

Staff also recommend expanding research to a monthly measurement of satisfaction and the overall experience and service level with various interactions with customers. This new research effort will allow SCP to monitor customer experiences with the key interactions which comprise SCP’s operational plan for pre-selected touchpoints including the SCP website, contact center, customer program sign-up process, and commercial account management. The operational plan includes the slate of experiences SCP managers have designed. This new, ongoing research effort will report how often customers fail to experience what was intended, and the impact such failures have on satisfaction with that touchpoint. This additional detail will help diagnose the reasons for any shortcomings in satisfaction that are found. SCP will receive information monthly via a live dashboard, leading to the development of quarterly and yearly comparative analyses.
Because of the existing relationship SCP has with HCI and the satisfactory work performed to date, SCP wishes to continue working with Hiner and Partners, Inc. on additional market research and transactional survey instruments.

**Fiscal Impact**

The proposed contract has a not-to-exceed amount of $167,000 over a one-year period. Funds for this research effort are contained in the Marketing budget.

**Attachments**

- Attachment A - Draft Professional Services Agreement with Hiner & Partners, LLC and Scope of Services (Exhibit A) for Brand Awareness Survey, available at [this link](#) or by request to the Clerk of the Board
- Attachment B - Draft Professional Services Agreement with Hiner & Partners, LLC and Scope of Services (Exhibit A) for Customer OPS Survey, available at [this link](#) or by request to the Clerk of the Board
To: Sonoma Clean Power Authority Board of Directors
From: Deb Emerson, Managing Director
Issue: Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute an Amendment to the Contract with Keyes & Fox LLP for an Amount Not-to-Exceed $200,000 through June 30, 2023, for Procurement and Regulatory Affairs Purposes
Date: April 6, 2023

Requested Board Action
Staff requests the Board of Directors delegate authority to the Chief Executive Officer or Designee to execute an amendment to the contract with Keyes & Fox LLP to add $115,000 to the not-to-exceed amount, for a new not-to-exceed amount of $200,000 through June 30, 2023, to include ongoing negotiations for procurement related contracts and legal services pertaining to regulatory affairs.

Background
SCP has been working with the legal firm Keyes & Fox for procurement contracts since the Agency’s inception and has consistently delivered excellent service and value. With the increasing procurement mandates by the CPUC and SCP’s goals of building a cleaner portfolio, we are in negotiations with multiple parties for various projects scheduled to come online in the next three years. To continue good faith negotiation efforts, SCP will need additional time and funds to secure legal representation to advise SCP through these complex negotiations. SCP’s latest contract was effective July 1, 2022, for fiscal year 22/23 in the amount of $85,000.

Community Advisory Committee Review
In its March 16th, 2023, meeting, the CAC unanimously recommended the Board approve and delegate authority to the Chief Executive Officer or designee to execute
an amendment to the contract with Keyes & Fox LLP for an amount not-to-exceed $200,000 through June 30, 2023, for procurement and regulatory affairs purposes.

**Attachments**

- Draft Amendment of Legal Services Agreement with Keyes & Fox LLP
This Amendment No. 1 to Legal Services Agreement ("Amendment No. 1") is made and entered into as of this 6th day of April, 2023, by and between Sonoma Clean Power Authority ("SCP") and Keyes & Fox LLP ("Attorney"). SCP and Attorney are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals

A. Original Agreement. The Parties have entered into an agreement entitled “Legal Services Agreement” dated July 1, 2022, ("Original Agreement"), which is incorporated herein by reference as if fully set forth herein, for the purpose of Authority retaining Attorney to provide the Services set forth therein.

B. Amendment Purpose. SCP and Attorney wish to amend the not-to-exceed amount in the Original Agreement from $85,000 to $200,000 in order to continue ongoing procurement contract negotiations.

C. Amendment Authority. This Amendment No. 1 is authorized pursuant to Section 11 of the Original Agreement.

Amendment

Now therefore, the Parties hereby modify the Original Agreement as follows:

1. Definitions. All capitalized terms used in this Amendment No. 1 not defined in this Amendment No. 1 shall have the same meaning as set forth in the Original Agreement if defined in the Original Agreement.

2. Replace Section. Section 2 of the Original Agreement hereby replaced with:

   Section 2. Compensation; Payment Terms

   (a) Compensation to Attorney for services shall not exceed two hundred thousand dollars ($200,000). Only Attorneys or other legal staff expressly identified in Exhibit A, at the rates specified therein are eligible for compensation under this Agreement, except as expressly agreed to in advance by SCPA in writing.

   (b) SCPA agrees to make monthly payments, based on invoices received for services satisfactorily performed, and for authorized reimbursable expenses. Payment terms are Net Thirty (30) days, upon receipt of an invoice that complies with all the requirements of this Agreement. Without limiting the foregoing, Attorney (1) acknowledges that its failure to submit an invoice within sixty (60) days of the occurrence of the event to which a charge contained therein relates is an express condition precedent to any right it may have to payment in connection therewith, and (2) hereby stipulates that Attorney’s failure to strictly comply with such condition precedent is a waiver and release of any right Attorney might otherwise have to payment in connection therewith.
3. **Continuing Effect of Agreement.** All provisions of the Original Agreement otherwise remain in full force and effect and are reaffirmed. From and after the date of this Amendment No. 1, whenever the term “Agreement” appears in the Original Agreement, it shall mean the Original Agreement as amended by this Amendment No. 1.

4. **Adequate Consideration.** The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 1.

5. **Severability.** If any portion of this Amendment No. 1 is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

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SONOMA CLEAN POWER AUTHORITY

KEYES & FOX LLP

**Approved By:**

Michael Koszalka,
Chief Operating Officer

Kevin Fox
Partner

**Date**

---

**Approved as to form:**

General Counsel
To: Sonoma Clean Power Authority Board of Directors  
From: Geof Syphers, CEO  
Issue: Approve Revised Sonoma Clean Power Authority Energy Risk Management Policy  
Date: April 6, 2023

Recommendation
Approve revised Section 7. Transacting Authority of the SCPA Energy Risk Management Policy previously adopted by the SCPA Board or Directors on June 3, 2021.

Background
SCPAs Risk Oversight Committee regularly reviews its policies and is bringing a minor revision of the SCPA Energy Risk Management Policy (“Policy”) to the Board for approval.

Discussion
The Risk Oversight Committee is proposing a revision to its Policy. The change comprises a clarification of the SCPA staff members authorized to execute agreements, confirmations, and other documents relating to power procurement, and is in response to a request from Southern California Edison for clarity. Importantly, the revised language includes a staff designee permitted to approve a transaction in the absence of the primary staff member.

The language clarification is a part of the Risk Oversight Committee’s process to ensure that SCPA can transact cleanly with power procurement counterparties. This proposed revision does not, in any way, change SCPA’s transaction approval process.

Changes are shown in redline in the attached Appendix A.
Fiscal Impact

Approval of the revised Policy will not result in any financial impact to SCPA.

Attachments

- Appendix A REVISED SCPA Energy Risk Management Policy, available at this link or by request to the Clerk of the Board
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: April 6, 2023

LOCAL POWER!

SCP negotiated and executed two Power Purchase Agreements for local renewable energy and battery storage to support our EverGreen service. Both projects are in Mendocino County, with one being 4 MWs of solar + 4 MWhs of battery on Redemeyer Road in the unincorporated area outside of Ukiah. The second project is 4.99 MWs of solar PV in Laytonville near Twin Pine Rd. Both projects are being developed by Renewable Properties and scheduled to come online in late 2025 for a term of 20 years. These contracts are a result of the Local Renewable Request for Proposals Solicitation from June 2021.

ADVANCED ENERGY REBUILD

Advanced Energy Rebuild (AER) was an effort led by SCP in response to the devastating 2017 wildfires in our region. The program was designed to help affected homeowners rebuild more efficiently and resiliently through design assistance, incentives for above-code performance, and bonus rebates for battery storage installation.

Through an innovative partnership with PG&E and the Bay Area Air Quality Management District (BAAQMD), AER was able to provide $7,500 for an efficient mixed-fuel home and $12,500 for an all-electric home, along with a $5,000 bonus for installing combined battery and solar power. In addition, homeowners received hands-on support through their design and permitting process.
The application period for the program closed in June 2020, with all final project documentation due by November 15, 2022. In all, 346 homes participated in the program, including 228 single-family residences, 96 multi-family units, and 21 accessory dwelling units (ADUs). A total of $3.5 million was provided to these projects, including $2 million from Sonoma Clean Power.

An Advanced Energy Rebuild home performs an average of 24% better than the energy code requirement and over 30% were built all-electric, compared to 1-2% statewide. Additionally, 42% of projects installed solar with battery back-up, providing resiliency during outages and future potential grid benefits.

**CALPINE COMMUNITY BENEFITS GRANT PROGRAM**

The Calpine Community Benefits Grant Program, in partnership with Calpine Energy Solutions, provides grant funding to organizations in the communities that SCP serves to help advance clean energy, green jobs, environmental education and stewardship, and equity and diversity. Calpine awards funding and collaborates with SCP on the grant guidelines and to promote the program. Both work together to assess applications. Awards will range from $5,000 to $20,000 and SCP has a total of about $75,000 to award.

Eligible organizations must be IRS-designated 501c3 nonprofits. Those not permitted to apply include political action committees, trade associations, government entities, or political candidates.

Qualifying projects must fall within the outlined priority focus areas:

- Advancement of renewable energy research and planning
- Energy and environmental education
- Clean energy in disadvantaged communities
- Green workforce development

There will be a Community Benefits Grant Program webinar that will be held via Zoom on April 18, 2023, at 10:00 a.m. Information about how to join will be available on SCP’s website. Interested applicants can learn more about the process to apply and grant requirements.

Applications will be available to download from Sonoma Clean Power’s website from April 3, 2023 - 5:00 p.m. and close at 5:00 p.m. May 12, 2023.
CUSTOMER PROTECTIONS

In March 2020, Sonoma Clean Power’s Board of Directors implemented customer protections in response to the COVID-19 pandemic. Following the lead of Governor Newsom’s instructions to Investor-Owned Utilities, SCP suspended late payment notices, pre-collections notices, and collections. SCP has not disconnected any customers for non-payment since March 2020. As the pandemic continued, SCP’s Board extended these customer protections several times to align with State and California Public Utilities Commission requirements. In December 2022, the SCP Board of Directors authorized CEO Syphers to retire the 2020 COVID-19 Emergency Consumer Protection Policy on or before December 31, 2023. Now, in line with other CCAs, IOUs, and input from staff, CEO Syphers ended COVID-19 customer protections in March 2023.

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is greater than projections. Year-to-date revenue from electricity sales is slightly under budget by less than 1% and cost of energy is under budget projections by less than 1%. Year-to-date electricity sales reached $168,600,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $167,090,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Approximately $95,207,000 is set aside for operating reserves.

Other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2022/23 budget approved by the Board of Directors, as well as the budget amendments approved in March 2023.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2022/23 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs, etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.
Revenue from electricity sales to customers is slightly under budget by approximately 1% at the end of the reporting period.

The cost of electricity is less than the budget-to-date by approximately less than 1%. 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.

**ATTACHMENTS**

- January 2023 Financials

**UPCOMING MEETINGS**

- Community Advisory Committee - April 20, 2023
- Board of Directors - May 4, 2023
- Community Advisory Committee - May 11, 2023 (off-regular schedule)
- Board of Directors - June 1, 2023
Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying budgetary comparison schedule of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended January 31, 2023, 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.
## SONOMA CLEAN POWER AUTHORITY
### OPERATING FUND
#### BUDGETARY COMPARISON SCHEDULE
##### Seven Months Ended January 31, 2023

<table>
<thead>
<tr>
<th>REVENUE AND OTHER SOURCES:</th>
<th>2022/23 YTD</th>
<th>2022/23 Amended Budget</th>
<th>Variance (Under)</th>
<th>% Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (net of allowance) *</td>
<td>$169,943,565</td>
<td>$169,023,143</td>
<td>$(920,422)</td>
<td>99%</td>
</tr>
<tr>
<td>Evergreen Premium (net of allowance)</td>
<td>1,505,217</td>
<td>1,524,117</td>
<td>18,900</td>
<td>101%</td>
</tr>
<tr>
<td>CEC Grant</td>
<td>307,275</td>
<td>85,931</td>
<td>(221,344)</td>
<td>28%</td>
</tr>
<tr>
<td>Investment income</td>
<td>538,282</td>
<td>601,962</td>
<td>63,680</td>
<td>112%</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>170,833</td>
<td>11,320</td>
<td>(159,513)</td>
<td>0%</td>
</tr>
<tr>
<td>Total revenue and other sources</td>
<td>172,465,172</td>
<td>171,246,473</td>
<td>$(1,218,699)</td>
<td>99%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES AND OTHER USES:</th>
<th>2022/23 YTD</th>
<th>2022/23 Amended Budget</th>
<th>Variance (Under)</th>
<th>% Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of energy and scheduling</td>
<td>123,830,577</td>
<td>123,562,685</td>
<td>$(267,892)</td>
<td>100%</td>
</tr>
<tr>
<td>Data management</td>
<td>1,547,041</td>
<td>1,537,495</td>
<td>$(9,546)</td>
<td>99%</td>
</tr>
<tr>
<td>Service fees- PG&amp;E</td>
<td>575,019</td>
<td>575,426</td>
<td>407</td>
<td>100%</td>
</tr>
<tr>
<td>Personnel</td>
<td>4,196,661</td>
<td>4,171,458</td>
<td>$(25,203)</td>
<td>99%</td>
</tr>
<tr>
<td>Energy Center, marketing &amp; communications</td>
<td>1,344,790</td>
<td>1,116,986</td>
<td>(227,804)</td>
<td>83%</td>
</tr>
<tr>
<td>Customer service</td>
<td>142,425</td>
<td>114,938</td>
<td>(27,487)</td>
<td>81%</td>
</tr>
<tr>
<td>General and administration</td>
<td>670,640</td>
<td>636,245</td>
<td>(34,395)</td>
<td>95%</td>
</tr>
<tr>
<td>Legal</td>
<td>177,637</td>
<td>123,905</td>
<td>(53,732)</td>
<td>70%</td>
</tr>
<tr>
<td>Regulatory and compliance</td>
<td>173,823</td>
<td>147,542</td>
<td>(26,281)</td>
<td>85%</td>
</tr>
<tr>
<td>Accounting</td>
<td>159,167</td>
<td>173,900</td>
<td>14,733</td>
<td>109%</td>
</tr>
<tr>
<td>Legislative</td>
<td>76,667</td>
<td>56,000</td>
<td>(20,667)</td>
<td>73%</td>
</tr>
<tr>
<td>Other consultants</td>
<td>277,084</td>
<td>198,746</td>
<td>(78,338)</td>
<td>72%</td>
</tr>
<tr>
<td>Industry memberships and dues</td>
<td>339,285</td>
<td>318,823</td>
<td>(20,462)</td>
<td>94%</td>
</tr>
<tr>
<td>Program implementation</td>
<td>1,565,024</td>
<td>915,364</td>
<td>(649,660)</td>
<td>58%</td>
</tr>
<tr>
<td>Program - CEC grant</td>
<td>1,263,181</td>
<td>842,705</td>
<td>(420,476)</td>
<td>67%</td>
</tr>
<tr>
<td>Total current expenditures</td>
<td>136,339,021</td>
<td>134,492,218</td>
<td>(1,846,803)</td>
<td>99%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER USES:</th>
<th>2022/23 YTD</th>
<th>2022/23 Amended Budget</th>
<th>Variance (Under)</th>
<th>% Amended Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital outlay</td>
<td>146,797</td>
<td>56,459</td>
<td>(90,338)</td>
<td>38%</td>
</tr>
<tr>
<td>Total Expenditures, Other Uses</td>
<td>136,485,818</td>
<td>134,548,677</td>
<td>(1,937,141)</td>
<td>99%</td>
</tr>
<tr>
<td>Net increase (decrease) in available fund balance</td>
<td>$35,979,354</td>
<td>$36,697,796</td>
<td>$718,442</td>
<td></td>
</tr>
</tbody>
</table>

* Represents sales of approximately 1,315,000 MWh for 2022/23 YTD actual.

### RESERVES

<table>
<thead>
<tr>
<th>Reserves</th>
<th>Current Balance</th>
<th>Long-Term Targeted</th>
<th>% of Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve (as of June 30, 2022)</td>
<td>$95,207,000</td>
<td>$169,962,000</td>
<td>56%</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
Seven Months Ended January 31, 2023

Net increase (decrease) in available fund balance
per budgetary comparison schedule: $ 36,697,796

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

Subtract depreciation expense (791,020)
Add back capital asset acquisitions 56,459

Change in net position $ 35,963,235

See accountants' compilation report.
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 January 31, 2023, 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
March 2, 2023
SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of January 31, 2023

ASSETS
Current assets
- Cash and cash equivalents $34,363,772
- Accounts receivable, net of allowance 31,631,188
- Other receivables 3,308,362
- Accrued revenue 13,798,952
- Prepaid expenses 8,963,605
- Deposits 14,303,101
- Investments 60,337,937
  Total current assets 166,706,917

Noncurrent assets
- Land 860,520
- Capital assets, net of depreciation 18,008,046
- Deposits 846,256
  Total noncurrent assets 19,714,822

Total assets 186,421,739

LIABILITIES
Current liabilities
- Accrued cost of electricity 12,028,360
- Accounts payable 794,648
- Advanced from grantors 3,074,682
- Other accrued liabilities 2,723,772
- User taxes and energy surcharges due to other governments 710,483
  Total current liabilities 19,331,945

NET POSITION
- Investment in capital assets 18,868,566
- Unrestricted 148,221,228
  Total net position $167,089,794

See accountants' compilation report.
## Statement of Revenues, Expenses, and Changes in Net Position

### Seven Months Ended January 31, 2023

### Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$167,075,747</td>
</tr>
<tr>
<td>Evergreen electricity premium</td>
<td>1,524,117</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>85,931</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>168,685,795</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>123,562,685</td>
</tr>
<tr>
<td>Contract services</td>
<td>4,884,272</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>4,171,458</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>1,014,970</td>
</tr>
<tr>
<td>Program rebates and incentives</td>
<td>858,833</td>
</tr>
<tr>
<td>Depreciation</td>
<td>791,020</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>135,283,238</strong></td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td><strong>33,402,557</strong></td>
</tr>
</tbody>
</table>

### Nonoperating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant revenue</td>
<td>1,958,716</td>
</tr>
<tr>
<td>Investment earnings (loss)</td>
<td>601,962</td>
</tr>
<tr>
<td><strong>Nonoperating revenues (expenses), net</strong></td>
<td><strong>2,560,678</strong></td>
</tr>
</tbody>
</table>

### Change in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of period</td>
<td>131,126,559</td>
</tr>
<tr>
<td><strong>Net position at end of period</strong></td>
<td><strong>$167,089,794</strong></td>
</tr>
</tbody>
</table>

See accountants' compilation report.
### SONOMA CLEAN POWER AUTHORITY

#### STATEMENT OF CASH FLOWS

**Seven Months Ended January 31, 2023**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>$165,608,165</td>
</tr>
<tr>
<td>Receipts from grantors</td>
<td>3,828,558</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>3,431,265</td>
</tr>
<tr>
<td>Payments to electricity suppliers</td>
<td>(143,815,105)</td>
</tr>
<tr>
<td>Payments for other goods and services</td>
<td>(6,594,917)</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>(4,056,916)</td>
</tr>
<tr>
<td>Tax and surcharge payments to other governments</td>
<td>(2,067,653)</td>
</tr>
<tr>
<td>Payments for program rebates and incentives</td>
<td>(2,328,017)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>14,005,380</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Grant revenue</td>
<td>1,958,716</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Payments to acquire capital assets</td>
<td>(169,233)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Interest income received</td>
<td>465,367</td>
</tr>
<tr>
<td>Purchase of certificates of deposit</td>
<td>(25,000,000)</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>(24,534,633)</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>(8,739,770)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>43,103,542</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$34,363,772</td>
</tr>
</tbody>
</table>

See accountants’ compilation report.
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ 33,402,557</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>791,020</td>
</tr>
<tr>
<td>Revenue adjusted for provision for uncollectible accounts</td>
<td>1,656,685</td>
</tr>
<tr>
<td><strong>(Increase) decrease in:</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(6,383,966)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(1,664,039)</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>(367,143)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(6,002,362)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(8,840,120)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in:</strong></td>
<td></td>
</tr>
<tr>
<td>Accrued cost of electricity</td>
<td>(3,297,334)</td>
</tr>
<tr>
<td>Accounts payable</td>
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<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
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</table>
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, Provide Direction and
       Approve Positions on AB 643 (Berman) Electricity Interconnection
       Timelines, AB 1538 (Muratsuchi) Clean Energy Reliability, SB 410
       (Becker) Powering Up Californians Act and Other Bills as Appropriate

Date: April 6, 2023

Requested Action

Receive legislative and regulatory updates, provide direction, and approve support
positions for AB 643 (Berman), AB 1538 (Muratsuchi), SB 410 (Becker) and provide
direction on other bills as appropriate.

Regulatory Updates

CPUC Opens Investigation into High Winter Natural Gas Prices

On March 16th, the CPUC opened a public investigation (I.23-03-008) to examine the
causes of recent price spikes on the natural gas and wholesale energy markets.
Beginning in November, 2022, spot market prices for methane increased sharply and
remained extremely high through February of 2023. While SCP does not contract
directly with electricity generation plants using fossil methane as fuel, the resulting
price spikes created high costs for wholesale energy. Customers, regardless of
whether they were fully electrified or still rely on methane for home heating and
cooking, were significantly impacted.

While the CPUC does not directly regulate natural gas producers nor set natural gas
prices, the agency is opening this investigation with the intent of evaluating whether
customers were harmed by market actors. It bears noting that these elevated prices
were not unique to California, they were seen across the Western US. Prior to the
CPUC investigation, Governor Newsom wrote to the Federal Energy Regulatory Commission (“FERC”) requesting that the Federal agency evaluate whether market manipulation or anti-competitive behavior contributed to the price spikes. CPUC proceedings are typically scheduled to conclude in two years, however the timing and any ultimate conclusions of this investigation remain uncertain.

**CPUC President Directs PG&E to Provide SCP with Specific Data on Customers Impacted by Fast-Trip Outages**

CPUC President Alice Reynolds announced that the Commission would host a workshop to better understand the customer impacts from Fast-Trip or “enhanced public safety shutoffs” on March 17th. This came in response to a Motion jointly submitted by Sonoma Clean Power, Marin Clean Energy, East Bay Community Energy, Pioneer Community Energy, and the Rural County Representatives of California. That Motion requesting that the Commission open a proceeding to evaluate the impacts of Fast-Trip and increase transparency was not acted upon. However, many stakeholders including the Counties of Marin, Napa, San Luis Obispo, and Sonoma, as well as the City of Santa Rosa, submitted letters in support.

The workshop agenda provided time for the filing parties to outline impacts of outages and proposed solutions. Following this, it directed the utilities to answer specific questions on the causes of outages, solutions available to customers, criteria to active Fast-Trip outages, processes for improvement, and how to make outage information public.

Sonoma Clean Power staff advocated that utilities provide the public and safety partners with detailed information about where Fast-Trip circuits are located, which customers they impact, and the criteria they use for triggering outages. At the workshop, President Reynolds agreed with SCP’s request and directed PG&E to provide this information to SCP and other safety partners. Sonoma Clean Power staff are now working directly with PG&E to establish the format and timing of receiving the data.

**Legislative Update**

Well over 100 bills are now in print that could impact SCP’s goals of fighting for grid reliability, energy affordability, building new renewable resources and getting them connected to the grid, connecting new homes and EV chargers to the grid, and finding solutions to shut off and retire the dirtiest natural gas power plants. A few of the most pressing bills are discussed in this report and additional bills will be added in the next month.
AB 50 (Wood) - SUPPORT

Staff worked with the Board Chair and Vice Chair to take an early support position on Assembly Member Jim Wood’s AB 50 prior to its first committee. The bill sets interconnection timelines for new and existing electric customers and promotes more efficient distribution planning. The bill would also increase communication between IOUs, local governments and state government. See attached letter.

AB 538 (Holden) - Regionalization - Staff Recommends WATCH

Assembly Member Holden has reintroduced a bill that would “regionalize” the CAISO system. In brief, regionalization is a term that means multiple transmission grid operators - often across multiple states -- are coordinating with each other in certain ways to lower costs and increase reliability.

The Author’s office and many of the proponents of regionalization argue that increasing coordination across state boundaries will create a more efficient wholesale power market, lowering costs and increasing California’s ability to lower emissions by allowing more day-ahead planning for the use of clean power resources outside California. They argue this will accelerate the decline of the coal power industry because coal will have an even harder time competing with lower-priced renewable sources. Historic opponents of regionalization include IBEW 1245 and some environmental organizations, arguing that more work could go to out-of-state construction and California would give up its control to regulate which power plants operate for reliability, thereby risking increasing emissions.

An early step toward regionalization was made several years ago when California expanded its “Energy Imbalance Market” or EIM to multiple western states, creating significant ratepayer savings by implementing a real-time coordination between the various transmission system operators. By all accounts, the EIM has been very successful in reducing costs, and most of the large public power providers are now a part of it, including LADWP, Bonneville Power Administration, Seattle City Light and the Salt River Project. The limitation of the EIM is that it only gets to adjust about 5 percent of the energy resources in the West, since it is operating as a real-time or last-minute dispatch program. The concept behind regionalization is to expand the EIM to nearly all the energy and storage resources with a so-called “day-ahead” market to allow some planning and hourly transactions.
In favor of the Author’s arguments, most Western States are moving strongly toward cleaner power policies and portfolios, with Washington and Nevada adopting 100 percent net zero carbon targets by 2050 (California’s is 2045), New Mexico adopting net zero target by 2045, Colorado moving toward a policy of 100% renewable by 2040, and Nevada setting an interim renewable target of 50% renewable by 2030.

However, whether or not AB 538 is something that SCP can eventually support may hinge significantly on the details around its impact on how resources are dispatched and whether we can be convinced that California will not be forced to operate or receive more polluting fossil power than absolutely necessary to keep the lights on.

Staff recommends WATCH because of the bill’s potential to support California’s grid reliability and lower ratepayer costs, while working to ensure that if the bill passes, it would be supportive of SCP’s climate goals.

**AB 643 (Berman) - Electricity Interconnection Timelines**

**Staff Recommends SUPPORT**

Among the many bills seeking to address PG&E’s sudden increase in delays of connecting new homes, businesses and generating resources, AB 643 seeks to get more information specifically about delays in connecting customer owned solar and battery resources. The bill would require the CPUC to submit an annual report to the legislature on:

- Compliance with interconnection timelines (disaggregated by projects larger than 30 KW and those smaller than 30 KW).
- Timelines of IOUs in completing the steps of the reviewing interconnection applications that don’t have defined interconnection timelines.
- The number of interconnection requests received in the past 5 years, the number of requests withdrawn, and the number of requests granted permission to operate.
- A summary of the challenges in reducing the amount of time for interconnection review and the improvements to the interconnections process done in the past year.
- Penalties that the CPUC assessed for violating interconnection timelines

This bill would clarify that an IOU’s failure to meet required interconnection timelines can be subject to a financial penalty. The CPUC would have discretion whether to assess a penalty. For the purpose of this bill, “Interconnection” means the
interconnection of customer-sited energy generation and storage resources to the distribution grid.

Political Assessment

Because this bill permits the CPUC to not only increase reporting and transparency on this issue, but also has accountability measures by permitting the CPUC to penalize the IOUs for unlawful delays, PG&E, SCE and SDG&E are opposed. The solar and storage industry are broadly supporting the bill, including the California Solar and Storage Alliance, Revel Energy, Engie North America and others.

Staff recommends supporting AB 643.

AB 914 (Friedman) - Electrical infrastructure: California Environmental Quality Act: exemptions: review time period.
Staff Recommends WATCH

This bill proposes to reduce the risk associated with constructing the transmission and distribution infrastructure necessary for achieving the State’s climate goals by adding certain additional CEQA streamlining provisions. The bill would add sections to California Public Resources Code Section 21100.2 which sets deadlines for lead agencies to process environmental impact reports and negative declarations. The amendments would specifically add timelines for electrical infrastructure projects, which are not currently addressed by this code.

CEQA section 21100.2 establishes a deadline of one year for the certification of an EIR, but also states such timing “shall be measured from the date on which an application requesting approval of the project is received and accepted as complete by the state agency.” Supporters of the bill note that lead agencies can take many months or years to accept the application as complete, so this bill would amend this code to increase the probability that electrical infrastructure projects go through the environmental review process in a timely manner.

Specifically, this bill pertains to infrastructure projects needed to accommodate increased electrical demand associated with transportation electrification, building electrification and distributed-energy projects, and the renewable energy and storage supply resources needed to provide for those new loads.

New transmission-level projects would still be subject to CEQA review, while projects that expand, upgrade, or modify existing transmission-level projects would be exempt.
If the state agency fails to meet the two-year deadline, it must submit to the Legislature a report explaining why the review could not be completed on time and identify potential impacts to the electrical system that could result from the delay.

**Political Assessment**

The Author’s office indicates that all three IOUs and the California Municipal Utilities Association will be supporting the bill. While there is no registered opposition yet, it is reasonable to assume that some environmental groups will oppose because it removes some of their ability to stop projects.

Staff recommend watching this bill and waiting to take a position. While the arguments in favor of the bill are compelling - California is falling far behind in constructing the transmission and distribution system needed to achieve the State’s climate goals with electric vehicles and building electrification, and having greater certainty of expanding renewable resources and lowering dependency on natural gas power plants is urgently needed - there are still questions about whether the exemption is prudent, and staff would appreciate additional time to review the details. Staff recommends WATCH.

**AB 1538 (Muratsuchi) - Clean Energy Reliability**  
**Staff Recommends SUPPORT IF AMENDED**

Muratsuchi is a strong ally of CCAs and worked with the Los Angeles County CCA, called California Power Authority, to develop AB 1538. The bill would establish a Clean Energy Reliability Program to be administered by the CPUC. The program would provide incentive payments to electricity providers that bring clean energy resources online earlier than their compliance requirements. The bill’s current language limits eligible resources to those with precisely zero emissions, but conversations with the Author’s office have clarified that resources like geothermal (which can have very small emissions) will be made eligible in the next iteration of language. As a result, staff recommends supporting the bill if is it amended to allow all renewable resources.

Eligible resources would be built under a project labor agreement (for projects over 5 MW) or prevailing wage (for projects under 5 MW).

The key weakness of the bill is that its funding source is not yet clear. Early conversations with the California Energy Commission are encouraging for including funding through the Draft Clean Energy Reliability Investment Plan (CERIP), but this is a known issue that needs to be resolved.
Political Assessment

It is reasonable to assume that this bill will be supported by the renewable industry and may be supported by labor, but that is unknown at this time. It seems unlikely that the IOUs will take a strong position on it. Staff recommends SUPPORT IF AMENDED to clarify that renewable sources like geothermal are eligible, consistent with SCP’s adopted Legislative Policy Platform.

SB 410 (Becker) - Powering Up Californians
Act Staff Recommends SUPPORT

This is another of the many bills seeking to address PG&E’s sudden significant delays in connecting new homes and businesses to the grid. Senator Becker’s bill would require the CPUC to set target timelines for utilities to connect different types of buildings and resources, convene a working group, report necessary data, and encourage workforce development considerations.

The CPUC would be required to create an average and maximum timeline in which electrical utilities should connect customers to the grid. This timeline must minimize controllable causes of delays and account for potential future grid capacity growth from the state’s building decarbonization goals.

Political Assessment

While this bill is fairly high-level, and doesn’t get into too many details, early support from SCP could help elevate the issue of delays in connecting new homes and businesses and include SCP in the negotiations throughout this session on refining the details. Staff also sees no downside to supporting. As a result, Staff recommends supporting SB 410.

SB 411 (Portantino) - Remote Meetings - SUPPORT

Would allow fully remote meetings for bodies whose members are appointed. It looks like the intent is to apply to advisory type committees only and likely not cover SCP’s Board of Directors meetings. The Board of Directors previously delegated authority to the CEO to support bills like SB 411 that allow more flexible use of remote meetings so long as robust public participation is allowed.
Governor’s Budget Change Proposal

The Governor's current budget change proposal currently contains a large number of new energy policies, including central procurement, additional resource adequacy penalties, and expanded CPUC jurisdiction over CCA resources.

- **Central Procurement**. The proposal clarifies that all electric customers in California would pay for State-procured reliability resources (likely Salton Sea geothermal and offshore wind) financed by the Department of Water Resources, even if their electric provider has already purchased equivalent resources.

- **Additional resource adequacy penalties**. The budget change proposal also would create additional fines on top of the CPUC penalties for failing to procure all of an electric provider’s mandatory resource adequacy. The extra fines would provide additional funding to the State’s Department of Water Resources to be used to build new capacity resources as part of the State’s new “Strategic Reserve.” This is problematic for CCAs because the CPUC has ordered the IOUs to procure excess resource adequacy, which has diminished the available resources below the level at which all providers can be compliant. So if these additional penalties were in place today, a number of providers would have to pay them in 2023 regardless of their efforts to be compliant.

- **CPUC jurisdiction over IRP**. The Governor’s proposed expanded CPUC jurisdiction is problematic because it could be used to order SCP to abandon our climate targets and procure additional unneeded fossil resources or to select Salton Sea geothermal power over local GeoZone geothermal, for example. The proposal converts the existing Integrated Resource Plan process to an enforceable procurement plan where any modifications to SCP’s procurement relative to SCP’s adopted IRP could be penalized, preventing SCP from protecting customers from unreasonable market pricing (e.g., if every electric provider tries to buy the same limited resource), and preventing adjustments based on actual permitting progress and other factors. The concern is that this would significantly increase rates without providing any additional assurance of system reliability.

**Clean Transportation.** AB 241 (Reyes) and SB 84 (L. Gonzalez) are working to reauthorize the CEC’s Clean Transportation Program. Additional transportation electrification and charging infrastructure bills include AB 6 (Friedman), AB 463 (Hart), AB 591 (Gabriel), AB 772 (Jackson), AB 1267 (Ting), AB 1349 (Irwin), AB 1504 (McCarty), AB 1525 (Bonta), AB 1529 (Gabriel), AB 1580 (Carrillo), AB 1614 (Gabriel).
SB 30 (Umberg), SB 233 (Skinner), SB 397 (Wahab), SB 507 (Gonzalez), SB 529 (Gonzalez), SB 823 (Smallwood-Cuevas).

**Offshore Wind and Geothermal.** AB 3 (Zbur), AB 80 (Addis), AB 344 (Wood) and SB 286 (McGuire) on offshore wind, AB 326 (Alanis) on geothermal.

**Attachments**

- Attachment A - AB 50 (Wood) - SCP Support Letter March 2023
- Attachment B - Thompson - Support Letter Trunk Sewer Line
- Attachment C - Feinstein - Support Letter Trunk Sewer Line
- Attachment D - Huffman - Support Letter Trunk Sewer Line
March 10, 2023

The Honorable Eduardo Garcia, Chair
Assembly Utilities and Energy Committee
1020 N Street, Room 408A
Sacramento, CA 95814

Re: AB 50 (Wood) Interconnectivity Times and Distribution Planning - SUPPORT

Dear Assemblymember Garcia:

Sonoma Clean Power (SCP) is pleased to support of AB 50 (Wood), which will improve interconnectivity timelines for new and existing electric customers, promote more efficient distribution planning, and increase communication between large electric corporations, local governments, and the state government.

Interconnectivity delays are increasingly becoming a severe impediment to growth across California. Existing customers requesting system upgrades to meet increased demand and customers seeking new connections to developments are seeing significant spikes in their wait-times for interconnectivity. Large electric corporations are issuing written commitments to serve – also known as “will-serve letters” – only to later inform developers after they have paid the corporation that it may be several months or even years before interconnectivity will be completed. These delays do not discriminate by sector: residential, commercial, industrial, agricultural customers have all been impacted. These delays pose a serious obstacle to business development and threaten our state’s ability to reach its housing and climate change goals.

Most recently the 500,000 square foot industrial Shiloh Business Park expansion in the Town of Windsor was informed that PG&E could not provide a connection any time soon, nor provide an estimate of when a connection will be possible.
AB 50 (Wood) will address this complex issue by promoting transparency and accountability in the process of applying for electric interconnectivity. This bill directs large electric corporations to reevaluate and update as necessary their planning processes. Lastly, AB 50 (Wood) requires electric corporations communicate with local governments and the state government regarding capacity constraints for purposes of more efficient planning.

Thank you for your consideration and we would appreciate your support of AB 50 (Wood) when it is heard in the Assembly Utilities and Energy Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Assembly Utilities and Energy Committee
    The Honorable Jim Wood
March 15, 2023

The Honorable Mike Thompson
U.S. House
260 Cannon Office Building
Washington, D.C. 20515

Support for City of Santa Rosa’s Congressionally Designated Spending Request for the Regional Llano Trunk Sewer Line Project

Dear Congressman Thompson:

The Sonoma Clean Power Authority supports the City of Santa Rosa’s Congressionally Designated Spending request for the Regional Llano Trunk sewer line project, which aligns with the City of Santa Rosa’s 2023 Federal Legislative Platform.

With your leadership, Congress approved and President Biden signed into law the Water Resources Development Act of 2022, which includes an environmental infrastructure authorization for Santa Rosa’s water and wastewater infrastructure projects.

The City of Santa Rosa Water Department (Santa Rosa Water) delivers approximately six billion gallons of drinking water, each year, to over 53,000 customer accounts and maintains the sanitary sewer system for over 49,000 customer accounts in Santa Rosa. These systems include roughly 1,200 miles of water and sewer pipelines. Santa Rosa Water also operates the Santa Rosa Regional Water Reuse System, which services approximately 230,000 residents in Santa Rosa, Rohnert Park, Cotati, Sebastopol, and unincorporated portions of Sonoma County. The hub of the reuse system is the Laguna Wastewater Treatment Plant.

The proposed project to replace part of the Regional Llano Trunk sewer line would improve deficient wastewater conveyance along a critical pipeline in Santa Rosa that feeds into our Regional Water Reuse System, which includes water recycling, urban and agricultural reuse, biosolids beneficial reuse and Geysers geothermal power recharge.

As one of California’s largest purchasers of Geysers geothermal power, Sonoma Clean Power is interested in this important project to support sustaining all flows to the Geysers area.
The proposed Llano Trunk sewer line project is identified in the City’s Sewer Master Plan as the City’s most critical wastewater infrastructure because the trunk lines transport significant flow to the Laguna Wastewater Treatment Plant, the hub of the Regional Reuse System, via large diameter pipelines which are located in environmentally critical areas, under paved roadways, along sewer easements. This sewer trunk line requires urgent rehabilitation to avoid catastrophic failure that would have an enormous impact on our local environment and community.

On average, during dry weather, the Laguna Wastewater Treatment Plant receives 14 million gallons per day (MGD) of wastewater from the region and has seen flows peak at over 90 MGD during large storms. During normal water years, Santa Rosa beneficially reuses nearly 100% of the tertiary treated recycled water. Approximately 2 billion gallons is beneficially reused each year for urban and agricultural irrigation in Santa Rosa and Rohnert Park, offsetting the need to use precious and limited potable water from the Russian River and groundwater resources, where 93% of Santa Rosa’s water supply is derived and delivered under contract by Sonoma Water.

Annually over 4 billion gallons of recycled water is sent to the Geysers Recharge Project via a 41-mile pipeline to the Geysers steam fields where it increases the power output by well over 100 megawatts, producing clean, renewable energy every single hour of the year. The Geysers geothermal power facility is the largest renewable baseload power facility in California and key element of the State’s goal for reaching 100% renewable power by 2045.

Sonoma Clean Power has also entered into agreements with three firms to expand the geothermal power capacity in the Geysers area by 500 to 600 megawatts.

If the Llano trunk sewer line fails, wastewater flows to the treatment plant would be interrupted, which would not only pose a significant health and safety concern to our community and environment but would risk power grid blackouts and major increases in reliance of fossil fuel power plants.

Funding for this project is crucial for increasing the City’s capacity to ensure the reliability and sustainability of City’s wastewater system to strengthen the local economy, preserve and protect our natural environment, address climate change, and preserve the region’s recycled water supply.

I kindly request your consideration of the City’s request.

Sincerely,

Geof Syphers, CEO
March 15, 2023

The Honorable Dianne Feinstein  
U.S. Senate  
331 Hart Senate Office Building  
Washington, D.C. 20515

Support for City of Santa Rosa’s Congressionally Designated Spending Request for the Regional Llano Trunk Sewer Line Project

Dear Senator Feinstein:

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Funding for this project is crucial for increasing the City’s capacity to ensure the reliability and sustainability of City’s wastewater system to strengthen the local economy, preserve and protect our natural environment, address climate change, and preserve the region’s recycled water supply.

I kindly request your consideration of the City’s request.

Sincerely,

Geof Syphers, CEO
March 15, 2023

The Honorable Jared Huffman
U.S. House
2445 Rayburn House Office Building
Washington, D.C. 20515

**Support for City of Santa Rosa’s Congressionally Designated Spending Request for the Regional Llano Trunk Sewer Line Project**

Dear Congressman Huffman:

The Sonoma Clean Power Authority supports the City of Santa Rosa’s Congressionally Designated Spending request for the Regional Llano Trunk sewer line project, which aligns with the City of Santa Rosa’s 2023 Federal Legislative Platform.

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Funding for this project is crucial for increasing the City’s capacity to ensure the reliability and sustainability of City’s wastewater system to strengthen the local economy, preserve and protect our natural environment, address climate change, and preserve the region’s recycled water supply.

I kindly request your consideration of the City’s request.

Sincerely,

Geof Syphers, CEO
Page intentionally left blank for double-sided printing
To: Sonoma Clean Power Authority Board of Directors
From: Mike Koszalka, COO
      Geof Syphers, CEO
      Chris Golik, Revenue Manager
Issue: Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2023-2024
Date: April 6, 2023

Recommendation
Review and provide direction on the Draft Fiscal Year 2023-2024 Annual Budget and rates.

Summary
Staff propose a draft budget and rates for Fiscal Year 2023-2024 from July 1, 2023, through June 30, 2024, that:

- Requires no rate changes at the start of the fiscal year on July 1, 2023
- Maintains SCP customer total electric bills approximately 5% below PG&E’s bundled service total electric bills
- Projects overall expenses to increase by less than inflation (0.6% above FY22-23)
- Projects an increase in financial reserves sufficient to meet SCP’s long-term target
- Assumes a rate decrease when the long-term reserve target is achieved

Background
Staff presents a draft budget for Fiscal Year 2023-2024 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 programs and services with an increasing focus on historically underserved communities.

From the outset, SCP has held a high standard for its operations – usually far in advance of State requirements, such as creating EverGreen in 2014, the nation’s first electric supply that provides 100% local renewable energy 24/7 without any reliance on fossil energy sources for any purpose.

From its inception until early 2020, SCP had been able to provide customers lower overall bills each year. This was achieved by offering significantly lower electric generation rates to all customer classes in order to more than offset PG&E’s Power Charge Indifference Adjustment (PCIA) fee. These low generation rates have resulted in tens of millions in customer bill savings since 2014. From May 2020 through March 2022, SCP had to set rates slightly above PG&E to cover most expenses, with the premium ranging up to 5% of total electric bills. SCP was able to eliminate that premium in April of 2022, and began providing a 5% savings on total electric bills again with the rate adjustment on February 1, 2023.

Once SCP’s long-term financial reserves target is met – likely by the end of calendar year 2023 – SCP may be in a good position to provide additional savings to customers, while continuing to supply much cleaner power and quality customer programs.

It is important to note that this forecast is based on the best information available at this time, and that PG&E’s 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 can change rapidly and may continue to change over the coming years. And finally, the PCIA is highly dependent on the market price of natural gas power, which itself fluctuates significantly with the commodity price of, and natural gas prices are affected by regional and world events (e.g., Texas ice storm, Russia’s war on Ukraine, winter temperatures, pipeline disruptions, etc.). For these reasons, staff will regularly update the Committee and Board on the PCIA as new information becomes available.

Budget Overview

The Fiscal Year 2023-2024 draft budget and rates presented in this item seek to:

- Continue to procure a supply portfolio of electricity generation that is lower in greenhouse gas emissions than PG&E’s hourly portfolio.
• Emphasize customer programs that help cut the use of gasoline, diesel, propane and natural gas, as these actions are the fastest and least expensive ways to cut greenhouse gas emissions today

• Expand customer outreach through improved market research and listening to our various communities

• Expand community education activities

• Increase emphasis on serving historically underserved communities in SCP’s customer offers and incentives

• Promote the Advanced Energy Center and further develop the Center into an even more valuable community resource

• Maintain the current overall level of customer participation and expand customer participation in EverGreen

DRAFT BUDGET

The draft budget is presented first in the form that will be used for adoption in May, 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>
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<th>Revised FY22-23</th>
<th>Proposed FY23-24</th>
<th>Comments</th>
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<td><strong>REVENUES &amp; OTHER SOURCES</strong></td>
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<tr>
<td>Electricity Sales$^1$ (net of allowance)</td>
<td>$279,200,000</td>
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<td><strong>Product</strong></td>
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<td>Service Fees to PG&amp;E</td>
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<td><strong>Product Subtotal</strong></td>
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<td>197,432,000</td>
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<td>Increases for CalCCA trade association and CC Power joint powers authority</td>
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<td>Total Expenditures</td>
<td>221,558,000</td>
<td>222,965,000</td>
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<td>Revenues Less Expenditures</td>
<td>63,958,000</td>
<td>29,744,000</td>
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<tr>
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<td>Total Expenditures, Other Uses</td>
<td>222,158,000</td>
<td>223,565,000</td>
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<tr>
<td>Net Increase/(Decrease) in Fund Balance</td>
<td>$ 63,358,000</td>
<td>$ 29,144,000</td>
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</tr>
</tbody>
</table>
Notes on the Draft Budget Table:

1. Revenues from electricity sales are net of the allowance for uncollectible accounts, estimated to be 2.1%.

2. The EverGreen premium covers the incremental cost of EverGreen power above the cost for CleanStart. The rest of the revenues for EverGreen customers appear in the Electricity Sales line item.

3. The Cost of Energy and Scheduling includes NetGreen costs, ProFIT payments, California ISO fees and scheduling as well as all energy and capacity costs.

4. Funds approved by the Board to be loaned to customers through 0% on-bill financing, and funds paid back to SCP, are treated as balance sheet items and are not on the income statement.

5. The difference between the CEC grant proceeds and grant expenses is SCP’s cash portion of the matching funds.

Further detail on each of the proposed budget categories follows.
INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

REVENUES AND OTHER SOURCES

The primary source of income is from the retail sale of electricity to CleanStart and EverGreen customers. Customers of both services provide all 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 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.

No rate changes are required at the start of the fiscal year on July 1, 2023. As a result, SCP customer total electric bills are expected to remain approximately 5% below PG&E’s bundled service total electric bills. When SCP’s long-term financial reserves target is reached, likely by the end of 2023, the Board may consider a further rate decrease.

Staff estimates uncollectable billings at 2.1%. No additional funds are expected from the California Arrearage Payment Program, which helped pay past due energy bill balances accrued during the pandemic in FY21-22 and FY22-23.

EXPENDITURES

Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes energy, long term renewable power purchase agreements, ProFIT feed-in-tariff projects, capacity (resource adequacy), short term renewable and carbon free contracts (i.e., hydropower), scheduling services, CAISO fees, and other miscellaneous power market expenses. The 2,386,000 MWh of purchased energy is approximately 6% greater than the volume sold because of normal system transmission and distribution losses.

SCP has entered into renewable, low carbon, 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, the total payout amount for SCP’s NetGreen solar customers is estimated to be about $1,010,000 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), shutoffs due to Enhanced Powerline Safety Settings (EPSS) also known as “fast trip”, 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., changes in PCIA fees and procurement orders).

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 includes 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. Part of the increase is due to the fact that a number of new staff were hired over the past year and only a portion of their full annual compensation costs are reflected in the FY22-23 expenses. Their full cost is shown in this draft budget. In addition, normal salary increases are included.

Energy Center, Marketing and Communications

As Sonoma Clean Power continues to conduct market, demographic, and customer satisfaction research and our marketing efforts are increasingly responsive to the feedback we receive. To that end, we are purchasing customer relationship management software to assist in further targeting, segmenting, and personalizing customer marketing/outreach. The Empower program, which was created to focus attention and resources on improving the public’s understanding of what the SCP does, our mission, and how the agency operates, has been implemented, and is key to ensuring SCP understands and is serving the needs of all of our customers.

We will continue investing in innovative ways to connect with our Spanish-speaking customers on a cultural level. SCP will continue our history of supporting with funds, time, and expertise, including through SCP’s Supporting our Communities program with the Sonoma Water Energy Education program, the CTE Foundation, the LIME Foundation, and with educational grants/scholarships (SRJC Spirit of Entrepreneurship Grant, Sonoma State University 10,000 Degrees Scholarships).

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

As the primary touchpoint for customers in the agency, the customer service team’s budget includes confirmation notices, annual required notices, other noticing, and commercial customer engagement and events. FY23-24 reflects the transfer of community support to the Energy Center, Marketing and Communications budget. There was also a decline in required noticing expense as a result of having permission to email required notices to e-bill customers.
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)

The customer service budget also reflects two required mailings by the CPUC and CEC:

- Joint Rate Comparison with SCP and PG&E information (annually)
- California Energy Commission’s Power Content Label (annually)

Other noticing includes miscellaneous communication to customers, for example, a small change to the NetGreen 2.0 program.

Finally, the commercial customer budget will be used help commercial EverGreen customers gain attention for the leadership in switching to 100% local, renewable energy.

Other Professional Services

Legal

This covers attorney expenses for general agency contracts and governance plus power supply negotiations and any other legal issues that arise.

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. Many of these legal expenses are shared across a large number of CCAs, for example in CPUC cases where all CCAs have a shared interest.

**Accounting**

Accounting includes services from two providers. Maher Accountancy provides the day-to-day accounting for SCP, including payroll, customer compensation for NetGreen, invoice processing and payment, income monitoring and reconciliation, generation of financial statements and consolidated reports. SCP also has an outside auditor review our financial statements each year.

**Legislative**

Staff retains 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. The statewide CalCCA trade association continues to allow SCP to track and participate in legislative work that affects CCAs across the state. A minimal amount of federal and state lobbying on the GeoZone is also included, and if larger amounts are needed, staff would return and ask for a budget adjustment.

**Other Consultants**

Other Consultants covers costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the HQ building and the Advanced Energy Center, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts. Administration of SCP’s 0% on-bill financing as well as technical consultants for the GeoZone are also included in this category.

**Industry Memberships and Dues**

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.

SCP is a member of CC Power, the JPA formed with other CCAs to jointly procure power. During this early period before any energy and capacity is delivered under CC Power contracts, all CC Power expenses are booked as dues. However, once energy and capacity from contracts begins, these expenses will shift into the energy line item.
SCP is also a member of the American Public Power Association (APPA). This is a nationwide association of public power entities, with a membership category for CCAs nationwide.

**Programs**

The semi-annual Programs Strategic Action Plan recently presented to the Committee and Board details the programs SCP is planning to deliver in the next fiscal year.

**Other Uses**

Capital Outlay is for equipment costing in excess of $5,000.

**Debt Service**

SCP currently carries no debt.

**Net Increase / (Decrease) in Available Fund Balance**

Staff is planning for a substantial net increase in the available fund balance based on SCP’s February 1, 2023 rates that are expected to provide SCP customers savings of 5% on total electric bills. When SCP’s long-term financial reserves target is reached, staff assume that rates will be reduced to cover SCP’s costs.
FOUR-YEAR OUTLOOK

This four-year outlook is subject to significant changes as new information is available regarding PCIA, actual loads, changes in policy and regulation and the market cost of energy.

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<td>Electricity Sales (net of allowance)</td>
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Community Advisory Committee Review

The Community Advisory Committee had several clarifying questions regarding the draft budget during their meeting on March 16, 2023. The committee members did not indicate any suggestions for change in their first review of the draft budget.