



**AGENDA  
BOARD OF DIRECTORS MEETING  
THURSDAY, JUNE 1, 2023  
9:00 A.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE JUNE 1, 2023, MEETING AT ANY OF THE LOCATIONS SHOWN BELOW.

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

**FORT BRAGG BRANCH LIBRARY, (TELECONFERENCE LOCATION)  
499 E. LAUREL ST., COMMUNITY ROOM  
FORT BRAGG, CA 95437**

**WILLITS CITY HALL (TELECONFERENCE LOCATION)  
111 E. ST.  
WILLITS, CA 95490**

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](mailto:meetings@sonomacleanpower.org) or during the meeting via the webinar "raise your hand" feature. For detailed public comment instructions, [please visit this page](#).

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

*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](mailto: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 May 4, 2023, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 11**
3. Approve and Authorize the CEO to Execute a New Contract with Sonoma Water for the Continuation of the Energy Education Program through June 30, 2025, with an Annual Not-To-Exceed Amount of \$300,000 and Aggregate Contract Value of \$600,000 (Staff Recommendation: Approve) **pg. 15**
4. Adopt an Ordinance of the Sonoma Clean Power Authority Electing to Become Subject to the Uniform Public Construction Cost Accounting Act and Establishing Bidding Procedures in Accordance with the Uniform Public Construction Cost Accounting Act (Staff Recommendation: Approve) **pg. 19**
5. Approve the Load Management Standards Compliance Plan (Staff Recommendation: Approve) **pg. 29**
6. Delegate Authority to the CEO, or his Designee, to Finalize Negotiations and Execute a Legal Services Agreement with Keyes & Fox for up to \$200,000 (Staff Recommendation: Approve) **pg. 31**

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

7. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 33**
8. Receive Legislative and Regulatory Updates, Provide Direction and Approve Positions on Bills as Appropriate (Staff Recommendation: Approve) **pg. 45**

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

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

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

#### **ADJOURN**

## COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator – the grid operator
CCA	Community Choice Aggregator – a public power provider
CEC	California Energy Commission
CleanStart	SCP’s default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account – one of PG&E’s rate cases at the CPUC
EverGreen	SCP’s 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day.
Geothermal	A locally available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case – one of PG&E’s rate cases at the CPUC
GridSavvy	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.’
IOU	Investor-Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan – balancing energy needs with energy resources
JPA	Joint Powers Authority
MW	Megawatt is a unit of power and measures how fast energy is being used or produced at one moment.
MWh	Megawatt-hour is a unit of energy and measures how much energy is used or produced over time.
NEM	Net Energy Metering. NEM is a billing mechanism that credits solar energy system owners for the electricity they add to the grid.
NetGreen	SCP’s net energy metering bonus
PCIA	Power Charge Indifference Adjustment – a fee charged by PG&E to all electric customers to ensure PG&E can pay for excess power supply contracts that it no longer needs.
RA	Resource Adequacy – a required form of capacity that helps ensure there are sufficient power resources available when needed.
RPS	Renewables Portfolio Standard refers to certain kinds of renewable energy which qualify to meet state requirements, including wind, solar, geothermal.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day

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**DRAFT MEETING MINUTES  
BOARD OF DIRECTORS MEETING  
THURSDAY, MAY 4, 2023  
9:00 A.M.**

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**CALL TO ORDER**

(9:04 a.m. - Video Time Stamp: 00:02:46)

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; Chris Golik, Finance Manager; and Josh Nelson, Special Counsel.

*9:05 a.m. Director Barnacle entered the meeting.*

**BOARD OF DIRECTORS CONSENT CALENDAR**

(9:05 a.m. - Video Time Stamp: 00:03:15)

1. Approve April 6, 2023, Draft Board of Directors Meeting Minutes
2. Receive Geothermal Opportunity Zone Update
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

*9:07 a.m. the meeting went into recess to address technical difficulties at the Ukiah teleconference location.*

*9:08 a.m. Director Gjerde entered the meeting and the meeting resumed.*

Public Comment: None

Motion to approve the May 4, 2023, Board of Directors Consent Calendar by Director Bagby

Second: Director Elward

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

## **BOARD OF DIRECTORS REGULAR CALENDAR**

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

(9:10 a.m. - Video Time Stamp: 00:08:34)

Erica Torgerson, Managing Director of Customer Service, introduced Tania Gibbons, SCP's new Customer Service Manager. Stephanie Reynolds, Director of Internal Operations, announced SCP's new Art exhibit located at the Headquarters. She mentioned that Snoopy's Home Ice had just purchased a new battery-operated electric Zamboni. She then invited Chris Golik, Finance Manager, to discuss SCP's investments. Mr. Golik mentioned that SCP has investments in 3 places including 2 banks and the Sonoma County Investment Pool. Geof Syphers, CEO, added information on SCP's Customer Home Retrofit Financing Program, he stated that it has been halted as the program hit its lending limit. Staff are assessing how to improve on targeting future lending toward customers who need it most.

Director Rogers asked if there were any local projects that SCP could invest reserve funds in, and CEO Syphers answered that there may be storage projects and agreed to return later in 2023 with proposals. Director Bagby added that she would like staff to also bring back more marketing and investment opportunities.

Public Comment: None

5. Receive Legislative and Regulatory Updates, Provide Direction and Approve Positions on AB 593 (Haney), AB 982 (Villapudua), and Other Bills as Appropriate

(9:21 a.m. - Video Time Stamp: 00:19:24)

Neal Reardon, Director of Regulatory Affairs, stated that the California Public Utilities Commission (CPUC) granted a clean energy micro-grid for Calistoga which will begin operation in 2025. He also stated that the CPUC passed a

resolution that would prevent East Bay Community Energy (EBCE) from expanding to the City of Stockton, as well as prevent Central Coast Community Energy (CCCE) from expanding. He then discussed AB 205 which would set graduated delivery costs by income by 2025. Special Counsel Josh Nelson discussed a recent 9<sup>th</sup> Circuit decision regarding the City of Berkeley's gas ban which they held was pre-empted by Federal law, but the decision has been appealed to a full court.

Director Rogers stated that the City of Santa Rosa had also been sued for its gas ban under CEQA, but Santa Rosa prevailed. Vice Chair Hopkins asked if other jurisdictions could do anything about the ruling and Counsel Nelson answered that many jurisdictions have been involved.

CEO Syphers introduced SCP's lobbyist Kate Brandenburg. Ms. Brandenburg stated that she is looking at over 100 pieces of legislation for SCP. She also mentioned that the Governor's Trailer Bill has been placed into AB 1373 so there will be a hearing on it. CEO Syphers expanded on the Governor's Budget by explaining there are three major policy elements which could affect SCP. First, it allows the CPUC to order any investor-owned utility or the California Department of Water to buy any power resource it wishes on behalf of any electric provider. The risk that introduces, CEO Syphers said, is that SCP could not ensure its own procurement could be financed when the CPUC could supersede that procurement with its own and apply costs to SCP's ratepayers.

Vice Chair Hopkins asked how the Governor's Budget trailer bill would affect local economic development projects and CEO Syphers responded that it could introduce risks.

CEO Syphers then discussed various bills affecting SCP. He mentioned that AB 1379 (Papan) regarding teleconference rules was pulled. He stated SB 83 (Wiener/Wood) which would set interconnection timelines was sent to appropriations. He said SB 527 (Min) regarding neighborhood decarbonization was sent to appropriations. He mentioned SB 527 (Becker) regarding public meetings just came out of the judicial committee and was heading to the Senate floor. He recommended approval for 593 (Haney) regarding carbon reduction and recommended a watch position on AB 982 (Villapudua).

Director Elward reminded the Board that SCP needs to balance the interests of all its customers.

Public Comment: None

Motion to Receive Legislative and Regulatory Updates, Provide Direction and Approve Positions on AB 593 (Haney), AB 982 (Villapudua) by Director Barnacle

Second: Director Rogers

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

6. Approve the Proposed Annual Budget for Fiscal Year 2023-2024

(10:07 a.m. - Video Time Stamp: 01:05:18)

Michael Koszalka, COO, stated this was the fourth public viewing of the budget, adding that it was the second time it has been presented to the Board. He added there was one change since the Board's last viewing, a \$50,000 increase in the Industry Memberships & Dues line item of the proposed budget due to an increase in CC Power dues.

Chair Fudge asked for some details in how CleanStart rates compare with EverGreen and CEO Syphers responded that it depends on the type of customer and agreed to supply more information to the Chair following the meeting. Director Barnacle stated that he would like SCP to look into other investments going forward and CEO Syphers responded that staff would bring investment options to the Board at a future meeting late in 2023.

Public Comment: None

Motion to Approve the Proposed Annual Budget for Fiscal Year 2023-2024 by Director Barnacle

Second: Vice Chair Hopkins

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

## **BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS**

(10:14 a.m. - Video Time Stamp: 01:12:54)

Director Bagby mentioned that Friday Night Live would be returning to Cloverdale on May 26, 2023. Director Strong thanked Leif Christiansen, Commercial Accounts Manager, for giving a presentation regarding EverGreen to the City of Willits. Chair Fudge announced the Town of Windsor



voted to join EverGreen and the Town will buy two light-duty electric trucks. Director Elward requested SCP give introductory presentations to local jurisdictions. Director Bagby asked if the local City Managers could hold a meeting at the Energy Center. Director Barnacle mentioned a monster truck event at Petaluma Speedway on May 5<sup>th</sup> and Director Farrar-Rivas mentioned the return of the Sonoma Farmer's Market on May 9<sup>th</sup>.

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

(10:25 a.m. - Video Time Stamp: 01:23:43)

Public Comment: Stephanie Reynolds mentioned that SCP had its 9<sup>th</sup> Anniversary on May 1<sup>st</sup>.

Crispin Hollinshead sent a written letter which was read to the Board discussing the climate crisis.

## **ADJOURN**

(10:30 a.m. - Video Time Stamp: 01:28:26)

The meeting was adjourned by unanimous consent.

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## Staff Report - Item 02

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**To: Sonoma Clean Power Authority Board of Directors**  
**From: Ryan Tracey, Director of Planning & Analytics**  
**Geof Syphers, Chief Executive Officer**  
**Issue: Receive Geothermal Opportunity Zone Update**  
**Date: June 1, 2023**

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### 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**

SCP's private partners continue to be focused on identifying site opportunities for GeoZone demonstration projects. Staff meets with each GeoZone partner every other week to coordinate on site opportunities, grant applications, advocacy, transmission planning, and other pertinent topics to the GeoZone. SCP's partners will also be expected to provide their first quarterly progress report in the coming months (a requirement of the cooperation agreements).

### **Public Engagement**

Staff are exploring options to involve an external facilitator for the next public stakeholder engagement session, tentatively planned for later this year. SCP and its partners are eager to collect community feedback on compatible technologies and local priorities to help steer development in preferred directions that best align with community values.

### **Well Permitting**

As flagged in last month's report, permitting hundreds of oil and gas wells has greatly harmed the ability of renewable geothermal projects in getting permits through the State. In addition, local oversight of permitting could help ensure adequate public access and input. SCP staff are still learning about the tradeoffs of state versus local lead agencies for CEQA review but are leaning toward encouraging local oversight to afford adequate public access and input.

### **Grant Opportunities**

SCP and Cymq anticipate a decision from the DOE on their application to the DOE's Long-Duration Energy Storage grant in the next few months. Meanwhile, SCP and its partners are considering applications to the Energy Improvements in Rural or Remote Areas Program and the Bipartisan Infrastructure Law Enhanced Geothermal Systems Demonstration grants.

### **Transmission Planning**

Staff's recent focus on GeoZone transmission has been to better characterize the impact of what CAISO calls the "Delevan 500 kV Constraint". The Delevan 500 kV constraint is a

key system upgrade identified in 2021 to enable deliverability of Northern California resources with an estimated cost of \$3.5 billion and 12-year construction schedule. Although the CAISO's Draft 2022-23 Transmission Plan did not include the upgrade, it did include a related series compensation project and the approved 2021-22 Transmission Plan included a 500 kV substation at Collinsville (depicted in CAISO schematic below) and reconducting the 230 kV between Delevan and Cortina that are expected to add significant capacity to the region. Staff are working to understand whether the larger project will be able to accommodate the GeoZone or whether the interim projects will provide sufficient capacity.

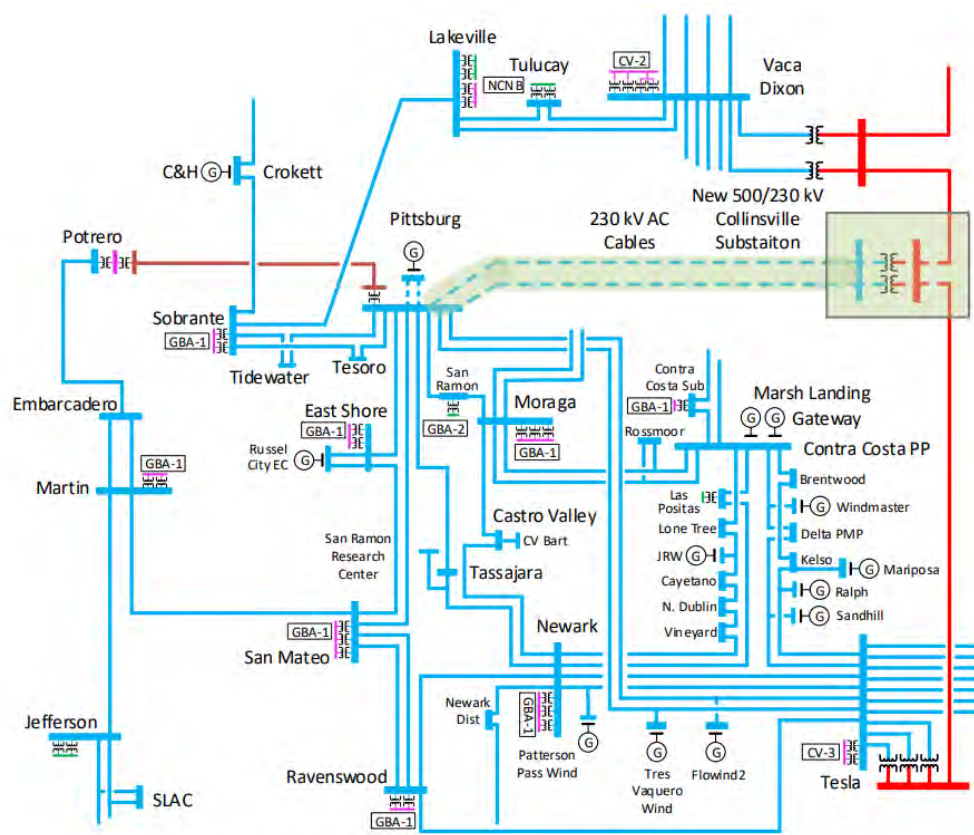


Figure 1. Transmission schematic from the 2021-22 Transmission Plan depicting the location of the new Collinsville Substation that will improve access to the 500kV system for the region. (Source: <http://www.caiso.com/Initiative Documents/AppendixG-BoardApproved-2021-2022TransmissionPlan.pdf>)

Staff are also exploring options to use new technology—such as advanced undergrounding of gen-ties or Grid Enhancing Technologies (GETs) on existing infrastructure to reduce the interconnection risk of GeoZone projects. As a first step, SCP is soliciting meetings with leaders in these areas to assess technical feasibility. Any suitable solutions would also require close involvement of PG&E, CAISO, and the CPUC.

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## **Staff Report - Item 03**

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

**From:** Brytann Busick, Marketing & Events Manager

**Issue:** Approve and Authorize the CEO to Execute a New Contract with Sonoma Water for the Continuation of the Energy Education Program through June 30, 2025, with an Annual Not-To-Exceed Amount of \$300,000 and Aggregate Contract Value of \$600,000

**Date:** June 1, 2023

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### **Recommendation**

Recommend that the Sonoma Clean Power Board of Directors approve and delegate authority to the Chief Executive Officer or Designee to execute a contract with Sonoma Water to continue Sonoma Water's Energy Education Program through June 30, 2025, with an annual not-to-exceed amount of \$300,000 and aggregate contract value of \$600,000.

### **Background**

On June 17, 2021, the Community Advisory Committee recommended the Board of Directors approve a two-year agreement with Sonoma Water for energy education programs with a funding level of \$300,000 per year for Fiscal Years 2021/2022 and 2022/2023. On July 1, 2021, the Board approved the agreement. This agreement expires on June 30, 2023.

### **Discussion**

Since 2017, SCP has contracted with Sonoma Water to design and implement an energy education program. The opportunity to leverage Sonoma Water's existing staff, classrooms, relationships with the County's schools, and curriculum development skills was attractive to SCP staff because it allowed relatively quick deployment of a school program with modest management requirements. An

informal survey of local schoolteachers found that Sonoma Water's program is widely considered the best in the region.

Attached to this item is a report on Sonoma Water's activities for the duration of the previous year (Attachment B). Reports from teachers are positive, and staff feels the program has exceeded expectations. Since 2021, Sonoma Water provided direct instruction to between 5,000-7,000 students per year.

SCP staff recommend that SCP continue the program for an additional two years. The contract increases the funding level to \$300,000 per year for each year of the program.

Additions to the scope of work include:

- Funding for the purchase of participation prizes for high school students who complete the Advanced Energy Center Challenge.
- Additional funding to support a multi-day environmental education workshop for up to 25 teachers in Sonoma and Mendocino Counties, including partnerships with other environmental education organizations to develop field trip sites to educate teachers on climate change mitigation measures in place in Sonoma and Mendocino counties.

### **Fiscal Impact**

The agreement is for \$300,000 per year, totaling \$600,000. Fiscal Year 2023/2024 budget includes this amount. Future years of the contract (\$300,000) will remain contingent on the SCP Board of Directors' approval of the fiscal year 2024/2025 budget.

### **Community Advisory Committee Review**

On May 11, the Community Advisory Committee voted to recommend that the Sonoma Clean Power Board of Directors approve and delegate authority to the Chief Executive Officer or Designee to execute a contract with Sonoma Water to continue Sonoma Water's Energy Education Program through June 30, 2025, with an annual not-to-exceed amount of \$300,000 and aggregate contract value of \$600,000.



## **Attachments**

- Attachment A - Agreement with Sonoma Water for Energy Education Program Sonoma Water Report on Program Activities, available at [this link](#) or by request to the Clerk of the Board
- Attachment B - Final Report to Sonoma Clean Power for Services Provided in 2021-22 School Year, available at [this link](#) or by request to the Clerk of the Board

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## Staff Report - Item 04

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**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 an Ordinance of the Sonoma Clean Power Authority Electing to Become Subject to the Uniform Public Construction Cost Accounting Act and Establishing Bidding Procedures in Accordance with the Uniform Public Construction Cost Accounting Act

**Date:** June 1, 2023

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### Recommendation

Adopt 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,<sup>1</sup> which requires competitive bidding for all public works<sup>2</sup> contracts costing more than \$2,500. Adoption of the Ordinance would streamline the process of entering into contracts by increasing the 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

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<sup>1</sup> Gov. Code § 6509; Third Amended and Restated Joint Powers Agreement Relating to and Creating the Sonoma Clean Power Authority (Oct. 13, 2016) § 2.5; Pub. Cont. Code § 21130, et seq.

<sup>2</sup>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...."

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:

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

Large Contracts: Contracts Over \$200,000 ( <i>continued</i> )	Commission, with the Notice Inviting Bids for the Large Contract at least fifteen (15) calendar days before the date set for opening the bids.
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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 - Signed 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 NO. 2023-02

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:

JURISDICTION	NAME	AYE	NO	ABSTAIN / ABSENT
Cloverdale	Director Bagby	X		
Cotati	Director Ford	X		
Petaluma	Director Barnacle	X		
Rohnert Park	Director Elward	X		
Santa Rosa	Director Rogers	X		
Sebastopol	Director Zollman	X		
Sonoma	Director Farrar-Rivas	X		
Willits	Director Strong	X		
Windsor	Chair Fudge	X		
County of Mendocino	Director Gjerde	X		
County of Sonoma	Vice Chair Hopkins	X		

*In alphabetical order by jurisdiction*



Chair, Sonoma Clean Power

Authority  
Attest:



Clerk of the Board

## **ATTACHMENT B**

(DRAFT)

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)*



JURISDICTION	NAME	AYE	NO	ABSTAIN / ABSENT
Cloverdale	Director Bagby			
Cotati	Director Ford			
Petaluma	Director Barnacle			
Rohnert Park	Director Elward			
Santa Rosa	Director Rogers			
Sebastopol	Director Zollman			
Sonoma	Director Farrar-Rivas			
Willits	Director Strong			
Windsor	Chair Fudge			
County of Mendocino	Director Gjerde			
County of Sonoma	Vice Chair Hopkins			

*In alphabetical order by jurisdiction*

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Chair, Sonoma Clean Power

Authority  
Attest:

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Clerk of the Board

## **ATTACHMENT C**

### Exhibit A

#### Bidding Procedures

#### PURCHASING POLICES 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.
3. "Commission" means the California Uniform Construction Cost Accounting Commission.
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.



## Staff Report - Item 05

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Neal Reardon, Director of Regulatory Affairs  
**Issue:** Approve the Load Management Standards Compliance Plan  
**Date:** June 1, 2023

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### Requested Action

Approve the Interim Load Management Standards Compliance Plan as proposed by staff for upload of relevant rate data to California Energy Commission by July 1<sup>st</sup>, 2023.

### Background

On January 25<sup>th</sup>, the California Energy Commission ("CEC") amended its Load Management Standards ("LMS") regulations to require all Load Serving Entities - including CCAs - to develop and upload details regarding hourly rates and programs to the CEC's website. The intent of this regulation is consistent with SCP's mission to combat the climate crisis, and to do so while maintaining affordable electric service. Specifically, the LMS regulations aim to 1) reduce peak electrical demand; 2) balance electricity supply and demand to support reliability; and 3) provide clean and affordable electricity service to citizens.

The CEC does not have legal authority to require SCP to comply with the LMS. However, SCP recommends voluntarily complying with the LMS to the extent feasible. The intent of the requirement is consistent with our mission, and we aim to serve as a cooperative partner to various regulatory agencies.

### Discussion

The CEC's schedule includes a July 1<sup>st</sup> deadline by which all load serving entities would have to upload all existing time-dependent rates to the CEC database. However, CEC staff recognized that implementation by that deadline is not feasible for

most parties due to technical barriers in their software platform. As such, staff proposes a plan for responding that is contingent upon three specific elements:

- 1) SCP staff would only be responsible for uploading and ensuring the accuracy of our own generation rates, not PG&E's various charges. CEC staff currently plan to require SCP to upload and maintain both SCP's generation rates and also PG&E's transmission and distribution rates as well. However, this would place SCP in the precarious position of being responsible for the accuracy in reporting PG&E's rates, which can change at any time without notice to SCP.
- 2) SCP staff expect to need twelve months to translate our existing time-of-use rates into hourly components, confirm their accuracy, and negotiate with CEC staff standardized protocols for how this data should be uploaded to their new software platform.
- 3) SCP is prevented from recovering LMS implementation costs through rates as approved by the California Public Utilities Commission. IOUs, such as PG&E, are not. This produces an untenable result where SCP customers could be charged for PG&E's LMS implementation costs, as well as those borne by SCP. This could cause a cost shift from bundled to CCA customers. Staff therefore recommend that we pursue interim compliance under the condition that this work not be so onerous as to contribute to incremental costs for SCP as an agency.

Given the three contingencies above, staff propose the following Interim LMS Compliance Plan:

- 1) Upload at least one existing time-of-use rate converted into hourly components to the CEC's software platform by July 1, 2023.
- 2) Upload all SCP time-dependent electric generation rates no later than twelve months after all requirements and technical standards are finalized, if cost-effective and able to be absorbed by existing staff.



## **Staff Report - Item 06**

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

**From:** Deb Emerson, Managing Director, Power Procurement  
Geof Syphers, CEO

**Issue:** Delegate Authority to the CEO, or his Designee, to Finalize Negotiations and Execute a Legal Services Agreement with Keyes & Fox for up to \$200,000

**Date:** June 1, 2023

---

### **Recommendation**

Delegate authority to the CEO, or his Designee, to finalize negotiations and execute a legal services agreement with Keyes & Fox for up to \$200,000 for legal services in regulatory filings and compliance, and energy and capacity procurement.

### **Background**

Sonoma Clean Power has engaged Keyes & Fox from time to time to support the negotiation of renewable and storage power purchase agreements since 2014. The Firm's Principal, Kevin Fox, is SCP's key point of contact, and brings deep experience in solar, wind, geothermal, storage and other similar types of mid- and long-term contracting. As part of SCP's work to fulfill the procurement obligations under the Board's Integrated Resource Plan significant additional contracting work is expected over the next fiscal year.

### **Discussion**

Because this work is timely for maintaining compliance, staff are requesting Board approval on this item without having review of the full agreement or input from the Community Advisory Committee. Specifically, staff request the Board delegate authority to the CEO to work with SCP's Special Counsel and Managing Director of Power Procurement to finalize negotiations and execute a legal services agreement with Keyes & Fox for up to \$200,000.

**Fiscal Impact**

Potential legal services costs of up to \$200,000 in the Fiscal Year 2023-2024 year.

**Community Advisory Committee Review**

This item was not available in time for Community Advisory Committee review and will be brought to the Committee after Board approval for awareness and transparency.





## **Staff Report - Item 07**

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

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

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

**Date: June 1, 2023**

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### **CalCCA ANNUAL CONFERENCE**

In May, Sonoma Clean Power sent representatives to the 2023 CalCCA Annual Conference in San Diego. Over 600 attendees representing CalCCA Members, Affiliates, Partners, regulatory agencies, policymakers, and many others from the energy field gathered to attend workshops and panel discussions. There were many opportunities to network and learn. SCP was honored to be the recipient of the Community Impact Award for Decarbonization. A link to the CalCCA press release, including a group photo, is below.

<https://cal-cca.org/calcca-honors-innovative-programs-at-community-impact-awards/>

SCP's CEO led a session on working to steer California's large-scale construction of new geothermal energy in positive directions, diving into the details of what will keep ratepayer costs reasonable, the status of new technologies with the potential to reduce the need for additional water supplies, and a call to action to highlight the problem with California's routine permitting of oil and gas wells relative to the timelines and non-standard nature of permitting geothermal wells. CEO Syphers was joined by representatives from Calpine, Eavor, Ormat and East Bay Community Energy.

SCP's CEO also had the privilege of interviewing CPUC President Alice Reynolds in a plenary session, where they spoke about the CPUC's legislative efforts to remove CCA authority to procure power resources, set rates and generally make the decisions CCAs make today. President Reynolds explained the need for the CPUC's

proposed new powers was that the grid of the future will look very different than the grid of today. More information on the proposed new CPUC powers and the status of the bill is in the Legislative Report in the next item.

SCP's Chair Fudge attended the conference and participated in the Elected Officials Luncheon, including a discussion with State Treasurer Fiona Ma. Chair Fudge also met with CEC Vice Chair Siva Gunda and her counterparts at numerous other CCAs.

## **GRIDSAVVY REWARDS PROGRAM**

The GridSavvy Rewards Alerts program has reached a milestone that we want to share. Our goal was to enroll an additional 4,000 SCP customers in the GridSavvy Rewards Alerts program option during the 2023 Energy Saving Event season to join our 2,000 existing Alerts program participants. As of Tuesday, May 23<sup>rd</sup>, we met that goal, and we are now on a path to having 5,000 new enrollees early this season to reach a total of over 7,000 Sonoma and Mendocino households working together to reduce energy use during periods of high demand to support the grid. We are very excited to see what we can accomplish!

## **MONTHLY COMPILED FINANCIAL STATEMENTS**

The year-to-date change in net position is better than projections by approximately \$11,264,000. Year-to-date revenue from electricity sales is slightly over budget by less than 1% and cost of energy is under budget projections by about 4%. Year-to-date electricity sales reached \$213,856,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$187,961,000, which indicates healthy growth as SCP continues to make progress towards its long-term reserve goals. Approximately \$95,207,000 is set aside for operating reserves.

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

## **BUDGETARY COMPARISON SCHEDULE**

The accompanying budgetary comparison includes the 2022/23 budget approved by the Board of Directors, as well as the budget amendments approved in March 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 over budget by less than 1% at the end of the reporting period.

The cost of electricity is less than the budget-to-date by approximately 4%. 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**

- March 2023 Financial Statements

## **UPCOMING MEETINGS**

- Community Advisory Committee - June 15, 2023
- Board of Directors - July 6, 2023
- Community Advisory Committee - July 20, 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 March 31, 2023, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

*Maher Accountancy*

San Rafael, CA  
May 8, 2023

**SONOMA CLEAN POWER AUTHORITY**  
**BUDEGTARY COMPARISON SCHEDULE - OPERATING FUND**

Nine Months Ended March 31, 2023

	2022/23 YTD Amended Budget	2022/23 YTD Actual	2022/23 YTD Variance (Under) Over	2022/23 YTD Actual / Amended Budget %	2022/23 Amended Budget	2022/23 Amended Budget Remaining
<b>REVENUE AND OTHER SOURCES:</b>						
Electricity (net of allowance) *	\$ 213,261,250	\$ 213,799,096	\$ 537,846	100%	\$ 279,200,000	\$ 65,400,904
Evergreen Premium (net of allowance)	1,855,555	2,004,587	149,032	108%	2,389,000	384,413
CEC Grant	749,965	85,930	(664,035)	11%	1,414,000	1,328,070
Investment income	918,282	1,387,147	468,865	151%	1,488,000	100,853
Miscellaneous Income	512,500	11,320	(501,180)	0%	1,025,000	1,013,680
Total revenue and other sources	217,297,552	217,288,080	(9,472)	100%	285,516,000	68,227,920
<b>EXPENDITURES AND OTHER USES:</b>						
<b>CURRENT EXPENDITURES</b>						
Cost of energy and scheduling	151,732,576	144,940,807	(6,791,769)	96%	193,510,000	48,569,193
Data management	1,999,024	1,970,892	(28,132)	99%	2,677,000	706,108
Service fees- PG&E	736,612	737,828	1,216	100%	979,000	241,172
Personnel	5,577,997	5,438,428	(139,569)	97%	7,650,000	2,211,572
Energy Center, marketing & communications	1,987,274	1,487,774	(499,500)	75%	2,951,000	1,463,226
Customer service	201,855	133,418	(68,437)	66%	291,000	157,582
General and administration	878,384	823,067	(55,317)	94%	1,190,000	366,933
Legal	278,582	214,046	(64,536)	77%	430,000	215,954
Regulatory and compliance	288,294	182,990	(105,304)	63%	460,000	277,010
Accounting	198,700	211,900	13,200	107%	258,000	46,100
Legislative	134,000	72,000	(62,000)	54%	220,000	148,000
Other consultants	464,650	316,521	(148,129)	68%	746,000	429,479
Industry memberships and dues	427,571	376,474	(51,097)	88%	560,000	183,526
Program implementation	3,121,414	1,339,884	(1,781,530)	43%	5,456,000	4,116,116
Program - CEC grant	2,429,909	1,191,211	(1,238,698)	49%	4,180,000	2,988,789
Total current expenditures	170,456,842	159,437,240	(11,019,602)	94%	221,558,000	62,120,760
<b>OTHER USES</b>						
Capital outlay	328,078	74,361	(253,717)	23%	600,000	525,639
Total expenditures, other uses	170,784,920	159,511,601	(11,273,319)	93%	222,158,000	62,646,399
Net increase in available fund balance	\$ 46,512,632	\$ 57,776,479	\$ 11,263,847		\$ 63,358,000	\$ 5,581,521
* Represents sales of approximately 1,689,000 MWh for 2022/23 YTD actual.						
<b>RESERVES</b>						
Operating Reserve (as of June 30, 2022)	\$ 95,207,000	\$ 169,962,000	\$ 74,755,000			

**SONOMA CLEAN POWER AUTHORITY**  
**BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)**  
**RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE**  
**TO CHANGE IN NET POSITION**  
**Nine Months Ended March 31, 2023**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 57,776,479
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(1,016,692)
Add back capital asset acquisitions	<u>74,361</u>
Change in net position	<u><u>\$ 56,834,148</u></u>



## ACCOUNTANTS' COMPILATION REPORT

Management  
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 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  
May 8, 2023

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of March 31, 2023

### ASSETS

#### Current assets

Cash and cash equivalents	\$ 39,149,996
Accounts receivable, net of allowance	29,164,227
Other receivables	1,739,819
Accrued revenue	12,515,708
Prepaid expenses	1,223,376
Deposits	8,855,595
Investments	85,826,447
Total current assets	178,475,168

#### Noncurrent assets

Land	860,520
Capital assets, net of depreciation	17,800,275
Deposits	846,256
Total noncurrent assets	19,507,051
Total assets	197,982,219

### LIABILITIES

#### Current liabilities

Accrued cost of electricity	2,218,880
Accounts payable	799,015
Advanced from grantors	3,074,682
Other accrued liabilities	3,117,977
User taxes and energy surcharges due to other governments	810,958
Total current liabilities	10,021,512

### NET POSITION

Investment in capital assets	18,660,795
Unrestricted	169,299,912
Total net position	\$ 187,960,707



**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Nine Months Ended March 31, 2023**

**OPERATING REVENUES**

Electricity sales, net	\$ 211,851,700
Evergreen electricity premium	2,004,587
Grant revenue	85,930
Total operating revenues	<u>213,942,217</u>

**OPERATING EXPENSES**

Cost of electricity	144,940,807
Contract services	6,564,948
Staff compensation	5,438,428
Other operating expenses	1,276,122
Program rebates and incentives	1,216,935
Depreciation	1,016,692
Total operating expenses	<u>160,453,932</u>
Operating income (loss)	<u>53,488,285</u>

**NONOPERATING REVENUES (EXPENSES)**

Grant revenue	1,958,716
Investment earnings (loss)	1,387,147
Nonoperating revenues (expenses), net	<u>3,345,863</u>

**CHANGE IN NET POSITION**

	56,834,148
Net position at beginning of period	<u>131,126,559</u>
Net position at end of period	<u><u>\$ 187,960,707</u></u>

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS Nine Months Ended March 31, 2023

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 215,381,692
Receipts from grantors	3,849,989
Other operating receipts	9,453,195
Payments to electricity suppliers	(165,324,092)
Payments for other goods and services	(8,576,907)
Payments for staff compensation	(5,303,394)
Tax and surcharge payments to other governments	(2,734,077)
Payments for program rebates and incentives	(3,121,548)
Net cash provided (used) by operating activities	<u>43,624,858</u>

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Grant revenue	<u>1,958,716</u>
---------------	------------------

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(189,547)</u>
------------------------------------	------------------

### CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	652,427
Purchase of certificates of deposit	<u>(50,000,000)</u>
Net cash provided (used) by investing activities	<u>(49,347,573)</u>

Net change in cash and cash equivalents	(3,953,546)
Cash and cash equivalents at beginning of year	<u>43,103,542</u>
Cash and cash equivalents at end of period	<u>\$ 39,149,996</u>

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS

(Continued)

Nine Months Ended March 31, 2023

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

Operating income (loss)	\$ 53,488,285
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,016,692
Revenue adjusted for provision for uncollectible accounts	2,627,462
(Increase) decrease in:	
Accounts receivable	(4,887,776)
Other receivables	14,118
Accrued revenue	916,101
Prepaid expenses	1,737,867
Deposits	(3,392,614)
Increase (decrease) in:	
Accrued cost of electricity	(12,792,380)
Accounts payable	(502,714)
Advanced from grantors	3,074,682
Accrued liabilities	284,592
User taxes due to other governments	135,543
Supplier security deposits	1,905,000
Net cash provided (used) by operating activities	<u>\$ 43,624,858</u>

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## Staff Report - Item 08

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

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

**Issue:** Receive Legislative and Regulatory Updates, Provide Direction and Approve Positions on Bills as Appropriate

**Date:** June 1, 2023

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### Requested Action

Receive legislative and regulatory updates, provide direction, and approve positions on bills as appropriate.

### Regulatory Updates

#### CPUC Approves 8.5 MW Microgrid at PG&E's Calistoga Substation

On April 27<sup>th</sup>, the CPUC approved an Application by PG&E to develop a microgrid at the utility's Calistoga substation. The 8.5MW hybrid hydrogen fuel cell paired with a battery is expected to be capable of generating 293 MWh of energy over a 48-hour period. The intent of the microgrid is to alleviate the impacts from PG&E's Public Safety Power Shutoffs ("PSPS"). It is expected to operate for 10.5 years.

The PSPS strategy, which the utility deployed to reduce the likelihood its infrastructure would ignite fires, led to millions of outraged customers being without power. The resulting CPUC investigation determined that PG&E violated multiple guidelines and concluded with levying a \$12M fine on the utility. The utility then deployed diesel generators to provide temporary power to customers during outages. While the CPUC allowed the use of fossil fuel generators, in January of 2021 they directed PG&E to develop at least one GHG-free substation microgrid project. After evaluating substations with the highest amount of PSPS outages and sufficient square footage, the Calistoga site was selected.

The \$46M cost will be borne by all distribution customers. Customers in Napa County who are directly served by the facility will reap the most direct benefit, but the microgrid could help alleviate other indirect impacts elsewhere on the grid.

#### CPUC Delays CCA service to Stockton and Atascadero Until 2025 or Later

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.

The Draft Resolution was supported by PG&E. It was opposed by the city of Atascadero, East Bay Community Energy, Central Coast Community Energy, AReM, and CalCCA. On April 27<sup>th</sup>, the CPUC issued a Resolution delaying CCA service until at least 2025. Since that Decision, Central Coast Community Energy notified the CPUC of its intent to also serve the County of San Luis Obispo beginning in 2025.

#### CPUC Prohibits Investor-Owned Utilities from Collecting Revenues for 2019 PSPS Events

The CPUC unanimously approved a Decision prohibiting Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E) from adjusting future rates to collect any revenue shortfalls caused by the Public Safety Power Shutoff (PSPS) events in 2019.

In 2019, the CPUC opened an investigation into the widespread usage of PSPS to reduce wildfire liability. That investigation determined that the utilities were "grossly deficient in reasonably identifying, evaluating, and weighing the potential public harms to their customers when initiating the 2019 PSPS events." IOU shareholders can

be held liable for damages caused by utility infrastructure. However, it is IOU customers who bear the financial and qualitative damages caused by PSPS shutoffs. To address this misalignment, the CPUC concluded that IOUs must forego the revenues they otherwise would have received during PSPS events.

This 2023 Decision adopts a methodology for calculating the unrealized revenues during PSPS events and applies that methodology to the 2019 PSPS outages. It closes this proceeding, which SCP staff and other CCAs have been very actively advocating in.

The resulting disallowances are estimated to be \$9,270,000 for PG&E, \$430,000 for SCE, and \$120,000 for SDG&E.

## **Legislative Update**

The primary focus of community choice power providers this year is on amending the Governor's budget trailer bill to protect ratepayers, the renewable energy industry, and CCA governing board authority.

- **Governor's Trailer Bill and AB 1373 (Garcia)**

The Governor introduced several major energy policy elements into his budget trailer bill, which E. Garcia then placed into AB 1373 to allow hearings in the policy committees. CalCCA took the opportunity to testify in all of the hearings on the risks, costs and issues with removing CCA authority to select power resources, adding new compliance penalties in a market with insufficient resources, and expanding the potential use of central procurement to include all resources. As of May 25, the CCAs secured important edits to AB1373 so that SCP's focus is now completely on the Governor's trailer bill language and working to secure similar changes.

The Trailer Bill Broadly Expands CPUC Jurisdiction Over Local Authority. The CPUC is arguing a change in statute is needed to "clarify" the CPUC's jurisdiction to issue procurement orders. For background, the CPUC issues procurement orders today and CCAs have complied with those orders. However, the trailer bill goes far beyond "clarification," perhaps inadvertently, through imprecise cross-references in Section 365.1(c)(1). The trailer bill's expansion of CPUC powers would override the right -- stated multiple times in statute -- of local CCAs and the communities they serve to choose the mix of resources procured to meet CPUC procurement orders. Furthermore, the

referenced sections (PUC 454.5-454.6) expand jurisdiction to cover contract selection, financial products, cost allocation, rates, risk management and other functions, essentially removing almost all power from CCA governing boards and transferring it to the CPUC. The CPUC has been unable to answer why it needs these expanded powers when repeatedly asked in hearings and at the CalCCA Annual Conference. In fact, CCAs have demonstrated their ability to meet Integrated Resource Plan requirements, collectively meeting their 2022 new construction requirements and are on target to meet the 2023 requirements. The CCAs support amendments that clarify the CPUC's existing jurisdiction in §454.52(c), but oppose amendments that expand jurisdiction.

*>> Changes to AB 1373 corrected this problem by reducing the cross-references in Section 365.1(c)(1) to just the IRP sections: §§454.52-454.54. SCP is now focused on getting those same amendments to the Governor's trailer bill.*

Central Procurement. The CCAs question the need for a central procurement entity altogether since there is no shortage of signed contracts for power generation. Instead, the CCAs see a serious lack of transmission and a critical backlog of upgrades to both distribution and transmission systems to allow new generation resources to interconnect. However, if policy makers believe that a central procurement entity should be established, it must be designed to prevent market disruptions and it must make protecting ratepayers from unnecessary cost increases a top priority. To accomplish these goals, the Governor's trailer bill should list the specific types of projects that may be procured and under what conditions.

*>> AB 1373 addresses this issue by defining "clean energy resources" to include only offshore wind and geothermal resources. This is generally an acceptable approach, although geothermal should be refined to include only geothermal resources necessary to get transmission built (i.e., Salton Sea). SCP is seeking these parallel amendments to the Governor's trailer bill.*

Capacity Penalty Payment for Resource Adequacy Deficiencies. The trailer bill proposes that power providers which are not compliant in resource adequacy must pay an additional new fine on top of the existing penalties to the state's Strategic Reliability Reserve (SRR). While penalizing power providers for failing to adhere to compliance requirements may sound reasonable, the proposal fails to recognize that there is an overall shortage of supply in the market that will persist at least into 2026. This means that ratepayers of many power



providers will pay fines without any ability of those providers to correct their compliance deficiencies. The resource adequacy program already requires power providers to pay a penalty so this proposal would result in ratepayers paying twice for the same deficiency.

*>> AB 1373 addressed some of the concerns with duplicative fines by essentially requiring that a non-compliant power provider pay the higher of existing CPUC penalties and capacity payment; it did not, however, address the potential double payment if CAISO backstop occurs. SCP is seeking to remove these unhelpful fines from the Governor's trailer bill altogether.*

### **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 the state government. Senators Dodd, McGuire and Wiener have joined as co-authors, along with Assembly Members Connelly, Aguiar-Curry, Patterson and Rivas.

- **AB 538 (Holden) - Regionalization - Watch**

Assembly Member Holden has indicated that this might become a 2-year bill. Would join California's largest 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 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.

- **AB 593 (Haney) - Carbon emission reduction - 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.

- **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 upgrade CEQA timelines - Watch**

This bill originally proposed CEQA exemptions for expanding the capacity of existing transmission lines, but despite support from labor, the IOUs and municipal power, it was narrowed to simply setting a two-year timeline for permitting review. 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.

- **AB 982 (Villapudua) - Public Purpose Programs - 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. The bill would also either increase taxes or reduce program spending, and perhaps most concerning, it would add considerable risks to these programs by having to appropriate funds every single year.

Support and Opposition: Southern California Gas is the sponsor. The IOUs are

generally 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 increasing state taxes.

- **AB 1379 (Papan) - Open meetings: teleconference - Support**

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 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.

- **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 83 (Wiener/Wood) - Interconnection Timelines - Support**

Sets an 8-week deadline for IOUs to interconnect new buildings and new resources (e.g., solar, EV charging and batteries) on existing structures. 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 has argued the bill is 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. As a result, the IOUs will probably oppose. Likely support from housing advocates, labor, business associations, and local governments. The SCP Community Advisory Committee also recommended support in its April 20 meeting.

- **SB 319 (McGuire) - Electricity transmission planning - Support**

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**

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 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.

- **SB 527 (Min) - Neighborhood Decarbonization - Support**

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 AB 527 conditions allow a conversation to electric energy. Support and opposition are 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**

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***

None.