EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 554953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE MAY 4, 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 B
UKIAH, CA 95482

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 Participating Remotely:

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 (Any private remote meeting attendance will be noticed or approved at this time)

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve April 6, 2023, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) pg. 5
2. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) pg. 13
3. Adopt a Resolution Electing to Become Subject to the Uniform Public Construction Cost Accounting Act and Introduce and Waive the First Reading of an Ordinance of the Sonoma Clean Power Authority Establishing Bidding Procedures in Accordance with the Uniform Public Construction Cost Accounting Act (Staff Recommendation: Approve) pg. 17

BOARD OF DIRECTORS REGULAR CALENDAR

4. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) pg. 27
5. Receive Legislative and Regulatory Updates, Provide Direction and Approve Positions AB 593 (Haney), AB 982 (Villapudua), and Other Bills as Appropriate (Staff Recommendation: Approve) pg. 39
6. Approve the Proposed Annual Budget for Fiscal Year 2023-2024 (Staff Recommendation: Approve) pg. 87

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.) pg. 101

ADJOURN
### COMMONLY USED ACRONYMS AND TERMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAC</td>
<td>Community Advisory Committee</td>
</tr>
<tr>
<td>CAISO</td>
<td>California Independent Systems Operator - the grid operator</td>
</tr>
<tr>
<td>CCA</td>
<td>Community Choice Aggregator - a public power provider</td>
</tr>
<tr>
<td>CEC</td>
<td>California Energy Commission</td>
</tr>
<tr>
<td>CleanStart</td>
<td>SCP’s default power service</td>
</tr>
<tr>
<td>CPUC</td>
<td>California Public Utilities Commission</td>
</tr>
<tr>
<td>DER</td>
<td>Distributed Energy Resource</td>
</tr>
<tr>
<td>ERRA</td>
<td>Energy Resource Recovery Account - one of PG&amp;E’s rate cases at the CPUC</td>
</tr>
<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>
</tr>
<tr>
<td>Geothermal</td>
<td>A locally available, low-carbon baseload renewable resource</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas</td>
</tr>
<tr>
<td>GRC</td>
<td>General Rate Case - one of PG&amp;E’s rate cases at the CPUC</td>
</tr>
<tr>
<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>
</tr>
<tr>
<td>IOU</td>
<td>Investor-Owned Utility (e.g., PG&amp;E)</td>
</tr>
<tr>
<td>IRP</td>
<td>Integrated Resource Plan – balancing energy needs with energy resources</td>
</tr>
<tr>
<td>JPA</td>
<td>Joint Powers Authority</td>
</tr>
<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>
</tr>
<tr>
<td>MWh</td>
<td>Megawatt-hour is a unit of energy and measures how much energy is used or produced over time.</td>
</tr>
<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>
</tr>
<tr>
<td>NetGreen</td>
<td>SCP’s net energy metering bonus</td>
</tr>
<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>
</tr>
<tr>
<td>RA</td>
<td>Resource Adequacy – a required form of capacity that helps ensure there are sufficient power resources available when needed.</td>
</tr>
<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>
</tr>
<tr>
<td>SCP</td>
<td>Sonoma Clean Power</td>
</tr>
<tr>
<td>TOU</td>
<td>Time of Use, used to refer to rates that differ by time of day</td>
</tr>
</tbody>
</table>
CALL TO ORDER

(9:04 a.m. - Video Time Stamp: 00:02:54)

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; Erica Torgerson, Director of Customer Service; Brytann Busick, Events Manager; Chris Golik, Finance Manager; and Josh Nelson, Special Counsel.

0. Receive Notice that Director Farrar-Rivas is Participating from a Remote Location for Just Cause

Director Farrar-Rivas noticed she was unable to attend in-person due to illness and she would be participating in the meeting via teleconference pursuant to AB 2449 teleconference rules.

BOARD OF DIRECTORS CONSENT CALENDAR

(9:05 a.m. - Video Time Stamp: 00:04:14)

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

2. Receive Geothermal Opportunity Zone Update

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
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

5. Approve Revised Sonoma Clean Power Authority Energy Risk Management Policy

Motion to approve the April 6, 2023, Board of Directors Consent Calendar by Director Bagby

Second: Chair Elward

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

BOARD OF DIRECTORS REGULAR CALENDAR


(9:08 a.m. - Video Time Stamp: 00:07:25)

Geof Syphers, CEO, discussed two new power purchase agreements for projects located in the SCP service territory, the first being 4 MWs of solar with 4 MWhs of battery storage just outside of Ukiah and the second being a 4.99 MW solar project in Laytonville.

Brytann Busick, SCP’s Events Manager, discussed Calpine’s Community Grant Program. Ms. Busick stated the application is on SCP’s website and encouraged the Board to help spread awareness of the program.

Director Barnacle asked how “disadvantaged communities” was defined for the program and Director Reynolds responded that SCP would provide that information after the meeting.

Director Reynolds discussed SCP customer protections for disconnections relating to the COVID-19 emergency that ended March 31, 2023.

Chair Fudge asked if a customer is disconnected but still owes money will SCP receive those funds and Erica Torgerson, Director of Customer Service, clarified SCP’s noticing and transfer process.

Public Comment: None
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

(09:21 a.m. - Video Time Stamp: 00:20:33)

Neal Reardon, Director of Regulatory Affairs, mentioned that the California Public Utilities Commission (CPUC) opened an Order Instituting Investigation regarding natural gas pricing. He then discussed the status of PG&E’s Fast-Trip program to automatically shutoff power, and how SCP is trying to get more information from PG&E about where that system is used. He stated that SCP has requested PG&E supply customer area maps for those areas affected by Fast-Trips and that the Chair of the CPUC told PG&E to provide the data to SCP.

Director Rogers mentioned that the National League of Cities had discussed PG&E’s lack of transparency.

SCP’s legislative advocate Katherine Brandenburg gave a high-level overview of the bills that SCP supports. She stated that this has been a busy year for the legislature with over 2,800 bills introduced. She stated that several were being watched including bills on offshore wind, lithium batteries, and open meeting legislation, among other items.

CEO Syphers expressed support for AB 643 (Berman) which is an interconnection bill. He mentioned Gov. Newsom’s budget includes a lot of policy elements and he stated that SCP requested the Governor’s office investigate PG&E’s financial status, since he noted the utility appears unable to finance routine transmission and distribution projects. He discussed AB 538 (Holden) which proposes regionalization of California Independent System Operator (CAISO) and he recommended that SCP watch the bill. He also recommends SCP watch AB 914 (Freeman) which aims to streamline CEQA procedures. He recommended support if amended for AB 1538 (Muratsuchi) which would provide incentives for clean energy reliability projects, but the language needed to be changed from “zero carbon” to “renewable,” the author agreed, but the funding source for the bill has yet to be addressed. He stated SCP supports SB 410 (Becker) which would provide timelines for utilities to connect new projects.

Vice Chair Hopkins asked for an update on SB 411 and Ms. Brandenburg stated that it has not yet been scheduled for a hearing. Director Bagby
mentioned that the League of California Cities was going to host a Legislation Day and asked staff for talking points. Director Barnacle discussed SB 527 and AB 593 and asked for support. CEO Syphers mentioned that the Board could take a stance on these bills in a motion.

Public Comment: Helen Sizemore of the Environmental Caucus stated she believed AB 538 was dangerous since there would be an inability for California to exit the framework once it has joined.

Motion to 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 with Direction to CEO Syphers to Research and Consider Supporting AB 527 and AB 593 by Director Rogers.

Second: Director Barnacle

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

8. Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2023-2024

(10:15 a.m. - Video Time Stamp: 01:14:28)

Michael Koszalka, COO, discussed the Draft Annual Budget for FY 23/24 and stated it would be brought to the Community Advisory again before bringing it to the Board for final adoption. He mentioned there are no projected rate increases and that SCP should be reaching its fiscal reserve targets within FY 23/24. He stated that there was a 4.7% budget increase and pointed out that this is below inflation levels. He discussed the 5-year forecast and CEO Syphers stated that in 2014, he projected that SCP would hit its long-term financial goals in 10 years but now are planning to meet goals ahead of schedule, in 9 and a half years.

Chair Fudge asked if the savings would be the same for EverGreen Customers and CEO Syphers answered they would. Director Gjerde stated it was great that SCP will have 9 months of operating expenses. Director Barnacle mentioned he would like to help mobile home parks with energy savings in the future. Director Zollman said he would like to see spending at all levels, especially for the underserved communities.

Public Comment: None
BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS
(10:43 a.m. - Video Time Stamp: 01:42:43)

Director Ford mentioned that the City of Cotati now had 4 electric cars in its police force. Director Strong mentioned that the City of Willits was applying for solar installations by the April 14, 2023, deadline. Chair Fudge mentioned that Windsor was again considering adding EverGreen in their budget.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA
(10:46 a.m. - Video Time Stamp: 01:44:58)

Public Comment: Sunny Galbraith (see attached public comment)

ADJOURN
(10:50 a.m. - Video Time Stamp: 01:49:46)

The meeting was adjourned by unanimous consent.
Hello,

Could you please read the following announcement at the SCP board meeting on Thursday, 4/6? I am in class at that time so am unfortunately unable to attend or Zoom into the meeting.

Thank you!
Sunny Galbraith

To read:

My name is Sunny Galbraith and I am a high school teacher at Orchard View School in Sebastopol, and co-chair of the Santa Rosa Junior College annual Climate Action Night event, which is happening on Thursday April 20th, from 4:30-6:30 at the Bertolini student center on the SRJC campus. I am teaching this morning, so am not able to be at your meeting to invite you in person, but I hope to meet many of you at our event!

We would like to invite Sonoma Clean Power board members and staff to the event, where two of our student groups are presenting on Sonoma Clean Power customer electrification incentives, for buildings and transportation. Felicia Smith is advising the student groups, and it would be wonderful to have other Sonoma Clean Power staff and board members
join her in supporting local students and furthering climate solutions at the event.

Student groups from Sonoma County high schools, Santa Rosa Junior College and Sonoma State will present tri-fold posters, “science fair style” about California State Assembly or Senate bills, and local county and city campaigns. Come learn about current legislation and local campaigns related to climate change, climate justice and sustainability, and take action to enact climate solutions.

More information about the event can be found at climateactionnight.com

Hope to see you at Climate Action Night on Thursday, April 20th from 4:30-6:30 at the SRJC Bertolini Student Center.

Thank you!
Sunny
Background

SCP’s Mission includes phasing out reliance on fossil fuel power sources altogether. Out of that desire, SCP began buying geothermal power in 2014 to ensure Sonoma and Mendocino County’s robust solar power systems could be backed up with clean power every night and all through the winter instead of relying exclusively on natural gas power plants. EverGreen customers have played an important role in growing our local renewable sources, but the new construction has been limited to solar and battery storage to date.

As California’s use of solar and wind has expanded, there is an urgent need to construct more renewable power that can operate through the winter, and regulators and lawmakers have ordered procurement of offshore wind and geothermal energy in response. There is also growing pressure by regulators for California to build new fossil fuel power plants to sustain grid reliability, and SCP is working to demonstrate those new plants are not needed.

The Geothermal Opportunity Zone (GeoZone) was established by the SCP Board of Directors and the Boards of Supervisors in Sonoma and Mendocino Counties to help guide the development of local geothermal power so that local stakeholders can have a voice in the state’s process. In addition, SCP’s interest is in developing the resources necessary to allow SCP to stop relying on natural gas power plants altogether and to stop paying fossil fuel power plants for grid reliability. 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.

**Private Partner Activity**

With the cooperation agreements in place, SCP’s private GeoZone partners have started early development work in earnest. The initial focus is on securing exploration area site control, which involves building relationships with landowners, confirming title through extensive research, and completing sufficient technical work to evaluate specific land opportunities. SCP is supporting these activities for all three partners through introductions and knowledge sharing. Unlike most conventional geothermal opportunities in the West, land in the GeoZone is predominately privately owned and will not involve interfacing the Bureau of Land Management’s lease auction process.

Partners are also working on pursuing applicable grant opportunities described below and characterizing required permitting and the impact on cost and schedule.

**Public Engagement**

In addition to the opportunity for the public to speak at every SCP public meeting, specific GeoZone community updates and input sessions will be planned as soon as prospective sites and technologies are identified. At that time – likely in the summer of 2023 – SCP will ask the private partners to participate in the next public stakeholder engagement session.

**Political Advocacy**

The geothermal industry does not currently have a lobby in Sacramento or Washington. Without a dedicated champion, increasing supportive policy for geothermal and research funding is an uphill battle. SCP’s Board approved supporting geothermal in its 2023 legislative platform, and staff are actively pursuing advocacy opportunities—particularly if they can directly benefit the GeoZone.

Geothermal Rising, the trade group for the geothermal industry of which SCP is a member, is hosting an [inaugural Capital Hill Day](https://sonomacleanpower.org) in June, with the aim of educating lawmakers and building a coalition of support. Although SCP will not be in attendance, staff will be providing Geothermal Rising with key talking points relevant to California’s delegation. Staff has already had success in separately engaging Congressman Thompson, Congressman Huffman, and Senator Padilla on GeoZone and hopes to deepen those relationships to improve the geothermal industry’s traction in federal
policy. Staff is also planning on meeting with Geothermal Rising to specifically discuss opportunities for coordination at the state level.

Well Permitting

A near-term activity for both Chevron New Energies and Eavor Inc. will be obtaining well permits for exploration wells that will be required to confirm geologic characteristics before moving forward with pilot project development. Review and permitting can be done through the State’s California Geologic Energy Management (CalGEM) Division or by a local agency, such as the County of Sonoma or Mendocino, and staff are exploring which option will provide better opportunities for local input and timely processing. Staff have also learned that permitting of oil and gas exploratory wells is routine at the State level and that similar permitting for geothermal wells can be far slower despite the fact that modern geothermal exploration is advancing the state’s climate and air quality goals while oil and gas does the opposite. As a result, staff is also looking for legislative opportunities advocating for geothermal permitting that could tilt California’s permitting process away from oil and gas wells and toward geothermal wells.

Grant Opportunities

SCP’s partner Cyrq is planning to submit a concept paper for 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. In the paper, SCP preliminarily identified the City of Cloverdale as a target community for benefitting from the economic and energy infrastructure benefits of a Cyrq project. If DOE encourages Cyrq and SCP to move forward with a full application, staff will finalize selection of target communities and work with them in accurately characterizing the perceived impact and confirming local support for the project in a letter of commitment. Meanwhile, SCP and Cyrq are awaiting a decision from DOE on an application submitted for the DOE’s Long-Duration Energy Storage grant, which is expected in Summer 2023.

SCP is also working with Chevron New Energies in evaluating a potential application to the Department of Energy’s Bipartisan Infrastructure Law Enhanced Geothermal System Demonstration grant. The grant offers federal cost share in deployment of new subsurface geothermal technologies with applications due in June.
Transmission Planning

CAISO released its Draft 2022-23 Transmission Plan in early April. The plan calls for a significant increase in transmission capacity to meet statewide environmental and reliability goals—with $9.3 billion of investment in 46 transmission projects. Much of the transmission build-out is concentrated in Southern California and includes projects to bring renewable energy (including geothermal) from the Imperial Valley, Nevada, Wyoming, Idaho, and New Mexico. The CAISO hasn’t yet studied local geothermal capacity at the scale of the GeoZone—only testing up to 79 MW in the base portfolio. At the modeled capacity, no policy-driven upgrades were identified in the area although a sensitivity study suggested significant constraints would occur with faster renewable deployment. SCP is engaged in the current 2023-24 process to advocate for a more significant plan for local geothermal growth, since the alternative is to rely solely on extending the operation of natural gas power plants, constructing new large-scale pumped hydropower, offshore wind and Salton Sea area geothermal. Because of their variability in output, solar and wind, even when combined with batteries, provide very little grid reliability during the winter.

CAISO also recently released its 2023 Interconnection Process Enhancements Straw Proposal. The proposal recommends dramatic reforms to the CAISO’s interconnection process starting with the next cluster (Cluster 15), which is accepting applications this month. To better manage the volume of requests and incorporate the results of Cluster 14, the CAISO contemplates delaying the start of Cluster 15’s Phase I studies by a year. This would likely delay the acceptance for the next cluster, which is when SCP expects GeoZone projects to be ready to pursue interconnection. The proposed enhancements also move from the current “open access” model to more of a “central planning” approach—where interconnection requests the CAISO and the CPUC have planned for development and capacity are prioritized. If the CAISO moves forward with the suggested reforms, it will be important for the GeoZone to evaluate options for interconnecting demonstration projects on the distribution system to alleviate schedule delays. It also reinforces the importance of GeoZone advocacy at the CPUC and other venues to ensure it is reflected in statewide planning and receives interconnection prioritization.
To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations
Beau Anderson, Building Operations & IT Manager
Joshua Nelson, Special Counsel

Issue: Adopt Resolution Electing to Become Subject to the Uniform Public Construction Cost Accounting Act and Introduce and Waive the First Reading of an Ordinance of the Sonoma Clean Power Authority Establishing Bidding Procedures in Accordance with the Uniform Public Construction Cost Accounting Act

Date: May 4, 2023

Recommendation

Approve Resolution of the Sonoma Clean Power Authority Electing to Become Subject to the Uniform Public Construction Cost Accounting Act and Introduce and Waive the First Reading of an Ordinance of the Sonoma Clean Power Authority Establishing Bidding Procedures in Accordance with the Uniform Public Construction Cost Accounting Act.

Background

Sonoma Clean Power is currently subject to the bidding requirements established under Public Contract Code section 21131,¹ which requires competitive bidding for all public works² contracts costing more than $2,500. Adoption of the Resolution and Ordinance would streamline the process of entering into contracts by increasing the

² Labor Code section 1720(a)(1) defines “public works” to include “[c]onstruction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds....”
competitive bid threshold for public works projects to $60,000 and create a single cohesive bidding procedure for all contracts.

Discussion

With the opening of the Advanced Energy Center and the SCP Headquarters building, the agency is now responsible for routine maintenance and construction activities across the two facilities, making this the first time in SCP’s history wherein staff is obligated to perform these duties as an owner/operator.

Under SCP’s current requirements, any construction project in excess of $2,500 requires competitive bidding for routine or emergency construction work. By comparison, General Law Cities and Community Services Districts are generally subject to higher dollar thresholds for bidding requirements. By electing to become subject to the Uniform Public Construction Cost Accounting Act (“Act”), this threshold would be increased to $60,000.

As a requirement of the Act, staff would be required to notice select construction trade journals and invite all licensed contractors to submit their firms’ name to SCP for inclusion on SCP’s list of qualified bidders. This “master list” would be maintained on an annual basis each calendar year and give staff the benefit of having a comprehensive resource of local contractors, by trade, for any construction needs.

In addition, adoption of the Act provides cohesive bidding procedures for contracts based on their dollar value, as shown in the table below:

<table>
<thead>
<tr>
<th>Contract Type &amp; Dollar Amounts</th>
<th>Contract Bidding Requirements</th>
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</thead>
<tbody>
<tr>
<td>Small Contracts: Contracts under $60,000.</td>
<td>Force account, negotiated contract, or purchase order.</td>
</tr>
<tr>
<td>Medium Contracts: Contracts between $60,000 and $200,000.</td>
<td>Provide notice to all contractors on “master list” of each contract at least ten (10) calendar days before bids are due.</td>
</tr>
<tr>
<td>Large Contracts: Contracts Over $200,000.</td>
<td>1) Publish the Notice Inviting Bids in a local newspaper of general circulation at</td>
</tr>
</tbody>
</table>
Large Contracts: Contracts Over $200,000 (continued).

least fourteen (14) calendar days before the date for opening the bids.

2) Provide certain construction trade journals, as designated by the Uniform Public Construction Cost Accounting Commission, with the Notice Inviting Bids for the Large Contract at least fifteen (15) calendar days before the date set for opening the bids.

In summary, entering into the Act and establishing bidding procedures would streamline the process for creating service agreements, establish bid thresholds consistent with other Special Districts, provide the agency with a list of contractors on an annual basis, and allow staff to attend to any routine or emergency facility needs in a prompt and efficient manner.

**Fiscal Impact**

None

**Community Advisory Committee Review**

Due to late identification of this issue, the item is being brought directly to the Board without Committee review.

**Attachments**

- Attachment A - Resolution of the Sonoma Clean Power Authority Electing to Become Subject to the Uniform Public Construction Cost Accounting Act
- Attachment B - Ordinance of the Sonoma Clean Power Authority Establishing Bidding Procedures in Accordance with the Uniform Public Construction Cost Accounting Act
- Attachment C - Ordinance Bidding Procedures
RESOLUTION OF THE SONOMA CLEAN POWER AUTHORITY ELECTING TO BECOME SUBJECT TO THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (PUBLIC CONTRACT CODE SECTION 22000 ET SEQ.)

WHEREAS, prior to the passage of Assembly Bill No. 1666, Chap. 1054 Stats. 1983, which added Chapter 2 commencing with Section 22000 to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

WHEREAS, the Uniform Public Construction Cost Accounting Act (the “Act”), codified at Public Contract Code Section 22000 et seq., establishes such a uniform cost accounting standard; and

WHEREAS, the California Uniform Construction Cost Accounting Commission (“Commission”) established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public works projects; and

WHEREAS, the Sonoma Clean Power Authority (“Authority”) Board of Directors desires to adopt and implement the uniform public construction cost accounting procedures as set forth in the Act; and

WHEREAS, the adoption of these procedures is in the best interests of the Authority and in the public interest.

NOW, THEREFORE, the Board of Directors of the Sonoma Clean Power Authority does hereby resolve as follows:

Section 1. The Board of Directors of the Sonoma Clean Power Authority hereby elects under Public Contract Code Section 22030 to become subject to the uniform public construction cost accounting procedures set forth in the Act and to the Commission’s policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended, and directs the Clerk of the Board of Directors to notify the State Controller forthwith of this election.

Section 2. The Board of Directors finds the adoption of this resolution is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines,
California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

Section 3. The recitals provided in this resolution are true and correct and are hereby incorporated into the substantive portion of this resolution.

Section 4. This resolution shall take effect immediately upon its adoption by the Board of Directors, and the Clerk of the Board of Directors shall certify the vote adopting the resolution.

PASSED AND ADOPTED this 4th day of May, 2023, by the Board of Directors of the Sonoma Clean Power Authority by the following vote:

<table>
<thead>
<tr>
<th>JURISDICTION</th>
<th>NAME</th>
<th>AYE</th>
<th>NO</th>
<th>ABSTAIN/ABSENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloverdale</td>
<td>Director Bagby</td>
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<tr>
<td>Cotati</td>
<td>Director Ford</td>
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<td>Petaluma</td>
<td>Director Barnacle</td>
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<td>Sebastopol</td>
<td>Director Zollman</td>
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<tr>
<td>Sonoma</td>
<td>Director Farrar-Rivas</td>
<td></td>
<td></td>
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<tr>
<td>Willits</td>
<td>Director Strong</td>
<td></td>
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<tr>
<td>Windsor</td>
<td>Chair Fudge</td>
<td></td>
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</tr>
<tr>
<td>County of Mendocino</td>
<td>Director Gjerde</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County of Sonoma</td>
<td>Vice Chair Hopkins</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In alphabetical order by jurisdiction

_____________________________________________________
Chair, Sonoma Clean Power

Authority
Attest:

_____________________________________________________
Clerk of the Board
ORDINANCE NO. 2023.01
ORDINANCE OF THE SONOMA CLEAN POWER AUTHORITY
ESTABLISHING BIDDING PROCEDURES IN ACCORDANCE WITH THE
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (PUBLIC
CONTRACT CODE SECTION 22000 ET SEQ.)

WHEREAS, on May 4, 2023, the Sonoma Clean Power Authority (“Authority”) elected to become subject to the Uniform Public Construction Cost Accounting Act (“Act”); and

WHEREAS, the Act requires participating agencies to adopt a bidding ordinance consistent with the bidding requirements under the Act.

NOW, THEREFORE, the Board of Directors of the Sonoma Clean Power Authority does hereby ordain as follows:

1. The bidding procedures attached hereto as Exhibit “A” are adopted and established for all Authority public works projects.

2. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This Board of Directors hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

3. The Board of Directors finds the adoption of this Ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

4. This Ordinance shall be published in a newspaper of general circulation and shall be effective thirty days from its adoption.

PASSED AND ADOPTED this _____ day of _____, 2023, by the Board of Directors of the Sonoma Clean Power Authority by the following vote:

(Signatures appear on the following page)
<table>
<thead>
<tr>
<th>JURISDICTION</th>
<th>NAME</th>
<th>AYE</th>
<th>NO</th>
<th>ABSTAIN / ABSENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloverdale</td>
<td>Director Bagby</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cotati</td>
<td>Director Ford</td>
<td></td>
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<tr>
<td>Petaluma</td>
<td>Director Barnacle</td>
<td></td>
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<tr>
<td>Rohnert Park</td>
<td>Director Elward</td>
<td></td>
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</tr>
<tr>
<td>Santa Rosa</td>
<td>Director Rogers</td>
<td></td>
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<tr>
<td>Sebastopol</td>
<td>Director Zollman</td>
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<tr>
<td>Sonoma</td>
<td>Director Farrar-Rivas</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In alphabetical order by jurisdiction*

________________________________________

Chair, Sonoma Clean Power

Authority
Attest:

________________________________________

Clerk of the Board
PURCHASING POLICIES AND PROCEDURES ORDINANCE

Uniform Public Construction Cost Accounting Act.

A. Definitions. For the purposes of this enabling ordinance for the Uniform Public Construction Cost Accounting Act, the following words and phrases shall have the following meanings:

1. “Act” means the Uniform Public Construction Cost Accounting Act (California Public Contracts Code Section 22000 et seq.), as it may be amended from time to time. The requirements of the Act are deemed incorporated herein by reference as if fully set forth herein.

2. “Authority” means the Sonoma Clean Power Authority.


4. “Public project” has the meaning assigned to it under Public Contract Code Section 22002, as it may be amended from time to time.

B. Public Project Contracting Procedures. The Authority shall follow the contracting procedures set forth in Article 3 of the Act (Public Contract Code Section 22030 et seq.).

C. Contractors List. The Authority Chief Executive Officer, or his or her designee, shall compile and maintain a list of qualified contractors identified according to categories of work. This list shall comply with the requirements of the Act and the criteria promulgated, from time to time, by the Commission.

D. Informal Bidding.

1. When a public project is to be performed which qualifies for informal bidding, notice of such project shall be given as follows except where the product or service is proprietary or such project is otherwise exempt from competitive bidding under applicable law:

   a. Notice shall be sent to all contractors on the contractors list for the category of work being bid or notice shall be given to all construction trade journals specified by the Commission for the receipt of such notice for Sonoma County, or both; or

   b. Additional notice to other contractors and/or trade journals may, in the discretion of the Sonoma Clean Power Authority, be given.
3. All mailing of notices to contractors and/or construction trade journals shall be completed not less than ten days before bids are due.

4. The notice shall describe the project in general terms, how to obtain more detailed information about the project and shall state the time and place for submission of bids.

5. Informal bidding shall be performed in the manner required by the Act and other applicable law.

E. Formal Bidding.

1. When a public project is to be performed which qualifies for formal bidding, notice of such project shall be given as follows except where the product or service is proprietary or such project is otherwise exempt from competitive bidding under applicable law:

   a. Notice shall be given to all construction trade journals specified by the Commission for the receipt of such notice for Sonoma County and notice shall be published in a newspaper of general circulation printed and published or circulated in the Sonoma Clean Power Authority; and

   b. Additional notice to other contractors and/or trade journals may, in the discretion of the Sonoma Clean Power Authority, be given.

3. All notices to construction trade journals shall be completed not less than fifteen days before bids are due. All notices shall be published in a newspaper of general circulation not less than fourteen days before bids are due.

4. The notice shall describe the project in general terms, how to obtain more detailed information about the project and shall state the time and place for submission of bids.

5. Formal bidding shall be performed in the manner required by the Act and other applicable law.

F. Award of Contracts. The Authority Chief Executive Officer is authorized to award contracts for public projects up to the amount specified in the purchasing guidelines policy established by the Board of Directors. The Board of Directors shall award all contracts in excess of the foregoing amount.

G. Rejection of Bids. The Authority Chief Executive Officer or the Board of Directors, as the case may be, may, in the Authority Chief Executive Officer’s or Board of Directors’ discretion, reject all bids and proceed as authorized by the Act.

H. Emergencies. Emergency work shall be contracted for in accordance with Public Contract Code Sections 22035 and 22050 except where the
product or service is proprietary or such project is otherwise exempt from competitive bidding under applicable law. Pursuant to Public Contract Code Section 22050, the Chief Executive Officer is delegated the authority to determine that bidding will not be required to respond to an emergency. The Chief Executive Officer shall report to the Board of Directors, at its next meeting, the reasons justifying why the emergency would not permit a delay resulting from a competitive solicitation for bids and why the action was necessary to respond to the emergency.
ART IS BACK AT SCP

SCP is reviving a community art show that last occurred about nine years ago. Staff worked with a local art curator and invited local artists to showcase their artwork in SCP’s Headquarters building. Over the Easter weekend, art from ten artists were installed at SCP’s business office at 431 E Street in Santa Rosa. Tours will be scheduled until the Closing Reception on September 9, 2023. To learn more, please visit: https://sonomacleanpower.org/art and schedule a private tour or RSVP for the closing reception.

By showcasing local artists, SCP is helping support our community in new ways.

NEW ELECTRIC ZAMBONI

On Earth Day, Snoopy’s Home Ice debuted their new state-of-the-art electric Zamboni, which was purchased in partnership with Sonoma Clean Power. The new ice resurfacing machine replaces a dirty propane machine and offers many beneficial features, including lithium-ion batteries (perfect for the ice resurfacing application and more efficient than lead acid batteries, using less energy and having a longer usable life); zero battery maintenance = no off-gassing, battery watering or use of chemicals. The FastICE® advanced ice making system uses less water and applies a fine mist which freezes faster for less load on the refrigeration equipment and results in a more durable ice surface. The machine is emission-free which improves indoor air quality, helping Snoopy’s Home Ice maintain a safer and higher quality skating environment for guests, and is well-aligned with Sonoma Clean Power’s mission to
fight the climate crisis through bold ideas and practical programs. Sonoma Clean Power’s logo is prominently displayed on the hubs of the wheels of the machine for superior branding value.

“There are three things in life that people like to stare at: a flowing stream, a crackling fire and a Zamboni clearing the ice.”
– Charlie Brown
INVESTMENTS

The goals of SCP’s Investment Policy, in order of priority, are to protect SCP’s cash balances, retain sufficient liquidity, and produce a return on investment to preserve value over time. Allowed investments are listed in the Local Agency Investment Guidelines issued by the California Debt and Investment Advisory Commission (CDIAC), which is included in SCP’s Investment Policy (Financial Policy B.5).

SCP maintains investments with two banks and the Sonoma County Treasury Investment Pool. The bank funds are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized at 110% per California Government Code Section 16521. The summary below reflects year-to-date figures for the nine months ended March 31, 2023. In general, returns on SCP’s investments are increasing quickly as older investment instruments expire and newer higher-return instruments are purchased.

### Investment Summary

#### Nine Months Ended March 31, 2023

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Avg. Balance</th>
<th>Interest Earned</th>
<th>Avg. Annual Percentage Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market (1)</td>
<td>$1,297,266</td>
<td>$17,766</td>
<td>1.84%</td>
</tr>
<tr>
<td>Insured Cash Sweep (ICS) (2)</td>
<td>$45,957,048</td>
<td>$614,065</td>
<td>1.80%</td>
</tr>
<tr>
<td>Certificate of Deposit Account Registry Service (CDARS) (2)</td>
<td>$10,616,187</td>
<td>$372,442</td>
<td>4.78%</td>
</tr>
<tr>
<td>Sonoma County Treasury Investment Pool (3)</td>
<td>$36,601,305</td>
<td>$392,330</td>
<td>1.44%</td>
</tr>
<tr>
<td><strong>Total</strong> (4)</td>
<td><strong>$94,471,806</strong></td>
<td><strong>$1,396,602</strong></td>
<td><strong>1.99%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Location</th>
<th>Avg. Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summit State Bank</td>
<td>$28,539,459</td>
</tr>
<tr>
<td>River City Bank</td>
<td>$29,331,042</td>
</tr>
<tr>
<td>Sonoma County Treasury Investment Pool (3)</td>
<td>$36,601,305</td>
</tr>
<tr>
<td><strong>Total</strong> (4)</td>
<td><strong>$94,471,806</strong></td>
</tr>
</tbody>
</table>

(1) Collateralized at 110% per California Government Code Section 16521  
(2) Insured by the Federal Deposit Insurance Corporation (FDIC)  
(3) Excludes fair market value adjustment from financial statements  
(4) Excludes cash in non-interest-bearing accounts

### MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is slightly less than projections. Year-to-date revenue from electricity sales is slightly under budget by less than 1% and cost of energy is over budget projections by less than 3%. Year-to-date electricity sales reached $190,491,000.
SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $169,217,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Approximately $95,207,000 is set aside for operating reserves.

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 2022.

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 less than 1% at the end of the reporting period.

The cost of electricity is more than the budget-to-date by approximately less than 3%. 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

- February 2023 Financial Statements

UPCOMING MEETINGS

- Community Advisory Committee - May 11, 2023 (off-regular schedule)
- Board of Directors - June 1, 2023
- Community Advisory Committee - June 15, 2023
- Board of Directors - July 6, 2023
ACCOUNTANTS’ COMPILATION REPORT

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 February 28, 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.

Maher Accountancy
San Rafael, CA
April 4, 2023
SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
Eight Months Ended February 28, 2023

<table>
<thead>
<tr>
<th>Description</th>
<th>2022/23 YTD Amended Budget</th>
<th>2022/23 YTD Actual</th>
<th>2022/23 YTD Variance (Under)</th>
<th>2022/23 YTD Actual / Amended Budget %</th>
<th>2022/23 Amended Budget</th>
<th>2022/23 Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE AND OTHER SOURCES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity (net of allowance) *</td>
<td>$191,308,137</td>
<td>$190,666,184</td>
<td>$641,953</td>
<td>100%</td>
<td>$279,200,000</td>
<td>$88,533,816</td>
</tr>
<tr>
<td>Evergreen Premium (net of allowance)</td>
<td>1,678,113</td>
<td>1,772,553</td>
<td>94,422</td>
<td>106%</td>
<td>2,389,000</td>
<td>616,465</td>
</tr>
<tr>
<td>CEC Grant</td>
<td>528,620</td>
<td>85,930</td>
<td>(442,690)</td>
<td>16%</td>
<td>1,414,000</td>
<td>1,328,070</td>
</tr>
<tr>
<td>Investment income</td>
<td>728,282</td>
<td>813,169</td>
<td>84,887</td>
<td>112%</td>
<td>1,488,000</td>
<td>674,831</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>341,667</td>
<td>11,320</td>
<td>(330,347)</td>
<td>0%</td>
<td>1,025,000</td>
<td>1,013,680</td>
</tr>
<tr>
<td>Total revenue and other sources</td>
<td>194,584,819</td>
<td>193,349,138</td>
<td>(1,235,681)</td>
<td>99%</td>
<td>285,516,000</td>
<td>92,166,862</td>
</tr>
<tr>
<td><strong>EXPENDITURES AND OTHER USES:</strong></td>
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</tr>
<tr>
<td><strong>CURRENT EXPENDITURES</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of energy and scheduling</td>
<td>137,592,464</td>
<td>136,257,145</td>
<td>(1,335,319)</td>
<td>99%</td>
<td>193,510,000</td>
<td>57,252,855</td>
</tr>
<tr>
<td>Data management</td>
<td>1,773,032</td>
<td>1,753,956</td>
<td>756</td>
<td>97%</td>
<td>2,677,000</td>
<td>923,044</td>
</tr>
<tr>
<td>Service fees-PG&amp;E</td>
<td>655,815</td>
<td>656,571</td>
<td>94,422</td>
<td>106%</td>
<td>979,000</td>
<td>322,429</td>
</tr>
<tr>
<td>Personnel</td>
<td>4,887,329</td>
<td>4,796,428</td>
<td>(90,901)</td>
<td>98%</td>
<td>7,650,000</td>
<td>3,235,572</td>
</tr>
<tr>
<td>Energy Center, marketing &amp; communications</td>
<td>1,666,032</td>
<td>1,345,927</td>
<td>(320,105)</td>
<td>81%</td>
<td>2,951,000</td>
<td>1,605,073</td>
</tr>
<tr>
<td>Customer service</td>
<td>172,140</td>
<td>128,474</td>
<td>(43,666)</td>
<td>75%</td>
<td>291,000</td>
<td>162,526</td>
</tr>
<tr>
<td>General and administration</td>
<td>774,512</td>
<td>748,594</td>
<td>(25,918)</td>
<td>97%</td>
<td>1,190,000</td>
<td>441,406</td>
</tr>
<tr>
<td>Legal</td>
<td>228,109</td>
<td>178,286</td>
<td>(49,823)</td>
<td>78%</td>
<td>430,000</td>
<td>251,714</td>
</tr>
<tr>
<td>Regulatory and compliance</td>
<td>231,058</td>
<td>161,401</td>
<td>(69,657)</td>
<td>70%</td>
<td>460,000</td>
<td>298,599</td>
</tr>
<tr>
<td>Accounting</td>
<td>178,933</td>
<td>192,900</td>
<td>13,967</td>
<td>108%</td>
<td>258,000</td>
<td>86,090</td>
</tr>
<tr>
<td>Legislative</td>
<td>105,333</td>
<td>64,000</td>
<td>(41,333)</td>
<td>61%</td>
<td>220,000</td>
<td>156,000</td>
</tr>
<tr>
<td>Other consultants</td>
<td>370,867</td>
<td>251,037</td>
<td>(119,830)</td>
<td>68%</td>
<td>746,000</td>
<td>494,963</td>
</tr>
<tr>
<td>Industry memberships and dues</td>
<td>383,428</td>
<td>349,418</td>
<td>(34,010)</td>
<td>91%</td>
<td>560,000</td>
<td>210,582</td>
</tr>
<tr>
<td>Program implementation</td>
<td>2,343,219</td>
<td>1,189,616</td>
<td>(1,153,603)</td>
<td>51%</td>
<td>5,456,000</td>
<td>4,334,884</td>
</tr>
<tr>
<td>Program - CEC grant</td>
<td>1,846,545</td>
<td>1,024,982</td>
<td>(821,563)</td>
<td>56%</td>
<td>4,180,000</td>
<td>3,155,018</td>
</tr>
<tr>
<td>Total current expenditures</td>
<td>153,208,816</td>
<td>149,098,735</td>
<td>(4,110,081)</td>
<td>97%</td>
<td>221,588,000</td>
<td>72,459,265</td>
</tr>
<tr>
<td><strong>OTHER USES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>237,438</td>
<td>73,335</td>
<td>(164,103)</td>
<td>31%</td>
<td>600,000</td>
<td>526,665</td>
</tr>
<tr>
<td>Total expenditures, other uses</td>
<td>153,446,254</td>
<td>149,172,070</td>
<td>(4,274,184)</td>
<td>97%</td>
<td>222,158,000</td>
<td>72,985,930</td>
</tr>
<tr>
<td>Net increase (decrease) in available fund balance</td>
<td>$41,138,565</td>
<td>$44,177,068</td>
<td>$3,038,503</td>
<td>97%</td>
<td>$63,358,000</td>
<td>$19,180,932</td>
</tr>
</tbody>
</table>

* Represents sales of approximately 1,496,000 MWh, for 2022/23 YTD actual.

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See accountants’ compilation report.
SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
Eight Months Ended February 28, 2023

Net increase (decrease) in available fund balance per budgetary comparison schedule: $44,177,068

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

- Subtract depreciation expense (903,888)
- Add back capital asset acquisitions 73,335

Change in net position $43,346,515

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 February 28, 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
April 4, 2023
### SONOMA CLEAN POWER AUTHORITY

#### STATEMENT OF NET POSITION

**As of February 28, 2023**

**ASSETS**

<table>
<thead>
<tr>
<th>Current assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$41,862,408</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance</td>
<td>29,831,258</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,407,503</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>14,811,968</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>5,022,840</td>
</tr>
<tr>
<td>Deposits</td>
<td>14,403,101</td>
</tr>
<tr>
<td>Investments</td>
<td>60,427,541</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>167,766,619</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>860,520</td>
</tr>
<tr>
<td>Capital assets, net of depreciation</td>
<td>17,912,053</td>
</tr>
<tr>
<td>Deposits</td>
<td>846,256</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>19,618,829</td>
</tr>
</tbody>
</table>

| **Total assets**                        | 187,385,448 |

**LIABILITIES**

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued cost of electricity</td>
<td>5,443,595</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>935,617</td>
</tr>
<tr>
<td>Advanced from grantors</td>
<td>3,074,682</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>2,725,393</td>
</tr>
<tr>
<td>User taxes and energy surcharges due to other governments</td>
<td>733,087</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>12,912,374</td>
</tr>
</tbody>
</table>

**NET POSITION**

| Investment in capital assets           | 18,772,573  |
| Unrestricted                           | 155,700,501 |
| **Total net position**                 | $174,473,074 |
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**Eight Months Ended February 28, 2023**

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$188,718,788</td>
</tr>
<tr>
<td>Evergreen electricity premium</td>
<td>1,772,535</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>85,930</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>190,577,253</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>136,257,145</td>
</tr>
<tr>
<td>Contract services</td>
<td>5,820,231</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>4,796,428</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>1,166,253</td>
</tr>
<tr>
<td>Program rebates and incentives</td>
<td>1,058,677</td>
</tr>
<tr>
<td>Depreciation</td>
<td>903,889</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>150,002,623</strong></td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td><strong>40,574,630</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>813,169</td>
</tr>
<tr>
<td><strong>Nonoperating revenues (expenses), net</strong></td>
<td><strong>2,771,885</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>$174,473,074</strong></td>
</tr>
</tbody>
</table>
## SONOMA CLEAN POWER AUTHORITY

### STATEMENT OF CASH FLOWS
Eight Months Ended February 28, 2023

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$ 188,572,741</td>
</tr>
<tr>
<td>Receipts from grantors</td>
<td>3,849,989</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>3,549,289</td>
</tr>
<tr>
<td>Payments to electricity suppliers</td>
<td>(157,256,551)</td>
</tr>
<tr>
<td>Payments for other goods and services</td>
<td>(7,575,749)</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>(4,693,692)</td>
</tr>
<tr>
<td>Tax and surcharge payments to other governments</td>
<td>(2,331,252)</td>
</tr>
<tr>
<td>Payments for program rebates and incentives</td>
<td>(2,675,912)</td>
</tr>
</tbody>
</table>
- Net cash provided (used) by operating activities            | **21,438,863** |

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant revenue</td>
<td><strong>1,958,716</strong></td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to acquire capital assets</td>
<td>(181,608)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income received</td>
<td>542,895</td>
</tr>
<tr>
<td>Purchase of certificates of deposit</td>
<td>(25,000,000)</td>
</tr>
</tbody>
</table>
- Net cash provided (used) by investing activities            | **(24,457,105)** |
| Net change in cash and cash equivalents                      | (1,241,134) |
| Cash and cash equivalents at beginning of year               | 43,103,542 |
| Cash and cash equivalents at end of period                    | **$ 41,862,408** |

See accountants' compilation report.
SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
(continued)

Eight Months Ended February 28, 2023

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>$ 40,574,630</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net</td>
<td></td>
</tr>
<tr>
<td>cash provided (used) by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>903,889</td>
</tr>
<tr>
<td>Revenue adjusted for provision for uncollectible accounts</td>
<td>2,126,269</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(5,053,617)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>280,895</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>(1,380,159)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(2,061,597)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(8,940,120)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
</tr>
<tr>
<td>Accrued cost of electricity</td>
<td>(9,628,009)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(373,024)</td>
</tr>
<tr>
<td>Advanced from grantors</td>
<td>3,074,682</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>282,352</td>
</tr>
<tr>
<td>User taxes due to other governments</td>
<td>57,672</td>
</tr>
<tr>
<td>Supplier security deposits</td>
<td>1,575,000</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$ 21,438,863</td>
</tr>
</tbody>
</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 593 (Haney), AB 982 (Villapudua), and Other Bills as Appropriate

Date: May 4, 2023

Requested Action
Receive legislative and regulatory updates, provide feedback, and approve positions on AB 593 (Haney), AB 982 (Villapudua), and 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 proceedings 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.

CPUC Issues Resolution Denying Proposed Expansion of Two Existing CCAs

In December of 2022, East Bay Community Energy and Central Coast Community Energy filed implementation plans with the CPUC notifying the agency of their intent to serve the cities of Stockton and Atascadero, respectively, beginning in January of 2024.

On March 8, 2023, Staff issued letters that certified receipt of these implementation plans but did not confirm the proposed effective dates. Soon thereafter, Energy Division issued a Draft Resolution disallowing the proposed expansion until January of 2025 at the earliest. The rationale for the denial is that both CCAs in question have
been subject to multiple citations for failing to procure sufficient Resource Adequacy ("RA"). As background, all load serving entities are required to purchase RA. It is akin to an insurance product to provide a reliable grid. When functioning properly, the RA framework supports system reliability by requiring that sufficient generation facilities are available and online to meet electrical demand. The Draft Resolution concludes that East Bay and Central Coast’s failure to have RA contracts in place increased stress on the grid and resulted in utilities being required to purchase excess on behalf of all customers.

Comments on the Draft Resolution are due April 17th, it will be voted on during the April 27th, 2023, CPUC meeting.

**CPUC opens Process for Fixed Electric Delivery Costs**

In response to the passage of AB 205 last year, on April 7, IOUs and some advocates submitted a variety of proposals to the CPUC on how the Commission should adopt fixed monthly charges based on household income for residential electric power delivery costs. Per the language in AB 205, all of the proposals would eliminate usage-based delivery charges.

Advocates for AB 205 last year argued the changes will encourage a more equitable transition from gas to electric vehicles and appliances.

The CPUC will consider the various proposals and eventually develop its own proposal to address the requirements of AB 205. In doing so, it is also preparing for the possibility that AB 982 (Villapudua) could pass this year, which would shift most expenses for public purpose programs from energy rates into the state’s general fund. See the Legislative Update later in this item for information about that additional bill.

Implementation of the new flat-rate structure for delivery charges could be complicated by concerns over how household income verification would occur, concerns over how the changes could disincentive conservation, issues of safety and “gaming” that could arise from consumers running cords across property lines to use cheaper power or improperly placing accounts into the names of low-income individuals. Staff raise an additional concern that all of the proposals appear to create a de facto subsidy on large homes since delivery costs would not have any relationship to the size of a home.

However, the shift to protect the lowest income households from some of the costs of California’s electrification efforts could prove quite valuable.

PG&E’s proposal has three income tiers with low-income households paying $15 to $30 per month for delivery costs, moderate income households paying $51, and
higher income households paying $92. All generation costs and utility and state fees would remain as additional charges.

TURN and NRDC proposed CARE low-income households pay $5 per month, households with incomes up to $150,000 pay $40, and higher income households pay $62.

A number of other proposals were submitted by the Sierra Club, California Environmental Justice Alliance, CalAdvocates, and the Public Advocates Office.

The Commission intends to adopt a ruling by July 1, 2024. Reply comments to the initial proposals are due April 28, 2023 and hearings will begin sometime in August or September this year.

**Legislative Update**

This is one of the busiest periods of the legislative session as bills work through the policy committees in their houses of origin.

**Governor’s Budget Trailer Bill**

The most critical challenges community choice providers face in Sacramento this year are in the Governor’s budget trailer bill, which contains a large amount of new energy policies. The bill would greatly increase the powers of the CPUC, diminish the authority of local governments, and penalize ratepayers for the IOUs’ failure to construct sufficient transmission resources.

Specifically, the bill would remove a number of CCA governing board powers and transfer them to the CPUC, including removing the power of CCAs to select which power sources they buy. It also removes CCA governing boards’ ability to set policy on risk management and transfers risk oversight to the CPUC. If passed as is, substantially the remaining power left for the CCA governing boards would be to set customer rates.

The bill broadly tasks the California Department of Water Resources (DWR) or any IOU to finance and construct any new power resources the CPUC decides are critical. This function is termed the “Central Procurement Entity.” The bill also expands the prior role of the Central Procurement Entity to include the construction of resources that go beyond critical reliability and would include resources needed to lower greenhouse gas emissions. This broadening then means that essentially all power resources could,
in theory, be assigned to DWR or an IOU and that fossil fuel power sources could be forced onto SCP and other power providers.

Perhaps most concerning, the costs of all Central Procurement Entity activities would be spread across all power providers, including SCP, whether or not we need those resources and whether or not we have procured similar resources. This could greatly jeopardize any long-term investments, and could have a chilling effect on building new power resources in California.

Finally, the bill proposes to create a new financial penalty that would be charged to power providers that cannot fulfill their compliance obligations for resource adequacy, with the proceeds going to DWR or an IOU acting as the Central Procurement Entity. This new fine is additional to two existing fines for missing compliance, and is opposed by CalCCA on the grounds that there are insufficient capacity resources available to timely purchase at any price. Imposing a new fine, then, cannot change California’s reliability or change the behavior of power providers. The deficiency of capacity resources is growing as well, largely due to a slowdown in California’s construction of transmission and PG&E’s slowdown in interconnecting new resources. As a result, the Governor’s budget bill is effectively proposing a set of new fines that must be paid by ratepayers (not shareholders) for IOU shortcomings in connecting new power resources to the grid.

In summary, the budget trailer bill includes big policy changes that could threaten SCP’s ability to construct renewable resources, accelerate carbon-reducing strategies, prioritize local resources, fulfill the goals of ending reliance on natural gas fired power plants through constructing significant geothermal power, negotiate power supply contracts that are favorable for ratepayers, and instead imposes a fine on ratepayers for IOU shortcomings. Staff are very focused on helping California address its urgent grid reliability challenges more effectively, without restricting CCAs or harming our climate work, such as through constructing the needed transmission lines for connecting new renewable resources, and urging the legislature to investigate PG&E’s financial condition to attempt to resolve its inability to obtain the capital needed to keep up with grid maintenance and interconnections.

Staff therefore appreciate Assemblymember Eduardo Garcia for introducing AB 1373 which contains the same policy topics as the Governor’s budget, thereby allowing a genuine debate on the issues – something that is not done for budget bills. See more on that bill in the next section.
Existing Legislative Positions

- **AB 50 (Wood) - Timely Electrical Interconnection - Support**
  
  Sets interconnection timelines for new and existing electric customers and promotes more efficient distribution planning. Increases communication between IOUs, local governments and state government. Senators Dodd, McGuire and Wiener have joined as co-authors, along with Assembly Members Connelly, Aguiar-Curry and Rivas.

- **AB 538 (Holden) - Regionalization - Watch**
  
  Would join California’s primary grid reliability operations at CAISO with grid operators in other states to “regionalize” the reliability of our grid. The Author’s goal is to increase coordination across state boundaries to improve California grid reliability, create a more efficient wholesale power market, lower costs and lower emissions by allowing more day-ahead planning for the use of clean power resources outside California. The bill is opposed by labor, because it could make it easier to share resources across state lines in support of grid reliability, and that could make it less attractive to build resources in California where permitting and construction is slower than in neighboring states. Some environmental groups are opposing because of concerns that federal oversight and control could increase, lessening California’s ability to control the dispatch of resources. Among the CCAs, MCE is the first to support the bill because it would help ensure that California can continue to access resources in other states to sustain reliability and reduce California’s reliance on fossil sources. Other CCAs are discussing support for similar reasons. Discussions with CAISO and the Southwest Power Pool have confirmed to SCP staff that California is the only western state that is still focused on having a state-appointed governing board; all other states have agreed to have a multi-state board to oversee reliability. As a result, SCP staff believe it is likely that California will be excluded from the regionalization of the western grid that is already well underway. If that occurs, it is concerning because the regionalized states are making agreements to sell reliability resources first to each other, and only to California if they cannot find other buyers. Such an outcome would exacerbate California’s current reliability problems and slow the State’s goals to shut down natural gas power plants and electrify transportation and buildings.
• **AB 643 (Berman) - Electricity Interconnection Timelines - Support**

  Seeks to get more information 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, status of IOU interconnection activities and delays, and information about any CPUC penalties assessed to IOUs for violating timelines.

• **AB 914 (Friedman) - Transmission expansion CEQA exemption - 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 limit the timeline for permitting review for transmission expansions. The 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. Labor, all three IOUs and the California Municipal Utilities Association are supporting the bill.

• **AB 1538 (Muratsuchi) - Clean Energy Reliability - Support**

  Establishes a Clean Energy Reliability Program to be administered by the CPUC to provide incentive payments to electricity providers that bring clean energy resources online earlier than their compliance requirements.

• **SB 411 (Portantino) - Remote Meetings - Was Support; now No Position**

  Originally, the bill would have allowed fully remote meetings for bodies whose members are appointed. However, the bill was amended in committee on April 20 to limit its scope to neighborhood associations in Los Angeles County, so SCP now has no position.

**Legislative Positions Taken Since the Last Board Meeting**

Per the Board’s Legislative Policy D5, staff conferred with the Chair and Vice Chair between Board meetings in order to take timely positions on certain bills that were scheduled for hearings. Letters are attached to this item.
AB 1373 (Garcia) - Energy - Oppose Unless Amended

This bill includes many of the Governor’s energy policies from his budget trailer bill, but in slightly different form. The most concerning elements are:

- The bill expands the ability of the CPUC to procure resources on behalf of CCAs and charge CCA customers for those resources, regardless of the CCA’s ability to use the resources and regardless of whether the CCA already has contracted for a similar resource. This would unreasonably harm ratepayers by charging for resources that may have no value, and also increase the financial risk to ratepayers when SCP seeks to procure new resources because those may become duplicative of any centrally-procured resources. As a result, the bill would likely chill the procurement of all new long-term reliability resources in California, thereby exacerbating the state’s reliability crisis.

- The bill does not clarify that any state procurement of resources should be by the Department of Water Resources and not by the IOUs, and does not limit any central procurement to only include resources that take a very long time to get permitted (e.g., offshore wind) and which are not already procured by other power providers.

- The bill creates new penalty costs on ratepayers for failing to procure sufficient capacity resources at a time when there is a total market shortage of capacity resources. This unreasonably harms ratepayers and has no effect whatsoever on the state’s reliability since the ratepayer penalties cannot cause new resources to be built.

Instead, the bill should focus on the root problems of California’s reliability crisis: a lack of new transmission construction and a major slow-down in IOU connections for new reliability resources.

CalCCA leads a coalition in opposing the bill unless it is amended to clarify these matters and focus the bill on effective solutions to California’s power reliability issues.

The bill is expected to pass out of the Energy Utilities Committee, but on April 26 the Author agreed to significantly narrow its scope, agreeing in principle to remove the additional financial penalties and to limit the scope of Central Procurement to only include very long lead-time resources like offshore wind and Salton Sea area geothermal power. These changes are welcome, but staff will continue to work to remove the sections taking away CCA board decision making authority over resource selection.
- **AB 1379 (Papan) - Open meetings: teleconference - Support**
  This bill would remove the restrictions on the ability of legislative body members to teleconference into open and public meetings. AB 1379 (Papan) will instead require a legislative body to post agendas at a singular designated physical meeting location within the service territory that is open to the public instead of at all teleconference locations. Currently, a legislative body is required to publicly post the address of all remote teleconference locations.

- **SB 83 (Wiener/Wood) - Interconnection Timelines - Support**
  Originally written to set an 8-week deadline for IOUs to energize new buildings and new resources (e.g., solar, EV charging and batteries) on existing structures. The bill was amended in committee to instead delegate the timeline to a stakeholder process that involves the IOUs. Requires that IOU shareholders compensate development project applicants for failing distribution grid interconnection within eight weeks. The CPUC would be required to establish an annual reporting requirement to collect the number of load interconnection applications with the IOUs' electrical distribution grid received in the previous 12 months and the time period in which the IOU energizes the projects. SCE had argued the bill was too broad (i.e., it is trying to solve a PG&E problem, not a general IOU problem). PG&E has argued they cannot keep up with new connections because of wildfire prevention work. With the amendment to remove the 8-week deadline, and an additional committee amendment to limit the penalty to 25 cents per square foot per day, the IOUs may go neutral. The SCP Community Advisory Committee also recommended support in its April 20 meeting.

- **SB 319 (McGuire) - Electricity transmission planning - Support**
  This bill would require the CEC, CPUC, and CAISO to come up with a joint plan for moving transmission projects and resource planning to meet California’s 2045 goals climate goals, report annually on progress, require the IOUs to review and report on their transmission needs and plans over the next decade.

- **SB 410 (Becker) - Powering Up Californians Act - Support**
  This bill would require the CPUC to ensure IOUs connect new buildings and electricity service capacity upgrades to customers on a reasonable timeframe. Sets an average and maximum timeline in which electrical utilities should connect customers to the grid.
- **SB 527 (Min) - Neighborhood Decarbonization - Support**

  This bill would require the CPUC for a five-year pilot period to facilitate neighborhood-scale retrofits from gas to electric infrastructure when it is cost effective (e.g., during times when the gas infrastructure would otherwise need major repairs or replacement), and where it prioritizes alleviating the pollution burden in areas with the highest impacts (e.g., low-income, disadvantaged). After five years, the pilot would be assessed and the CPUC would decide in its sole discretion whether to continue it. Critically, the bill would clarify that a gas company does not have an obligation to provide gas when the AB 527 conditions allow a conversion to electric energy. Support and opposition is still unknown, but likely strong support from many environmental organizations. The SCP Community Advisory Committee also recommended support in its April 20 meeting.

- **SB 537 (Becker) - Public meeting teleconference - Support**

  This bill would allow multijurisdictional, cross county legislative bodies to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. Requires a multijurisdictional legislative body to provide a record of attendance on its internet website within seven days after a teleconference meeting along with immunocompromisation in the list of health exemptions from previous legislation.

**Proposed New Legislative Positions**

Staff are working at the request of the Board to review certain decarbonization bills, and now recommend the Board take positions to support the following two bills. While positions could be taken by staff in consultation with the Chair and Vice Chair at any time, at the time of this writing, the decisions were not urgent, so the normal process is currently being followed of showing staff’s recommendations to the Committee and the Board in advance.

- **AB 593 (Haney) - Carbon emission reduction - Recommend SUPPORT**

  Would require the CEC by June 2024 to identify an emission reduction strategy with milestones for the building sector. To date, the State’s building codes have a number of implied emission reduction elements (e.g., energy efficiency) but are not explicitly linked. The strategy would need to maximize workforce development, minimize impacts on ratepayers, support the State’s extreme heat
goals, switch to heat pumps in areas with extreme weather, and reduce barriers for low-income households.

Support/Opposition: the bill is sponsored by the Building Decarbonization Coalition and supported by a number of local and state environmental groups, including Sierra Club California, MCE, Rewiring America, SPUR, RMI and California Environmental Voters. Only the California Association of Realtors has registered opposition to date.

Staff and the Community Advisory Committee recommend SUPPORT.

- **AB 982 (Villapudua) - Public Purpose Programs - Recommend WATCH**

  Would shift the financing from gas and electric rates to state general tax appropriations for most programs funding low-income weatherization, energy efficiency, customer-owned renewable energy and storage incentives, home insulation programs, rate assistance for food banks and the small-scale biomass program. The Author’s argument is that this would lower energy costs for low-income households and shift costs toward taxpayers, who tend to be higher income. By itself, that change might help SCP’s work in providing affordable energy to all customers, however it would also add considerable risks to these programs by having to appropriate funds every year.

  Support and Opposition: Southern California Gas and Electric is the sponsor. The IOUs are supporting the bill likely because it would make their electric costs appear to be lower. Other supporters include CalChamber and the Coalition of Utility Employees. The only registered opposition so far is TURN, but additional opposition is expected when the bill reaches Appropriations due to the impacts on state taxes.

  Staff and the Community Advisory Committee recommend WATCH, in part because the bill is reasonably likely to stall in Appropriations due to the impacts on the state’s general fund in a difficult budget year.

**Geothermal and Offshore Wind Bills**

In April, the Board requested staff review the various geothermal and offshore wind bills and report back. Currently, staff are not recommending SCP take positions on any of these bills, but will continue to monitor and learn more.
▪ **AB 3 (Zbur) - Offshore wind energy reports**

Establishes the California Offshore Wind Advancement Act to develop a strategy for seaport readiness for offshore wind energy developments, and to study the feasibility of achieving 70% and 85% in-state assembly and manufacturing of offshore wind energy projects, as provided.

▪ **AB 326 (Alanis) - Geothermal resources: oil, gas and geothermal administrative fund**

Current law requires the State Oil and Gas Supervisor to publish any printed matter relating to geothermal resources for which there may be public demand, as provided, and requires that if these printed matters are sold, they be sold at cost and the proceeds deposited in the Oil, Gas, and Geothermal Administrative Fund. This bill would make a non-substantive change to that provision.

▪ **AB 344 (Wood) - Electricity: load-serving entities: offshore wind facilities**

This bill authorizes electrical corporations, electric service providers, and community choice aggregators—collectively, load-serving entities (LSEs)—to jointly enter into agreements to procure electricity generated from offshore wind facilities.

▪ **AB 1562 (Garcia) - Southeast California Desert Valleys Economic Zone**

This bill would require the Governor’s Office of Business and Economic Development, subject to available funding, to provide technical assistance to local and regional entities and collaboration on how to establish and maintain regional economic hubs through the designation of place-based economic development zones. The bill would require the director of the office, by January 15, 2024, to designate an economic development liaison to assist entities in the Eastern Coachella Valley and the Imperial Valley to establish a Southeast California Desert Valleys Economic Zone.

▪ **AB 1569 (Garcia) - Salton Sea geothermal resource area: Lithium Valley Office of Development**

This bill would establish the Lithium Valley Office of Development in the Energy Commission. The bill would require the office, in consultation with relevant state and local agencies, to coordinate activities related to funding, economic development, construction, manufacturing, technical development, and
reclamation of lithium located in the Salton Sea geothermal resource area.

- **AB 1593 (Garcia) - California Workforce Development Board: Salton Sea geothermal resources area: Equitable Access Program**

Existing law establishes the California Workforce Development Board as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California’s workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce. Existing law requires the board to assist the Governor with specified tasks, including developing and continuously improving the statewide workforce investment system. This bill would establish the Equitable Access Program to be administered by the board to prioritize employment opportunities in construction, manufacturing, technical, maintenance, operations, or reclamation activities for local residents in the Salton Sea geothermal resources area. The bill would, among other things, require the board, in administering the program, to provide technical assistance to, and establish a framework for, pre-apprenticeship, registered apprenticeship, and other training programs using the high road construction careers model or high road training partnerships model, and to monitor and track the rate residents of the Salton Sea geothermal resources area are hired on construction projects in the Salton Sea geothermal resources area that involve battery manufacturing and lithium-based technology. This bill contains other related provisions.

- **SB 286 (McGuire) - Offshore wind energy projects**

This bill would establish the California Offshore Wind Energy Fisheries Working Group to address impacts to certain fisheries from offshore wind energy projects, including providing specified compensation to affected fisher and other groups.

- **SB 471 (Padilla) - Personal Income Tax Law: Corporation Tax: hiring credit: lithium extraction: battery manufacturers**

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws. This bill would allow a credit against those taxes to a qualified taxpayer for each taxable year beginning on or after January 1, 2023, in an amount equal to the qualified wages paid to a qualified full-time employee, as defined, hired prior to January 1, 2028. The bill would define “qualified taxpayer” for this purpose to mean a person or entity located...
in the County of Imperial or in specified parts of the County of Riverside, and that is primarily engaged in the business of lithium extraction or electric battery manufacturing. The bill would define “qualified wages” as those wages paid or incurred for work performed by a qualified full-time employee within the 36-month period beginning on the first day the employee commences employment with the qualified taxpayer. The bill would require that, if a credit is allowed to a qualified taxpayer, and the employment of the qualified employee is terminated within the first 36 months of employment, the tax imposed in the year of termination is increased by the amount of the credit received, except as provided. This bill contains other related provisions and other existing laws.

- **SB 583 (Padilla) - Salton Sea Conservancy**

  Would establish the Salton Sea Conservancy within the Natural Resources Agency to undertake various activities related to the Salton Sea region. The bill would require the conservancy to be governed by a board of directors and would set forth the powers, duties, and limitations of the board of directors and the conservancy, as provided. The bill would create the Salton Sea Conservancy Fund and would make moneys in the fund available, upon appropriation by the Legislature, for purposes of the conservancy.

- **SB 704 (Min) - Coastal resources: California Coastal Act of 1976: industrial developments: oil and gas facilities: offshore wind**

  This bill would authorize the Coastal Commission to seek scientific advice on offshore wind and revise the coastal-dependent industrial use (override) policies in the Coastal Act to bar new or expanded oil and gas development and new or expanded refineries or petrochemical facilities from being considered a coastal-dependent industrial use and would authorize their permitting if all applicable Coastal Act provisions are complied with, among other things.

- **SB 797 (Padilla) - Lithium Extraction Tax Citizens Oversight Committee**

  Would establish the Lithium Extraction Tax Citizens Oversight Committee within the California Department of Tax and Fee Administration for the purposes of ensuring that revenues from the lithium extraction excise tax are appropriately allocated and making recommendations on how to improve community engagement and maximize community benefits from the revenues. The bill would prescribe the composition of the committee and the appointment of committee members. The bill would also require the committee to report its
findings and recommendations annually on December 1 to the Legislature, as specified. The bill would also make related legislative findings and declarations.

Attachments

➢ Attachment A - Berman - Support Letter AB 643
➢ Attachment B - Pacheco - Support Letter AB 817
➢ Attachment C - Papan - Support Letter AB 1379
➢ Attachment D - Muratsuchi - Support Letter AB 1538
➢ Attachment E - McGuire - Support Letter SB 319
➢ Attachment F - Becker - Support Letter SB 410
➢ Attachment G - Portantino - Support Letter SB 411
➢ Attachment H - Becker - Support Letter SB 537
➢ Attachment I - Garcia - Oppose Unless Amended Letter AB 1373
➢ Attachment J - Wiener - Support Letter SB 83
➢ Attachment K - Min - Support Letter SB 527
➢ Attachment L - Interconnection Coalition Letter
➢ Attachment M - TURN Extension of CAPP Letter
April 11, 2023

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

Re: AB 643 (Berman) - Support

Dear Chair Garcia:

Sonoma Clean Power is pleased to support AB 643 (Berman), that clarifies an investor-owned utility’s (IOU’s) failure to meet existing solar interconnection timelines can be treated as a violation of a California Public Utilities Commission (CPUC) decision and can be subject to a financial penalty. AB 643 further states that the CPUC would have discretion whether to assess a penalty.

AB 643 establishes a timeline of three business days for an IOU to provide a substantial response to any queries from an interconnection applicant related to the completeness of the application and the submission of supporting information. AB 643 also requires the CPUC to submit an annual report to the Legislature on timelines for the interconnection of customer-sited energy generation and storage resources.

Sonoma Clean Power is the public electricity provider for Sonoma and Mendocino counties. We provide our customers cleaner electricity at competitive rates from sources like solar, wind, geothermal and hydropower, and promote local solutions to climate change. SCP is a not-for-profit agency, independently run by the participating Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor, and the Counties of Sonoma and Mendocino.

Interconnectivity delays are increasingly becoming a severe impediment to growth across California and AB 643 (Berman) is a tool the CPUC can use to improve the timelines for connectivity. We appreciate your support of AB 643 (Berman) 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 Marc Berman
April 11, 2023

The Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
1020 N Street, Room 155
Sacramento, CA 95814

Re: AB 817 (Pacheco) - Support as Amended on March 16, 2023

Dear Chair Aguiar-Curry:

Sonoma Clean Power (SCP) is pleased to support AB 817 (Pacheco) which will remove the barriers to entry for appointed and elected office by allowing non-decision-making legislative bodies that do not have the ability to take final action to participate in two-way virtual teleconferencing without posting location.

Sonoma Clean Power has a Community Advisory Committee with members located in both Sonoma and Mendocino counties. We found the use of pandemic-era teleconferencing rules allowed for greater participation and diversified the subsidiary body. AB 817 (Pacheco) will continue the pandemic-era teleconferencing model along with establishing the subsidiary body would have to make findings every 12 months that include:

1. The legislative body has considered the circumstances of the subsidiary body.
2. Teleconference meetings would enhance public access to the subsidiary body.
3. Teleconference meetings would help attract, retain, and diversity the subsidiary body.

SCP credits Governor Newsom and the Legislature for its forward thinking when California was just entering the pandemic. Without the ability to teleconference our board meetings and subsidiary meetings over the last three years, SCP would not have been able to meet its open and public meeting obligations in a protective manner.

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wind, geothermal and hydropower, and promote local solutions to climate change. SCP is a not-for-profit agency, independently run by the participating Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor, and the Counties of Sonoma and Mendocino.

Thank you for your leadership and support of improving and ensuring the Ralph M. Brown Act continues to provide an avenue for the public to participate in open and public meetings by using 21st Century technology. We appreciate your support of AB 817 (Pacheco) when it is heard in the Assembly Local Government Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Assembly Local Government Committee
    The Honorable Blanca Pacheco
April 11, 2023

The Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
1020 N Street, Room 155
Sacramento, CA 95814

Re: AB 1379 (Papan) - Support as Amended on March 23, 2023

Dear Chair Aguiar-Curry:

Sonoma Clean Power (SCP) is pleased to support AB 1379 (Papan) which will remove the restrictions on the ability of legislative body members to teleconference into open and public meetings. AB 1379 (Papan) will instead require a legislative body to post agendas at a singular designed physical meeting location within the service territory that is open to the public instead of at all teleconference locations. Currently a legislative body is required to publicly post the address of all remote teleconference locations.

SCP supported AB 2449 (Rubio) which was signed by Governor Newsom in 2022. However, it has been determined that the significant restrictions and logistical considerations of AB 2449 make it very challenging to use. The requirements in AB 1379 (Papan) will ensure SCP will be able to perform its duties and obligations while providing the public with complete access to the meetings.

SCP credits Governor Newsom and the Legislature for its forward thinking when California was just entering the pandemic. Without the ability to teleconference our board meetings over the last three years, SCP would not have been able to meet its open and public meeting obligations in a protective manner.

Sonoma Clean Power is the public electricity provider for Sonoma and Mendocino counties. We provide our customers cleaner electricity at competitive rates from sources like solar, wind, geothermal and hydropower, and promote local solutions to climate change. SCP is a not-for-profit agency, independently run by the participating Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor, and the Counties of Sonoma and Mendocino.
Thank you for your leadership and support of improving and ensuring the Ralph M. Brown Act continues to provide an avenue for the public to participate in open and public meetings by using 21st Century technology. We appreciate your support of AB 1379 (Papan) when it is heard in the Assembly Local Government Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Assembly Local Government Committee
The Honorable Diane Papan
April 11, 2023

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

Re: AB 1538 (Muratsuchi) - Support as Amended on March 30, 2023

Dear Chair Garcia:

Sonoma Clean Power (SCP) is pleased to support AB 1538 (Muratsuchi), which would create a catalyst program to incentivize getting clean, renewable capacity resources online to decrease electricity rates and increase grid reliability.

AB 1538 brings a two-pronged approach. First, it would establish the Clean Energy Reliability Program to be administered by the CPUC. This program would provide incentive payments to load serving entities that bring clean energy resources online, above their compliance requirements. This will help California get much-needed capacity online, which will lower ratepayer costs caused by the lack of a robust RA, and overall system shortages in California. Together, the incentive payments paired with the reduced RA prices will help relieve near-term upward pressure on electricity rates. Increased capacity also means increased reliability, and fewer threats of outages.

Second, AB 1538 will work in conjunction with an open proceeding at the CPUC that is creating a long-term framework and target for new clean energy resources by 2035 to ensure there is enough capacity to meet reliability needs. This bill will send a signal to the CPUC to set a big, bold target that is a floor and not a ceiling, to create the necessary competition that will drive down prices in the RA market.

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Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor, and the Counties of Sonoma and Mendocino.

AB 1538 is the next step if California is to meet its clean energy goals. We appreciate your support of AB 1538 when it is heard in the Assembly Utilities and Energy Committee.

Sincerely,

Geof Syphers, CEO
April 11, 2023

The Honorable Steven Bradford, Chair
Senate Energy, Utilities and Communications Committee
1021 O Street, Room 3350
Sacramento, CA 95814

Re: SB 319 (McGuire) - Support

Dear Chair Bradford:

Sonoma Clean Power is pleased to support SB 319 (McGuire) which would require the Energy Commission (CEC), the Public Utilities Commission (CPUC), and the Independent System Operator (CAISO) to coordinate and implement a joint workplan through specified proceedings and other resource planning activities. Additionally, SB 319 would require the three agencies to agree on principles for forecast cases and a single recommended forecast set and use it consistently in transmission planning and resource procurement cycles to the extent possible.

California’s electric grid continues to face many challenges from aging infrastructure and insufficient transmission capacity. The U.S. Department of Energy’s February 2023 draft titled National Transmission Needs Study points out that California needs to (1) improve system reliability and resilience, (2) alleviate unscheduled flows between California and the Northwest, (3) relieve high-priced areas by improving access to low-cost generation, and (4) increase of transfer capacity with neighboring regions to meet projected load and generation growth. By bringing the three agencies together to develop a joint workplan, California will improve grid reliability, enhance renewable resource integration, and reduce congestion and curtailment.

More specifically, SB 319 would

- Require the CPUC, CAISO, and the CEC to come up with a joint plan for moving transmission projects and resource planning to meet our 2045 goals, and for the agencies to report annually on the progress.
• Require the agencies to jointly recommend to the Legislature a roadmap for expediting transmission permitting by Dec 31, 2024.

• Require the CPUC to have the electrical corporations review their long-term transmission needs over the next decade based on the interconnections they are seeing, and report that to the CPUC for planning purposes.

• Require electrical corporations to coordinate with local governments to identify each local government’s present and future interconnection needs.

• Require completed transmission projects to report their final costs back to the CPUC. The CPUC will incorporate said information into their annual report under the framework of the bill.

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California must take the next step if the citizens of California are going to have reliable and clean energy for years to come. We appreciate your support of SB 319 (McGuire) when it is heard in the Senate Energy, Utilities and Communications Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Senate Energy, Utilities and Communications Committee
The Honorable Mike McGuire
April 11, 2023

The Honorable Steven Bradford, Chair
Senate Energy, Utilities and Communications Committee
1021 O Street, Room 3350
Sacramento, CA 95814

Re:    SB 410 (Becker) - Support

Dear Chair Bradford:

Sonoma Clean Power is pleased to support SB 410 (Becker) also known as the Powering Up Californians Act. SB 410 (Becker) will reduce the time in which investor-owned utilities (IOUs) connect and upgrade customers to electricity service. Current delays in the connection of new housing and business developments or climate friendly grid upgrades threaten California’s ability to meet the state’s clean energy goals and provide timely electricity service.

SB 410 (Becker) requires the California Public Utilities Commission (CPUC) to plan and set guidance for how to accommodate Californian’s growing electricity grid connection requests to reduce current delays and preemptively prevent future delays. This bill sets out multiple requirements for the CPUC to ensure electrical utilities connect new buildings or electricity service capacity upgrades to customers on a reasonable timeframe. SB 410 (Becker) requires the CPUC to create an average and maximum timeline in which electrical utilities should connect customers to the grid.

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The new plans and targets for connecting new and upgraded electricity service to the grid are critical to ensure that California is adequately able to meet its clean energy transition
goals while reducing customer frustration with service delays. We appreciate your support of SB 410 (Becker) when it is heard in the Senate Energy, Utilities and Communications Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Senate Energy, Utilities and Communications Committee
    The Honorable Josh Becker
April 11, 2023

The Honorable Anna Caballero, Chair
Senate Governance and Finance Committee
1020 N Street, Room 584
Sacramento, CA 95814

Re: SB 411 (Portantino) - Support

Dear Chair Caballero:

Sonoma Clean Power is pleased to support SB 411 (Portantino) which will allow a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency.

SCP credits Governor Newsom and the Legislature for its forward thinking when California was just entering the pandemic. Without the ability to teleconference our board meetings over the last three years, SCP would not have been able to meet its open and public meeting obligations in a protective manner. SB 411 (Portantino) will allow SCP to continue providing access to all members of the community during its meetings.

Sonoma Clean power is the public electricity provider for Sonoma and Mendocino counties. We provide our customers cleaner electricity at competitive rates from sources like solar, wind, geothermal and hydropower, and promote local solutions to climate change. SCP is a not-for-profit agency, independently run by the participating Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor, and the Counties of Sonoma and Mendocino.

Thank you for your leadership and support of improving and ensuring the Ralph M. Brown Act continues to provide an avenue for the public to participate in open and public meetings by using 21st Century technology. We appreciate your support of SB 411 (Portantino) when it is heard in the Senate Governance and Finance Committee.
Sincerely,

Geof Syphers, CEO

cc: Members of the Governance and Finance Committee
    The Honorable Anthony J. Portantino
April 11, 2023

The Honorable Anna Caballero, Chair
Senate Governance and Finance Committee
1020 N Street, Room 584
Sacramento, CA 95814

Re: SB 537 (Becker) - Support as Amended on March 22, 2023

Dear Chair Caballero:

Sonoma Clean Power is pleased to support SB 537 (Becker) which will allow multijurisdictional, cross county legislative bodies to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. SB 537 (Bekcer) will also require a multijurisdictional legislative body to provide a record of attendance on its internet website within seven days after a teleconference meeting along with immunocompromise in the list of health exemptions from previous legislation.

SCP credits Governor Newsom and the Legislature for its forward thinking when California was just entering the pandemic. Without the ability to teleconference our board meetings over the last three years, SCP would not have been able to meet its open and public meeting obligations in a protective manner.

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Thank you for your leadership and support of improving and ensuring the Ralph M. Brown Act continues to provide an avenue for the public to participate in open and public meetings by using 21st Century technology. We appreciate your support of SB 537 (Becker) when it is heard in the Senate Governance and Finance Committee.
Sincerely,

Geof Syphers, CEO

cc: Members of the Governance and Finance Committee
    The Honorable Josh Becker
April 21, 2023

Assemblymember Eduardo Garcia, Chair
Assembly Utilities and Energy Committee
State Capitol, Legislative Office Building
1020 N Street, Room 408A
Sacramento, CA 95814

Re: AB 1373 (Garcia) Energy – OPPOSE UNLESS AMENDED

Dear Chair Garcia:

As the public electricity provider for Sonoma and Mendocino Counties, Sonoma Clean Power (SCP) has taken an OPPOSE UNLESS AMENDED position on your bill, AB 1373, which seeks to establish a central procurement entity (CPE) as well as make other changes with the goal of improving energy reliability.

We share and applaud your commitment to improving the state’s energy reliability and resource diversity. CCAs procured significant long duration storage and firm clean resources very early and have led efforts to scale up offshore wind and geothermal. SCP’s first power supply contract signed in 2013 was for geothermal energy, and SCP is now actively working to build 600 MW of new geothermal power in Northern California. SCP helped lead a group of 8 CCAs to buy 138 MW of new geothermal power and 952 MWh of long-duration storage early last year.

However well intended, we believe AB 1373, as currently drafted, would create an unintended slowdown in developing new reliability resources and unreasonably increase ratepayer costs.

Specifically, SCP raises significant concerns with the following:

1. Central Procurement. SCP questions the need for a central procurement entity, since no load-serving entities (LSEs) appear to be having problems procuring resources when there are resources that have capability to interconnect. For individual resources up to about $1 billion in notional value, SCP has capability to undertake sole
procurement. For projects above that amount, SCP has joined a statewide JPA to jointly procure at much larger scales. Both methods have been uniformly successful when resources are available to offer. However, at times, no resources are available in the market because of long delays with transmission planning, permitting and utility interconnection.

**SCP encourages a focus on the state's critical transmission issues instead of on generation, and encourages consideration of using a Central Procurement Entity expressly to help deliver the necessary transmission work, where needed.**

However, if policy makers believe that a CPE for generation resources should still be established, it must be designed to ensure it does not cause a slowdown in developing new resources (e.g., by adding risk to existing LSEs that are already procuring similar resources) and ensure it protects ratepayers from unnecessary costs. To accomplish these goals, the bill should establish clear criteria around the types of projects that may be procured and under what conditions.

Specifically, the CPE-led procurement should be limited to the following circumstances:

a) Development and construction of the generation resource requires a lead time of at least five years; AND

b) Procurement of the resource will either accelerate needed transmission construction into a resource-rich region or accelerate further resource development by other load-serving entities where substantial regional infrastructure is required; AND

c) Other means of procuring the resource or accelerating the needed transmission or infrastructure development are unavailable, would cause significant delay, or would result in higher costs to ratepayers; AND

d) Procurement of the resource will not interfere with publicly disclosed plans of any load-serving entity to procure resources with similar characteristics in the same region.

Sharpening the focus of central procurement in this way will better prevent market disruptions by ensuring the CPE's activities do not interfere with other planned LSE procurement. It will also ensure the tool is directed toward bringing online the types of projects that offer the greatest value to the state: opportunities that may not yet be available to other LSEs due to infrastructure constraints or unusually high costs.

AB 1373 must also limit central procurement to DWR and not permit the investor-owned utilities (IOUs) to take on this role. IOUs now only serve 47% of the California Public Utilities Commission (CPUC) jurisdictional load, and that load is declining
annually. If a resource is centrally procured to meet state climate goals, tasking only DWR with the responsibility best enables cost sharing among all customers who benefit, not just those customers in an IOU service territory.

2. Expansion of CPUC Jurisdiction Over Local Authority. AB 1373 proposes to give the CPUC expanded, ill-defined Integrated Resource Plan (IRP) jurisdiction over CCA procurement autonomy by making CCAs subject to the “same requirements... that apply to electrical corporations.” The IRP statute, Section 454.52, already applies in large measure directly to all LSEs, including CCAs. The bill’s limited scope expansion creates ambiguity and potentially overrides the right – stated multiple times in statute - of local CCAs and the communities they serve to choose the mix of resources procured to meet the CPUC’s procurement orders and specific reliability requirements. Moreover, there is no rational basis for any expansion of IRP authority over CCAs; CCAs have demonstrated their ability to meet IRP requirements, collectively meeting their 2022 new build requirements, while the IOUs fell short, and are on target to meet the 2023 requirements. The bill’s expanded IRP jurisdiction will do nothing to ensure reliability or reach our clean energy goals and will only override local authority and substantially limit CCAs' ability to keep rates low for their customers.

Since CCAs can only procure resources that meet or exceed the state’s obligations for renewable energy and reliability, removing CCA powers over resource selection can - at best - preserve the status quo while adding considerable risk of slowing the state’s progress toward its climate goals.

3. Capacity Penalty Payment for Resource Adequacy (RA) Deficiencies. The bill proposes that LSEs who are short on their year-ahead RA requirements must pay a capacity payment to the state’s Strategic Reliability Reserve (SRR) if the state needs to dip into the reserves. While penalizing LSEs for failing to adhere to RA requirements may sound good, the proposal fails to recognize that there is an overall market shortage of RA supply that will persist into 2026. Many LSEs will not be able to comply despite their best efforts and willingness to pay excessive prices. Additionally, the RA program already requires LSEs to pay a penalty so this proposal will result in ratepayers paying twice for the same deficiency. Consequently, any new RA penalties must be supported by a discretionary CPUC-penalty waiver process to avoid heaping unnecessary penalties on customers when the RA market is insufficient.

Since this new RA penalty cannot cause new resources to be constructed within the timeframe of compliance obligations or within a CPE’s ability to construct new resources, the only outcome would be to penalize ratepayers. SCP asks to remove this part of the bill.
SCP is concerned that the bill is focusing on the wrong problem. LSEs are able to procure new resources when such procurement is facilitated by the necessary transmission and distribution infrastructure.

To date, in aggregate, all load-serving entities have met their procurement requirements for new, clean, energy resources. In fact, just recently, a report showed that LSEs exceeded the Mid-Term Reliability (MTR) procurement order issued by the CPUC, and showed that CCAs over-procured by over 500 MWs. Contrary to misleading statements by the CPUC in recent legislative budget subcommittee hearings where they have characterized LSEs as “struggling” to procure, contracting to procure new supply is not the problem.

The real problem is the lack of transmission and the slow pace of interconnection at both the transmission and distribution level. As an example, CCAs have recently reported that they have over 790 MW of new, clean energy resources that they are unable to connect to the grid due to interconnection delays. Further complicating matters, to meet our SB 100 goals by 2045, all LSEs must increase their annual procurement rate by 557%. If our distribution and transmission infrastructure is struggling now, California will fall well short of our clean energy goals not because of a lack of procurement of generation resources but rather because the state has not addressed the significant infrastructure needs. For these reasons, SCP recommends that policymakers take bold steps to address our infrastructure needs immediately. Without that, we are headed toward another energy crisis.

We stand ready to work with you to address our energy reliability needs and ensure California remains on track to reaching its clean energy goals.

Sincerely,

Geof Syphers, CEO
April 21, 2023

The Honorable Steven Bradford, Chair
Senate Energy, Utilities and Communications Committee
1021 O Street, Room 3350
Sacramento, CA 95814

Re: SB 83 (Wiener) Electrical Distribution Grid: Interconnection - SUPPORT

Dear Chair Bradford:

Sonoma Clean Power (SCP) is pleased to support of SB 83 (Wiener) as amended on March 30, 2023, which will improve interconnectivity timelines for new service and line extension projects which will assist in addressing the delays we have seen in energizing new construction projects.

Interconnectivity delays are increasingly becoming a severe impediment to housing affordability and economic development 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 obtaining utility connections. Large electric corporations are issuing written commitments to serve – also known as “will-serve letters” – and taking deposits, only to later inform developers that it may be several months or even years before interconnectivity will be completed. In some cases, PG&E has informed customers that it does not know if or when a connection will be possible. 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.

SB 83 (Wiener) will address this complex issue by setting a clear, eight-week timeline for electric corporations to complete the necessary interconnection work after the project has
been determined to be “interconnection ready.” SB 83 also creates an off-ramp exempting an electrical corporation from said timelines for cases that are clearly outside its control.

Thank you for your consideration. We would appreciate your support of SB 83 (Wiener) when it is heard in the Senate Energy, Utilities and Communications Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Senate Energy, Utilities and Communications Committee
    The Honorable Scott Wiener
April 21, 2023

The Honorable Steven Bradford, Chair
Senate Energy, Utilities and Communications Committee
1021 O Street, Room 3350
Sacramento, CA 95814

Re: SB 527 (Min) Neighborhood Decarbonization - SUPPORT

Dear Chair Bradford:

Sonoma Clean Power (SCP) is pleased to support of SB 527 (Min) as amended on March 22, 2023, which directs the California Public Utilities Commission (CPUC) to establish the Neighborhood Decarbonization Program (Program). The purpose of the Program is to identify cost-effective projects with outdated infrastructure for decarbonization using strategies such as heat pump technology, geothermal energy networks, and high efficiency energy appliances.

In the 2022-23 budget, the Legislature allocated $922 million for decarbonization of low- and moderate-income households through The Equitable Building Decarbonization Program. The funds provide rebates and incentives for zero-emission appliances. We agree this is a step in the right direction, but if California is going to meet its climate goals, it must consider a community-based approach to decarbonization by first reviewing which service areas are using outdated energy infrastructure. SB 527 (Min) creates a cost-effective, community-scale program that will decarbonize neighborhoods by providing both energy bill affordability for ratepayers and more climate-resilient buildings.

Thank you for your consideration and we would appreciate your support of SB 527 (Min) when it is heard in the Senate Energy, Utilities and Communications Committee.

Sincerely,

Geof Syphers, CEO

cc: Members of the Senate Energy, Utilities and Communications Committee
The Honorable Dave Min
April 26, 2023

**Over 35 organizations urge the California Legislature to address the state’s interconnection crisis and ensure timely and equitable access to the electrical grid**

We the undersigned parties — representing cities, towns, and counties; Community Choice Aggregators; and energy, rural, business, and environmental and climate groups — urge California policy makers to take urgent action to address unacceptable delays in connecting new construction, critical services, renewable energy, building decarbonization, and other projects to the state’s distribution and transmission grids.

California is facing an unprecedented climate crisis and is pursuing bold efforts to transition to zero-carbon energy. At the same time, California has a housing availability and affordability crisis which demands the rapid construction of new housing. These goals cannot be realized because many projects cannot connect to the power grid. Interconnection delays, ranging from months to years, harm residents, businesses, local job creation and economic development efforts, and state and local economies.
Severely delayed and abandoned electrical projects are a growing problem in communities throughout California. Hundreds of local projects spanning rural to urban have been delayed or cancelled, including service extensions to new affordable housing units and critical service sites ranging from hospitals to police/fire stations. Hookups for new electric vehicle charging stations and utility-scale and customer-sited renewable energy projects are also in peril. Examples of impacted projects are provided in the attached appendix.

Interconnection delays and resulting project cancellations threaten California’s ability to respond to the climate and housing crises; prevent Californians from accessing important critical services; and harm communities by increasing project costs and reducing job opportunities.

We respectfully urge California policy makers to take immediate and decisive action to ensure interconnection and service extensions to new construction, renewable energy, building decarbonization, and other electrical projects are completed in a timely manner.

We stand ready to partner with you to identify the root problems and develop solutions to ensure that the state can achieve its ambitious climate, housing equity, and economic development goals.

Thank you for considering our request.

Sincerely,

**Cities, Towns, and Counties:**

- The County of Humbolt
- The City of Arcata
- The City of Eureka
- The City of Fortuna
- The City of Rio Dell
- The City of San Jose
- The City of Berkeley, Office of Energy and Sustainable Development
- The City of Piedmont
- The City of Oakland
- The City of Pleasanton
- The City of San Jose
- The Town of Danville
- The Town of San Anselmo
- Devin T. Murphy, Mayor, The City of Pinole
- Kerry Hillis, Councilmember, The Town of Moraga
- Laura Hoffmeister, Mayor, The City of Concord
- Kevin Haroff, City Councilmember and Former Mayor, The City of Larkspur
Community Choice Aggregators:
Central Coast Community Energy
East Bay Community Energy
Valley Clean Energy
Redwood Coast Energy Authority
MCE
Pioneer Community Energy
Sonoma Clean Power
San Diego Community Power
Silicon Valley Clean Energy
Desert Community Energy
Clean Power Alliance
Peninsula Clean Energy

Energy Groups:
California Energy Storage Alliance
California Solar & Storage Association
Solar Energy Industries Association
Sunnova

Environment and Climate Groups:
Napa Climate NOW!
The Climate Center
California Environmental Justice Alliance

Rural Groups:
Rural County Representatives of California
California Farm Bureau

Business Groups:
Data Center Coalition
Joint Venture Silicon Valley
California New Car Dealers Association
Appendix

Community Choice Aggregator (CCA) Survey:
The interconnection and service extension delays below were compiled by CCAs surveying delayed projects in their territories. While this list is not comprehensive, it is representative of the scale of this problem.

Delayed service extensions to new/upgraded load:

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda County</td>
<td>Jail and Net Energy Metering Aggregation (NEMA) structure.</td>
</tr>
<tr>
<td>Yolo County</td>
<td>Significant delay for interconnection of a major facility designed to service the agriculture industry in Yolo County, located in a key transportation access parcel. The applicant is considering other business options due to ongoing obstacles.</td>
</tr>
<tr>
<td>The City of Albany</td>
<td>Upgrades to residential projects including solar panels.</td>
</tr>
<tr>
<td>The City of Berkeley</td>
<td>Solar system for mental health clinic, designed as a Zero Net Energy site.</td>
</tr>
<tr>
<td>The City of Davis</td>
<td>Delays in getting electric upgrade for a much-used community facility, and other city capital improvement projects and private development projects. The recent opening of a long-planned community homeless center project required a significant effort by the city, county, and private stakeholders to ensure the center received electrical interconnection so that the project would remain on schedule.</td>
</tr>
<tr>
<td>The City of Dublin</td>
<td>Car dealership and a three-building strip mall.</td>
</tr>
<tr>
<td>The City of Eureka</td>
<td>Transitional housing, commercial properties, and residential properties.</td>
</tr>
<tr>
<td>The City of Rio Dell</td>
<td>Various commercial projects.</td>
</tr>
<tr>
<td>The City of San Francisco</td>
<td>The City of San Francisco has reported <a href="#">here</a> 136 interconnection delays since October 2018 including 519 units of affordable housing, a library, the Muni, an elementary school, academic buildings, a fire boat, recreational centers, educator housing, traffic signals and safety streetlighting, and water pump stations.</td>
</tr>
<tr>
<td>The City of San Jose</td>
<td>Diridon Station Area, which is a critical Bay Area transit hub for BART, light rail, ACE, other commuter trains, and eventually High-Speed Rail, faces delayed interconnection for up to four to five years. It will also include significant office space and 4,000 homes (1,000 of which will be affordable units).</td>
</tr>
<tr>
<td>The City of San Leandro</td>
<td>Joint-trench undergrounding project.</td>
</tr>
<tr>
<td>The City of Tracy</td>
<td>Commercial development projects.</td>
</tr>
</tbody>
</table>
The City of Winters

New lighting in a city park, new homes, and a pump for a storm drain facility.

The City of Woodland

For the past several years, there has not been a single new construction project that has not suffered some level of financial impact due to interconnection service delays. One company, brought to California through a State Agency grant to help with recycling of carpets for repurposed use, walked away from its multi-million-dollar investment due to the delays in receiving electrical service, even though in 2018 electrical service was promised in a timely manner so the facility could be operated. This has resulted in the loss of over 30 jobs to the city.

The Town of Windsor

Commercial warehouses (500,000 square feet).

### Delayed interconnection of CCA utility-scale renewable energy projects:

<table>
<thead>
<tr>
<th>Energy Provider</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Bay Community Energy</td>
<td>3 utility-scale projects totaling 173.13 MWs (nameplate capacity: 1 wind, 1 solar, 1 solar + storage)</td>
</tr>
<tr>
<td>California Choice Energy</td>
<td>1 utility-scale renewable energy project of 15 MWs (nameplate capacity: storage)</td>
</tr>
<tr>
<td>Central Coast Community Energy</td>
<td>2 utility-scale renewable energy projects totaling 97.5 MWs (nameplate capacity: solar, solar + storage)</td>
</tr>
<tr>
<td>Clean Power Alliance</td>
<td>3 utility-scale renewable energy projects totaling 360 MWs (nameplate capacity: 3 solar + storage projects)</td>
</tr>
<tr>
<td>Desert Community Energy</td>
<td>1 utility-scale renewable energy project of 50 MWs (nameplate capacity: solar + storage)</td>
</tr>
<tr>
<td>Silicon Valley Clean Energy</td>
<td>3 utility-scale renewable energy projects totaling 135 MWs (nameplate capacity)</td>
</tr>
<tr>
<td>Sonoma Clean Power</td>
<td>1 utility-scale renewable energy project for 19.6 MWs (nameplate capacity: solar + storage)</td>
</tr>
</tbody>
</table>

### Media Coverage:

- **Need power in California? Get in line**
  *Politico / April 21, 2023*

- **Interconnection Delays Disrupting Housing Markets, Causing 'Chaos'*
  *California Energy Markets / March 17, 2023*

- **New Northern California housing often sits empty, waiting for PG&E to turn on the lights**
  *San Francisco Chronicle / March 10, 2023*
Bills aim to fix California’s long delays in connecting construction projects to the grid
*North Bay Business Journal* / March 10, 2023

How PG&E Adds Months-Long Delays, Costs to New Housing
*KQED* / March 10, 2023

Delays in connecting new homes to power grid get scrutiny in California
*Politico* / March 3, 2023

Opening delayed for new Vallejo housing for homeless
*Vallejo Sun* / January 31, 2023

Muni Blames PG&E for Spiraling $15M Costs, Years of Delays in Train Upgrade Struggle
*The San Francisco Standard* / December 13, 2022

PG&E tells some Sonoma County projects that power connections could take up to 18 months
*North Bay Business Journal* / December 1, 2022

Power connection work delays local development projects
*Bakersfield Californian* / November 26, 2022

PG&E Execs Gets an Earful, Offer Update on SoHum Capacity Problems
*Lost Coast Outpost* / November 2, 2022

Jim Wood calls out PG&E over capacity issues in Southern Humboldt
*Times Standard* / November 2, 2022

In Power Struggle, Fresno Leaders Threaten to Ditch PG&E
*GV Wire* / October 31, 2022

California homes face PG&E delays for power connections. Frustrated leaders seek options
*Fresno Bee* / October 28, 2022

PG&E’s Electricity Transmission Limits Threaten to Throttle Development Throughout Southern Humboldt, Blindsiding Local Officials
*Lost Coast Outpost* / September 19, 2022

‘Edge of the Cliff’: PG&E’s Lack of Electricity Capacity Puts Eel River Valley Projects at Risk
*North Coast Journal* / September 15, 2022

Opinion: PG&E delays are costing San Franciscans time and money
*San Francisco Examiner* / February 4, 2022
Senator Nancy Skinner
Chair, Senate Budget and Fiscal Committee
1020 N Street, Room 502
Sacramento, California 95814

Senator Josh Becker
Chair, Senate Budget Subcommittee 2 on Resources, Environmental Protection and Energy
1020 N Street, Room 502
Sacramento, California 95814

Assemblymember Phil Ting
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, California 95814

Assemblymember Phil Ting
Chair, Assembly Budget Sub 3 Climate Crisis, Resources, Energy, and Transportation
1021 O Street, Suite 8230
Sacramento, California 95814
RE: 1) Reject Governor’s Proposed to Cut Utility Debt Relief Funds and

2) Reallocate $550 million to help low-income ratepayers with Covid-era debt

Dear Budget Committee Members,

In the 2022 state budget the Governor and Legislature took necessary action to allocate $1.2 billion to assist California utility ratepayers with hundreds of millions of dollars in unprecedented utility debt accumulated during the thick of the Covid pandemic. The California Arrearage Payment Program (CAPP) funds were narrowly earmarked to cover debt accumulated between March 4, 2020 and December 31, 2021. The program did what it aimed to do in terms of covering the debt for that time, however, due to the limited timeline of this program — only a portion of the COVID-related declared state of emergency debt was addressed — more than $550 million of these funds remain unspent.

The Governor’s January budget proposal seeks to cut these funds and not use them to assist utility ratepayers. As organizations that represent and advocate on behalf of low-income communities of color, seniors, disabled and veterans who are often the first hit, hardest hit and by extension — last to recover, **we urge you to reject the Governor’s proposed funding cuts to CAPP, and instead, reauthorize the CAPP funds to be used to help low-income ratepayers get out from under utility debt accumulated during the ENTIRE Covid State of Emergency period ending on February 28, 2023.**

Families throughout California continue to struggle with utility debt from the COVID declared emergency period. In February, the four major IOU’s reported over $2.37 billion dollars or arrears — this is over four times the average amount of arrearage debt carried by IOU’s pre-pandemic. Estimates for POU debt is upwards of $500 million dollars. This is an indication that
the pandemic recovery is not over and struggling families continue to need utility debt relief to keep the lights on.

The Governor officially lifted the Covid State of Emergency on February 28, 2023. If the CAPP funding is authorized to cover debt up until this date, hundreds of millions of dollars of debt would be addressed giving struggling families much needed relief. Participants in the low-income CARE and FERA programs as well as other utility saving programs offered through the POU’s are disproportionately people of color, immigrants, disabled and seniors -this financial assistance would go a long way to allowing these folks to address other pressing fiscal challenges.

CAPP has been effective in alleviating significant customer debt and providing a streamlined process to deliver credits directly to customers' utility bills. At a time of unprecedented debt, soaring inflation rates and skyrocketing naturals gas prices, we need your support in ensuring that the entire $1.2 billion originally allocated to alleviate utility debt is used for this purpose. Considering the unprecedented debt faced by low-income ratepayers no dollar should go unspent.

Utility Customer Debt is Increasing. Data provided by PG&E, SoCal Edison, SoCal Gas and SDG&E in their January Disconnection Settlement Reports show that debt for CARE and FERA customers surpassed $770 million. In a five-month period from October 2022 to February 2023, SoCal Gas reported that debt went up by 90%.

California cannot afford skyrocketing utility debt and increasing numbers of families at risk of being deprived of lighting, heating, cooling, medical devices and communication services that are needed for health and safety. High utility debt is an indicator of housing vulnerability and utilities are a requirement for habitability in subsidized housing. Allowing the current COVID created utility debt to go unaddressed will trigger unprecedented utility shutoffs across the state as IOU’s begin to increase shutoffs as a debt collection tool in the coming months. Buying down this debt for vulnerable families will help ensure the recovery support promised to those who have already sacrificed so much and desperately need this funding to climb back from the COVID pandemic.

We, the undersigned urge the legislature to return the $550 million dollars in CAPP funding to the CSD budget and direct them to allocate these remaining funds to low-income families.

TURN-The Utility reform Network
Mark Toney
Executive Director

Insight Center
Mike Browning
Interim Director

CaliforniaLatinas for Reproductive Justice
Lorena García Zermeño
Director of Policy

LAANE
Lauren Ahkiam
Water Justice LA Campaign Director
<table>
<thead>
<tr>
<th>Organization</th>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Coast Community Energy</td>
<td>Robert M. Shaw</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Marin Clean Energy</td>
<td>Stephanie Chen</td>
<td>Director of Legislative Affairs</td>
</tr>
<tr>
<td>Central Valley Urban Institute</td>
<td>Eric Payne</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Plumas County Community Development</td>
<td>Susan Stephens-Hepp</td>
<td>Energy Program Manager</td>
</tr>
<tr>
<td>Faith in the Valley</td>
<td>Janine Nkosi</td>
<td>Director of Housing Justice Initiatives</td>
</tr>
<tr>
<td>Redwood Community Action Agency</td>
<td>Val Martinez</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Food and Water Watch</td>
<td>Chirag G. Bhakta</td>
<td></td>
</tr>
<tr>
<td>San Diego 350 Climate Action</td>
<td>Joshua Piedra</td>
<td>Board Member</td>
</tr>
<tr>
<td>SCOPE</td>
<td>Tiffany Wong</td>
<td></td>
</tr>
<tr>
<td>San Diego Community Power</td>
<td>Laura Fernandez</td>
<td>Director of Legislative &amp; Regulatory Affairs</td>
</tr>
<tr>
<td>The Greenlining Institute</td>
<td>Jordyn Bishop</td>
<td></td>
</tr>
<tr>
<td>Sonoma Clean Power</td>
<td>Geoff Syphers</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>California Green New Deal</td>
<td>Zach Lou</td>
<td>Coalition Manager</td>
</tr>
</tbody>
</table>

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To: Sonoma Clean Power Authority Board of Directors
From: Mike Koszalka, COO
Geof Syphers, CEO
Chris Golik, Revenue Manager
Issue: Approve the Proposed Annual Budget for Fiscal Year 2023-2024
Date: May 4, 2023

Recommendation

Approve the proposed Fiscal Year 2023-2024 Annual Budget.

Summary

Staff propose and the Community Advisory Committee recommends adoption of a budget for Fiscal Year 2023-2024 from July 1, 2023, through June 30, 2024, that is identical to the draft budget presented to the Board in April except for one change of adding $50,000 to Memberships for cost increases at CC Power to allow increased procurement activity. The remainder of this report is identical to the material reviewed by the Board on April 6, 2023.

The proposed budget:

- 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 proposed 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 proposed Fiscal Year 2023-2024 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

PROPOSED BUDGET

The Proposed Budget is presented first in the form that will be used for adoption, and then is followed by supplemental information. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments.
<table>
<thead>
<tr>
<th></th>
<th>Revised FY22-23</th>
<th>Proposed FY23-24</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES &amp; OTHER SOURCES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity Sales(^1) (net of allowance)</td>
<td>$279,200,000</td>
<td>$243,952,000</td>
<td>SCP customer savings of approximately 5% on total electric bills until reserves target is reached</td>
</tr>
<tr>
<td>EverGreen Premium(^2) (net of allowance)</td>
<td>2,389,000</td>
<td>2,689,000</td>
<td>Improved participation</td>
</tr>
<tr>
<td>CEC Grant Proceeds</td>
<td>1,414,000</td>
<td>470,000</td>
<td>CEC grant ending</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>1,025,000</td>
<td>2,058,000</td>
<td>Revised timing of CPUC funds for program implementation</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,488,000</td>
<td>3,540,000</td>
<td>Rising interest rates and increased reserves</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>285,516,000</td>
<td>252,709,000</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Energy &amp; Scheduling(^3)</td>
<td>193,510,000</td>
<td>193,762,000</td>
<td>Stable outlook due to SCP's existing contracts</td>
</tr>
<tr>
<td>Data Management</td>
<td>2,677,000</td>
<td>2,680,000</td>
<td></td>
</tr>
<tr>
<td>Service Fees to PG&amp;E</td>
<td>979,000</td>
<td>990,000</td>
<td></td>
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<tr>
<td><strong>Product Subtotal</strong></td>
<td>197,166,000</td>
<td>197,432,000</td>
<td></td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td>7,650,000</td>
<td>8,346,000</td>
<td>See details in write-up</td>
</tr>
<tr>
<td><strong>Energy Center, Mktg &amp; Comm</strong></td>
<td>2,951,000</td>
<td>3,061,000</td>
<td>Increased market/customer research, targeted and segmented marketing, 10 year retrospective</td>
</tr>
<tr>
<td><strong>Customer Service</strong></td>
<td>291,000</td>
<td>220,000</td>
<td>Reclassification of community support to Energy Center, Mktg &amp; Comm and less required noticing</td>
</tr>
<tr>
<td><strong>General &amp; Administration</strong></td>
<td>1,190,000</td>
<td>1,360,000</td>
<td>Reclassification of AEC rent when CEC grant ends and increased building maintenance</td>
</tr>
<tr>
<td><strong>Other Professional Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>430,000</td>
<td>475,000</td>
<td>CPUC procurement mandate and GeoZone contracts</td>
</tr>
<tr>
<td>Regulatory &amp; Compliance</td>
<td>460,000</td>
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<tr>
<td>Accounting</td>
<td>258,000</td>
<td>309,000</td>
<td>New contract and California Arrearage Payment Program (CAPP) audit</td>
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<tr>
<td>Legislative</td>
<td>220,000</td>
<td>220,000</td>
<td></td>
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<tr>
<td>Other Consultants</td>
<td>746,000</td>
<td>624,000</td>
<td>CalCCA hiring consultants and less technical consulting</td>
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<tr>
<td><strong>Other Professional Services Subtotal</strong></td>
<td>2,114,000</td>
<td>2,088,000</td>
<td></td>
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<tr>
<td>Expenditures</td>
<td>FY22-23</td>
<td>FY23-24</td>
<td>Comments</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>----------</td>
</tr>
<tr>
<td>Industry Memberships &amp; Dues</td>
<td>560,000</td>
<td>695,000</td>
<td>Increases for CalCCA trade association and CC Power joint powers authority</td>
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<td>Programs</td>
<td>5,456,000</td>
<td>8,101,000</td>
<td>See Programs Strategic Action Plan for details</td>
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<td>Programs Subtotal</td>
<td>5,456,000</td>
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<td>CEC Grant Program</td>
<td>4,180,000</td>
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<td>CEC Grant Program Subtotal</td>
<td>9,638,000</td>
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<td>Total Expenditures</td>
<td>221,158,000</td>
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<tr>
<td>Revenues Less Expenditures</td>
<td>63,958,000</td>
<td>29,694,000</td>
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<td>600,000</td>
<td>600,000</td>
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<td>222,158,000</td>
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<td>$ 63,358,000</td>
<td>$ 29,094,000</td>
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</tbody>
</table>
Notes on the Proposed 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 PROPOSED 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 proposed 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>$256,599,620</td>
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<td>Program Implementation</td>
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<td><strong>Revenues Less Expenditures</strong></td>
<td>$63,958,000</td>
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Public Comment on Matters Not Listed on the Agenda

To: Sonoma Clean Power Authority Board of Directors

Issue: Public Comment on Matters Not Listed on the Agenda

Date: May 4, 2023

Attachment

- Attachment A - April 12, 2023, Letter - Hollinshead
12 April, 2023

Letter to the Sonoma Clean Power Board of Directors

My name is Crispin B. Hollinshead. I am a member of the SCP Community Advisory Committee, but I am writing as an individual.

As you know, the climate crisis is dire. Our only hope to halt the rising global temperature is complete decarbonization of the economy, as rapidly as possible. The State of California has committed to this and informed energy producers that they need to almost triple the amount of electricity currently being produced, using non-carbon generation, in order to replace the use of fossil fuels in transportation and heating. SCP, with the motto "Electrify Everything", is already providing 100% non-carbon electricity and initiating the GeoZone project to significantly increase baseload non-carbon energy.

While the climate crisis is inexorable in its destruction, the peak oil impact will be abrupt and imminent. Conventional global oil production (not including deep water, shale oil, or tar sands) peaked in 2005. The US shale oil boom covered the global demand gap, but the recession beginning in 2008 reduced demand. All global oil production peaked in 2018, but the COVID pandemic again reduced demand. The recession and then the pandemic, obscured the fact that oil was not going to be plentiful and cheap forever.

The oil industry has acknowledged the US shale oil boom is over and most reserves will be exhausted in the next few years. Global conventional oil reserves are also in decline, unable to make up for this production shortfall. This will lead to destructively high oil prices. The challenge at this point is to shift to renewable energy fast enough to reduce fossil fuel demand, keeping prices affordable.

Climate change and diminishing oil production lead to the same conclusion: Shift to renewables as soon as possible. However, the existing high-voltage transmission grid is barely adequate for the existing load, so increased power production alone won't solve the problem. Significant changes will need to be made to infrastructure and grid management.

The grid currently ships power at the time it's needed, thus being limited by peak capacity. In an average 24-hour period the grid operates at about 40% of capacity, and yet we are already experiencing brownouts during peak loads. Distributed storage will allow more effective use of the existing grid, but will require massive investment. Every energy-producing facility should have enough storage capacity to allow around-the-clock distribution management. In addition, large distributed storage is needed to allow communities to receive power when the grid capacity is available, to have on hand for local loads. This distributed storage can even be installed in individual homes and businesses. In addition, increased distributed energy production will reduce what has to be transported over the grid. Combined with increased distributed storage, local power resilience will increase as well. The good news is that battery technology is changing rapidly and prices are falling.
The solution includes efficient conservation (using less), more local power production (importing less), and massive distributed storage (using the grid around the clock). This Distributed Energy Resources system will require new power-management tools, and infrastructure, but can be implemented more quickly than expanding grid capacity. Fossil fuels are finite and subject to inflation over time. Renewable power costs are fixed and getting cheaper each year; the energy collected is free, so shifting to renewables will save the community money over time.

I therefore ask the SCP Board of Directors to consider investigation this path, directing SCP staff to do further research, plan, and execute phased installation. The window of opportunity to avoid economic disruption is closing rapidly.