



**AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, APRIL 4, 2024, 9:00 A.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE APRIL 4, 2024, 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 VIEW 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:

Comments may be provided in person at the physical meeting locations. Comments may be submitted in writing to meetings@sonomacleanpower.org. For detailed public comment instructions, [please visit this page](#). Please note that live remote public comment will not be taken unless required by Government Code section 54953(f). If required, it will be announced by the Chair. Members of the public should attend in person or provide written comment to ensure they can provide public comment.

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. Written comments may be provided during the meeting.

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.

For further clarification on any of the items listed please contact (855) 202-2139 and staff will be available to assist.

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 March 7, 2024, 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. Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute an Amendment to the Software License, Maintenance, and Support Agreement with Ascend Analytics, LLC, for a Three-Year Extension and Incremental Contract Total of \$546,503 (Staff Recommendation: Approve) **pg. 17**
4. Approve Changes to Financial Policy B1 - Chief Executive Officer Spending Authority to allow the Chief Executive Officer to Approve Expenditures of Up to \$250,000, Consistent with the Board's Adopted Budget (Staff Recommendation: Approve) **pg. 21**

BOARD OF DIRECTORS REGULAR CALENDAR

5. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 23**
6. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate (Staff Recommendation: Approve) **pg. 35**
7. Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2024-2025 (Staff Recommendation: Receive and File) **pg. 49**

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

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

ADJOURN

COMMONLY USED ACRONYMS AND TERMS

CAC	SCP's Community Advisory Committee, advises the Board of Directors
CAISO	California Independent Systems Operator - the grid operator
Carbon Free	Carbon-free resources are sources of power that have no greenhouse gas emissions, but are considered renewable in California, such as large hydroelectric and nuclear
CCA	Community Choice Aggregator - a public power provider (generation only)
CEC	California Energy Commission
CleanStart	SCP's default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource (e.g. rooftop solar)
ERRA	Energy Resource Recovery Account - PG&E's primary generation rate case at the CPUC
EverGreen	SCP's premium 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day. Sign up today!
Geothermal	A locally available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case -PG&E's primary delivery rate case 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. GridSavvy Rewards are also available with smart devices (e.g. smart thermostat, EV charger, battery storage, etc.). Both are 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 program
PCIA	Power Charge Indifference Adjustment - The PCIA is a charge to ensure that both PG&E, Direct Access, and CCA customers pay for the above market costs for electric generation resources that were procured by PG&E on their behalf prior to departing. "Above Market" refers to the difference between what the utility pays for electric generation and current market prices for the sale of those resources.
RA	Resource Adequacy - a required form of capacity that helps ensure there are sufficient power resources available when needed. It acts as insurance for the grid when demand is high to keep the lights on.
RPS	Renewables Portfolio Standard refers to renewable energy sources which qualify to meet state requirements and include biomass & biowaste, geothermal, small hydroelectric, solar and wind.
SCPA	Sonoma Clean Power Authority
TOU	Time-of-Use, used to refer to rates that differ by time of day and season.

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**DRAFT MEETING MINUTES
BOARD OF DIRECTORS MEETING
THURSDAY, MARCH 7, 2023
9:00 A.M.**

CALL TO ORDER

(9:02 a.m. - Video Time Stamp: 00:02:48)

Chair Hopkins called the meeting to order.

Board Members present: Chair Hopkins, Vice Chair Barnacle, Directors Lands, Lemus, Elward, Rogers, Zollman, Ding, Strong, Fudge, and Gjerde.

Staff present: Geof Syphers, Chief Executive Officer; Rebecca Simonson, Director of Programs; Brytann Busick, Marketing and Events Manager; Scott Salyer, Program Manager; and Josh Nelson, Special Counsel.

Geof Syphers, CEO, presented a plaque to Melanie Bagby for her years of service to the Board of Directors (Board) and SCP. The Board thanked her for her service and then Ms. Bagby thanked the Board and staff for all their work.

BOARD OF DIRECTORS CONSENT CALENDAR

(9:13 a.m. - Video Time Stamp: 00:13:27)

1. Approve February 1, 2024, 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 a Professional Services Agreement with ReconMR with a Not-To-Exceed amount of \$115,000 for the Annual Brand Awareness Survey
4. Approve and Authorize the Chief Executive Officer to Execute an Option to Extend the Lease for the Advanced Energy Center an Additional 36 Months with Kushins & Langendorf
5. Approve Rescheduling the Board of Directors May 2, 2024, Meeting Time from 9:00 AM to 4:00 PM

6. Approve Sonoma Clean Power's Load Management Standards Plan and Authorize Staff to Submit this Plan to the California Energy Commission with Future Updates as Required by the California Energy Commission
7. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate
8. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate

Chair Hopkins asked for a brief legislative update on legislation regarding power outages and CEO Syphers responded that legislation regarding power outages is a high priority for SCP and SCP would continue to work on it.

Public Comment: None

Motion to approve the March 7, 2024, Board of Directors Consent Calendar by Vice Chair Barnacle

Second: Director Rogers

AYES: Lands, Lemus, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

BOARD OF DIRECTORS REGULAR CALENDAR

9. Approve Sonoma Clean Power Authority's Legislative Policy Platform

(9:15 a.m. - Video Time Stamp: 00:15:39)

CEO Syphers thanked Miles Horton, Legislative Policy and Community Engagement Manager, for his work on SCP's Legislative Policy platform and explained that the primary changes to the policy could be seen in the red-lined document. CEO Syphers explained that most of the changes were clean-up, but he did point out that the emphasis on power cost was elevated and the goals of ensuring procurement were expanded along with climate solutions.

Vice Chair Barnacle and Director Zollman expressed a desire to see more of a focus on equity in the platform.

Public Comment: None

Motion to Approve Sonoma Clean Power Authority's Legislative Policy Platform by Vice Chair Barnacle

Second: Director Elward

AYES: Lands, Lemus, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

10. Receive an Update on Sonoma Clean Power Authority's Community Support

(9:21 a.m. - Video Time Stamp: 00:21:52)

Brytann Busick, Marketing and Events Manager, gave a presentation on SCP's Community support, the presentation is attached.

Vice Chair Barnacle asked if the Calpine scholarships had guidelines regarding how they are allocated, and Ms. Busick stated that there are earmarked monies and there will be new endowments. CEO Syphers added that the upcoming SCP Budget will show more detail in the appendix on the scale of SCP's donations relative to other expenses. Director Gjerde asked if the Board could be reminded of upcoming due dates for scholarship applications. Director Rogers thanked SCP staff for all their representation at local events and Vice Chair Barnacle asked if SCP could focus on new technologies at events. Director Elward stated that SCP should participate in the Petaluma Butter and Eggs Day Parade. Director Strong thanked Felicia Smith, Program Manager, for presenting at the Willits City Council meeting. CEO Syphers reminded the Board to always send requests for event attendance to SCP staff. Chair Hopkins stated that she would like to have a budget conversation dedicated to community support and added that she liked seeing outreach in Mendocino County.

Public Comment: None

11. Receive Agricultural Community Needs Assessment Final Report

(9:40 a.m. - Video Time Stamp: 00:40:18)

Program Manager, Scott Salyer, gave a presentation on the Agricultural Community Needs Assessment Final Report and informed the Board of a formatting change to the final report.

Director Elward asked how SCP conducted its community outreach to non-profit organizations and farmworkers and added that SCP should bring more visibility to these organizations. CEO Syphers responded that SCP is in touch with these organizations and researching cost saving for those organizations. Director Fudge mentioned that a new apartment complex "Redwood View" opened in Windsor for farmworkers, and it would be a great place for SCP to do outreach. Vice Chair Barnacle stated he would like to see a holistic approach to farmworker housing and Director Lemus added La Familia Sana to

the list of organizations. Chair Hopkins asked for a point person at SCP for farmworker outreach and Rebecca Simonson, Director of Programs, said that all Board inquiries could be sent to her.

Public Comment: None

12. Approve the Proposed Budget Adjustments for Fiscal Year 2023-2024

(9:53 a.m. - Video Time Stamp: 00:53:38)

CEO Syphers introduced the proposed FY 23/24 Budget Adjustment and stated that it reflects the will of the Board to sustain a 7% bill savings for customers for an intended two-year period and he pointed out three-line items: significant revenues, product cost, and a capital expense to reflect the Board's decision to purchase a building.

Vice Chair Barnacle asked what the plan is for the for the net increase of \$42 million in fund balances and CEO Syphers responded that it all goes to Board uses already described, including lower customer rates, local investments intended to reduce rates over a long time period and incentive programs. Vice Chair Barnacle then said he would like to see a local investment fund created. CEO Syphers stated that all ideas are welcome from the Board and would like to see Board input on the upcoming budget item in April. Chair Hopkins said she would like to see how equity would be incorporated in community benefits.

Public Comment: None

Motion to Approve the Proposed Budget Adjustments for Fiscal Year 2023-2024 by Director Rogers

Second: Vice Chair Barnacle

AYES: Lands, Lemus, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

(10:03 a.m. - Video Time Stamp: 01:02:54)

None

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(10:03 a.m. - Video Time Stamp: 01:03:28)

Public Comment: None

ADJOURN

(10:04 a.m. - Video Time Stamp: 01:04:38)

The meeting was adjourned by unanimous consent.

Supporting Our Communities

Ways We Support Our Community

- SPONSORSHIPS
- CALPINE COMMUNITY BENEFIT GRANT PROGRAM
- PARTNERSHIPS
- SCHOLARSHIPS
- MEMBERSHIPS
- EVENTS



Supporting Our Communities

SUPPORTING OUR COMMUNITY GUIDELINES

Support may include:

- Financial sponsorships
- In-kind donations
- Volunteerism
- Speaking engagements
- Memberships
- Serving on boards or committees aligned with our agency's Mission



SCP CAN SUPPORT EFFORTS MADE BY OUR CUSTOMERS IN THE FOLLOWING CATEGORIES:

- Greenhouse gas reductions and climate solutions.
- Local schools and education, including foundations and initiatives with an emphasis on trades and STEM.
- Basic needs, including food, housing, family support services, community resilience, etc., excluding medical-related services.
- Key community events in each jurisdiction of our service territory.
- Partnerships with our service territory's business community, including our region's key industries and economic drivers.

SCP does not sponsor religious events or programs, political parties, ballot measures, or organizations whose primary services or products are in opposition to SCP's Mission.

Ways We Support Our Community

SPONSORSHIPS

Process for requesting support:
<https://sonomacleanpower.org/supporting-our-community>

CALPINE COMMUNITY BENEFIT GRANT PROGRAM

PARTNERSHIPS



Scholarship Program

SONOMA STATE UNIVERSITY
SANTA ROSA JUNIOR COLLEGE
MENDOCINO COLLEGE



Memberships

CHAMBERS OF COMMERCE
COMMUNITY ORGANIZATIONS/BUSINESS-CENTRIC GROUPS
SERVICE ON BOARDS OF DIRECTORS



Events

ONSITE EVENTS
Free use of Customer Center Classroom

OFFSITE EVENTS
Out in the community with diverse organizations



**Listening and Learning
from Our Customers**



Empower

COMMUNITIES MOST IMPACTED BY POLLUTION AND SOCIOECONOMIC CHALLENGES
BUILDING RELATIONSHIPS WITH SERVICE PROVIDERS
TARGETED EDUCATIONAL OUTREACH AND ASSISTANCE



Research

BRAND AWARENESS
CUSTOMER OPERATIONAL PERFORMANCE SATISFACTION
FOCUS GROUPS



Thank you





Staff Report - Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer
Miles Horton, Legislative Policy & Community Engagement Manager
Claudia Sisomphou, Public Affairs & Advocacy Manager

Issue: Receive Geothermal Opportunity Zone Update

Date: April 4, 2024

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to guide the development of local geothermal power that is compatible with community values and enables SCP to phase-out its dependence on natural gas power plants for reliability. The Community Advisory Committee (Committee) meetings are a regularly scheduled public forum for the community to receive updates and provide input on the GeoZone. The updates provided to the Committee each month, and minutes from any discussion are posted on SCP's website at <https://sonomacleanpower.org/geozone-public-updates>. Staff incorporate any feedback received from the Committee presentation into the monthly updates to the Board of Directors. Additional background on the GeoZone can be found on the GeoZone webpage at <https://sonomacleanpower.org/geozone>.

Grant Funding

Chevron New Energies is undergoing negotiations with the Department of Energy for the grant award announced in February, which is part of the bipartisan Infrastructure Law's Enhanced Geothermal System (EGS) Demonstration grant program. More details on the grant will be available after Chevron New Energies completes negotiations with the Department of Energy.

SCP and Cyrq Energy are preparing for a potential application to the California Energy Commission's (CEC) [Long Duration Energy Storage Program](#) that is expected to be released this summer. A key focus this spring for the Cyrq project will be securing a commitment from an existing Geysers operator to host the project and ensuring the

technical readiness of the thermal energy storage system to maximize the competitiveness of an application. The CEC is expected to fund about four projects out of their \$70 million budget.

The CEC also recently released a grant solicitation for its [Geothermal Grant and Loan Program](#). The geothermal grant and loan program is funded from royalties the state receives from geothermal production on state-owned land. Awards from the grant are capped at \$1.5 million and likely insufficient to fund substantial demonstration or technical work in the GeoZone but could be impactful in supporting early planning and technical work. SCP will be engaging local jurisdictions to see if there is interest in a joint application to fund technical work that better equips the region for evaluating projects for geothermal exploration and development.

GeoZone Project Updates

Chevron New Energies is currently focused on site acquisition and negotiating the grant award with the Department of Energy. The next key focus for Chevron New Energies will be preparing for the permitting process for exploration drilling, expanding community engagement, and acquiring data to assist with subsurface project design.

Eavor is completing its GeoZone feasibility study—including a comprehensive look at geologic conditions and site opportunities that are conducive to Eavor-loop development. Meanwhile, Eavor has started drilling the Eavor-Loop for its first [commercial project in Gerestried, Germany](#)—a key milestone in its technology roadmap to improve drilling efficiency to enable commerciality of applying their technology in the GeoZone.

Cyrq Energy is completing technical work to demonstrate the compatibility of its long-duration energy storage system technology with facilities at the Geysers. Cyrq is also reviewing candidate thermal energy storage technologies that are suitable for the CEC's upcoming solicitation—which is expected to require technology that has passed the initial demonstration phase. Cyrq and SCP are coordinating on evaluating the commerciality of adding storage to the Geysers and exploring different contractual structures.

SCP continues to meet with each GeoZone partner on a bi-weekly basis to validate progress towards milestones in the cooperation agreements and identify opportunities to partner in overcoming hurdles to GeoZone development.

Community Engagement

SCP staff is focusing its community engagement work in early 2024 on capturing lessons learned from other organizations that can be incorporated into its own plans for community engagement at the GeoZone. In February, SCP met with the Clean Air Task Force to discuss the work they've completed in understanding community needs and receptiveness to next-generation geothermal technologies. In March, staff attended a webinar workshop on community benefits and engagement for offshore wind. Staff anticipate development of a more programmatic approach to GeoZone community engagement by summer 2024.

Claudia Sisomphou was recently promoted to Public Affairs and Advocacy Manager and will be supporting GeoZone engagement alongside Legislative Policy and Community Engagement Manager, Miles Horton, in her new role.

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Staff Report - Item 03

To: Sonoma Clean Power Authority Board of Directors

From: Ryan Tracey, Director of Planning & Analytics

Issue: Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute an Amendment to the Software License, Maintenance, and Support Agreement with Ascend Analytics, LLC, for a Three-Year Extension and Incremental Contract Total of \$546,503

Date: April 4, 2024

Recommended Action

Staff are requesting that the Board of Directors (Board) authorize the CEO or his designee to execute an amendment to the Software, License, Maintenance, and Support Agreement (SLA) with Ascend Analytics, LLC (Ascend) to extend SCP's access to the PowerSIMM software platform for up to three additional years. The total cost of a three-year extension is \$546,503.

Background

SCP's original contract with Ascend for the PowerSIMM platform was approved by the Board in August 2021 and expires in August 2024. PowerSIMM is a sophisticated software tool to model the energy market that enables staff to assess the performance and risk of power contracts—including new renewable power purchase agreements (PPAs), financial hedges, battery storage, and reliance on the spot market. PowerSIMM has become an integral tool to SCP's business and drives the decision-making for proposed power contracts, creation of SCP's Integrated Resource Plan (IRP) and informs market risk management strategies.

SCP selected Ascend's PowerSIMM platform through a Request for Proposals (RFP) conducted in January 2021 for a stochastic portfolio evaluation platform. The RFP received five responses and Ascend was selected by staff due to its strong analytic capabilities—including modeling of battery storage, stochastic engine, and portfolio optimization.

Discussion

Since 2021, staff have invested considerable effort in developing expertise in operating PowerSIMM and deploying standard workflows to evaluate potential projects, monitor risk, and optimize an IRP portfolio. PowerSIMM has enabled staff to assess the relative value of different technologies, locations, and contractual requirements in procuring resources to meet regulatory requirements and SCP's climate goals. This capability has driven procurement of a resource portfolio that will deliver more value to SCP ratepayers. SCP has also used PowerSIMM to support contract evaluations for California Community Power (CC Power).

The attached amendment allows staff to continue using PowerSIMM through August 2028 at pricing that inflates at 2.5% per year beyond the original contract. Although PowerSIMM is currently a business-critical tool for staff, the amendment preserves the original contract's termination right without cost if staff determines that PowerSIMM is no longer necessary.

Through the SLA, SCP receives access to the PowerSIMM platform hosted on a cloud instance that provides advanced computing capabilities for sub-hourly modeling and stochastic optimization. The SLA also provides SCP access to Ascend's market intelligence service including semiannual CAISO forecasts on the long-term forecast for location-specific energy prices, volatility, capacity, and renewable attributes. The SLA includes credit for Ascend consulting services. Although staff have become expert PowerSIMM users and often complete projects without assistance, the support credit is very helpful when staff needs validation of results or testing new approaches to project evaluation and optimization.

Community Advisory Committee Review

The Community Advisory Committee (CAC) recommended the Board approve the extension to the Ascend contract as part of its consent calendar at the March 16, 2024, meeting. There was no discussion or public comments on the item.

Fiscal Impact

Below is a table detailing the total cost for the proposed contract extension:

	Year 4	Year 5	Year 6	Total
PowerSimm Software Platform License Fee	\$129,227	\$132,458	\$135,769	\$397,454
Hosting Fee	\$26,923	\$27,596	\$28,286	\$82,805
Ascend Market Intelligence Service	\$21,538	\$22,077	\$22,629	\$66,244
Contract Total	\$177,688	\$182,131	\$186,684	\$546,503
Ascend Support Credit (included)	\$27,185	\$27,865	\$28,561	\$83,611

Staff has included an extension to Ascend’s contract in the latest 5-year budget outlook.

Although it is difficult to quantify, it is staff’s strong assertion that PowerSIMM has delivered incredible value to SCP ratepayers—easily covering its contractual cost. Using PowerSIMM has allowed staff to make data-informed decisions on battery storage and renewable projects that will deliver the most value and improve SCP’s credibility at both the negotiating table and with regulators.

Attachments

- Attachment 1 - Draft Amendment No. 1 to Software License, Maintenance and Support Agreement with Ascend Analytics, LLC, available at [this link](#), or by request to the Clerk of the Board

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Staff Report - Item 04

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, Chief Executive Officer
Issue: Approve Changes to Financial Policy B1 - Chief Executive Officer Spending Authority to allow the Chief Executive Officer to Approve Expenditures of Up to \$250,000, Consistent with the Board's Adopted Budget
Date: April 4, 2024

Requested Action

Approve changes to Financial Policy B1 - CEO Spending Authority to allow the Chief Executive Officer to approve expenditures of up to \$250,000, consistent with the Board's adopted budget, per the redlines in the attachment.

Background

The SCP Board of Directors authorized a CEO spending authority at the inception of the agency and again in April 2016. The expenditure threshold for non-energy related purchases was \$100,000. Since the initial policy, this limit has not been adjusted.

Proposal

Given the substantial growth of the agency and significant inflation experienced by utilities and others, staff recommends an update to the CEO's spending authority for non-energy procurements to \$250,000, without change to the other criteria in Policy B1, such as the consistency with the Board's adopted budget.

Attachments

- Attachment 1 - Redlines of the Proposed Financial Policy B1 - CEO Spending Authority

Financial Policy B.1 CEO Spending Authority

Power procurement expenditures are governed by Policy C.1 Energy Risk Management. For all other expenditures, the CEO is authorized to make expenditures without prior Board of Directors or Community Advisory Committee review or approval provided that:

1. The total annual dollar amount/cost or the purchase or contract does not exceed \$~~100,000~~250,000 AND the expenditure will not result in exceeding the annual amount currently budgeted and approved in the applicable category;
2. The expenditure is consistent with all adopted Board policies;
3. The Board Chair and Vice Chair, and the Community Advisory Committee Chair are notified immediately following any non-power procurement purchases that exceed \$~~100,000~~250,000;
4. The expenditure is in the best interest of Sonoma Clean Power's customers; and,
5. All expenditures in excess of \$~~100,000~~250,000 are reported at the next Board meeting.



Staff Report - Item 05

To: Sonoma Clean Power Authority Board of Directors

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

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

Date: April 4, 2024

PROGRAMS UPDATES

AFFORDABLE HOUSING ELECTRIFICATION

In partnership with the Bay Area Regional Energy Network (BayREN) and Burbank Housing, Sonoma Clean Power supported the electrification of 56 units of affordable housing at the Parkwood Apartments in Northeast Santa Rosa. Working through the Bay Area Multifamily Building Enhancement program, SCP provided \$335,500 in water heater and space conditioning incentives, along with \$41,250 to help offset the costs of necessary electrical upgrades.

Parkwood Apartments also received significant funding from BayREN and the Low-Income Weatherization Program (LIWP). Additional efficiency measures included low-flow water fixtures, LED lighting, and attic insulation.

This collaborative effort offers a compelling model for affordable multifamily housing electrification through the combined funding of CCAs, regional energy networks, and statewide low-income programs.

COMING SOON: ENROLL YOUR ENPHASE BATTERY IN GRIDSAVVY REWARDS

We're in the final stages of program design for customers to add their Enphase battery systems to GridSavvy Rewards. This new offer will reward customers who allow SCP to optimize their battery storage, supporting the electric grid during peak demand. The contract for services for this program was approved by the Board of Directors last year. In preparation for launch, we held an installer class on March 19th with over 20

participants. Further updates, including the launch date, will be shared at upcoming Board meetings.

CURRENT ENROLLMENTS

Meters and Participation by TOT

COUNTY	Eligible	SCP	% Part.	% Opt Out
MENDOCINO	38,290	30,100	78.6%	21.4%
FORT BRAGG INC	4,073	3,392	83.3%	16.7%
POINT ARENA INC	343	294	85.7%	14.3%
UNINC MENDOCINO CO	31,132	24,259	77.9%	22.1%
WILLITS INC	2,742	2,155	78.6%	21.4%
SONOMA	228,826	200,315	87.5%	12.5%
CLOVERDALE INC	3,905	3,197	81.9%	18.1%
COTATI INC	3,876	3,479	89.8%	10.2%
PETALUMA INC	27,457	24,307	88.5%	11.5%
ROHNERT PARK INC	19,668	17,333	88.1%	11.9%
SANTA ROSA INC	78,976	69,541	88.1%	11.9%
SEBASTOPOL INC	4,450	4,041	90.8%	9.2%
SONOMA INC	6,435	5,618	87.3%	12.7%
UNINC SONOMA CO	74,025	64,055	86.5%	13.5%
WINDSOR INC	10,034	8,744	87.1%	12.9%
Total	267,116	230,415	86.3%	13.7%

Current EverGreen Enrollment by TOT

COUNTY	SCP Meters	EverGreen Meters	EverGreen %
MENDOCINO	30,037	453	1.51%
FORT BRAGG INC	3,379	42	1.24%
POINT ARENA INC	292	30	10.27%
UNINC MENDOCINO CO	24,230	360	1.49%
WILLITS INC	2,136	21	0.98%
SONOMA	200,595	3,638	1.81%
CLOVERDALE INC	3,196	24	0.75%
COTATI INC	3,482	124	3.56%
PETALUMA INC	24,303	630	2.59%
ROHNERT PARK INC	17,343	241	1.39%
SANTA ROSA INC	69,754	1,196	1.71%
SEBASTOPOL INC	4,044	181	4.48%
SONOMA INC	5,615	84	1.50%
UNINC SONOMA CO	64,116	1,006	1.57%
WINDSOR INC	8,742	152	1.74%
Total	230,632	4,091	1.77%

MONTHLY COMPILED FINANCIAL STATEMENTS THROUGH FEBRUARY 29, 2024

The year-to-date change in net position is more than projections by approximately \$2,427,000. Year-to-date revenue from electricity sales is slightly under budget by less than 1% and cost of energy is under budget projections by approximately 1%. Year-to-date electricity sales reached \$190,885,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$255,462,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Approximately \$163,190,000 is set aside for operating reserves.

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

BUDGETARY COMPARISON SCHEDULE THROUGH FEBRUARY 29, 2024

The accompanying budgetary comparison includes the 2023/24 amended budget approved by the Board of Directors.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2023/24 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 less than the budget-to-date by approximately 1%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees are based on the customer account totals and are closely aligned to budget.

In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

ATTACHMENTS

- February 2024 Financial Statements

UPCOMING MEETINGS

- Community Advisory Committee - April 11, 2024
- Board of Directors - May 2, 2024 - (NOTE: Special meeting time is 4 pm)
- Community Advisory Committee - May 16, 2024
- Board of Directors - June 6, 2024



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended February 29, 2024, 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
March 25, 2024

**SONOMA CLEAN POWER AUTHORITY -
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND -
Eight Months Ended February 29, 2024 -**

	2023/24 YTD		2023/24 YTD		2023/24 YTD Actual / Amended Budget %	2023/24 Amended Budget	2023/24 Amended Budget Remaining
	2023/24 YTD Amended Budget	2023/24 YTD Actual	2023/24 YTD Amended Budget Variance (Under) Over	2023/24 YTD Actual			
REVENUE AND OTHER SOURCES:							
Electricity (net of allowance) *	\$ 190,658,277	\$ 189,140,028	\$ (1,518,249)	\$ 189,140,028	99%	\$ 275,994,000	\$ 86,853,972
Evergreen Premium (net of allowance)	1,749,207	1,745,378	(3,829)	1,745,378	100%	2,689,000	943,622
CEC Grant	588,066	431,099	(156,967)	431,099	73%	902,000	470,901
Investment returns	4,858,846	5,473,358	614,512	5,473,358	113%	7,659,000	2,185,642
Miscellaneous Income	876,812	445,952	(430,860)	445,952	51%	2,058,000	1,612,048
Total revenue and other sources	198,731,208	197,235,815	(1,495,393)	197,235,815	99%	289,302,000	92,066,185
EXPENDITURES AND OTHER USES:							
CURRENT EXPENDITURES							
Cost of energy and scheduling	127,998,555	126,582,941	(1,415,614)	126,582,941	99%	186,460,000	59,877,059
Data management	1,724,653	1,679,494	(45,159)	1,679,494	97%	2,680,000	1,000,506
Service fees- PG&E	658,938	655,571	(3,367)	655,571	99%	990,000	334,429
Personnel	5,326,545	5,316,763	(9,782)	5,316,763	100%	8,346,000	3,029,237
Energy Center, marketing & communications	1,897,646	1,500,674	(396,972)	1,500,674	79%	3,301,000	1,800,326
Customer service	126,128	97,493	(28,635)	97,493	77%	220,000	122,507
General and administration	958,672	907,978	(50,694)	907,978	95%	1,515,000	607,022
Legal	292,952	83,352	(209,600)	83,352	28%	475,000	391,648
Regulatory and compliance	174,171	218,131	43,960	218,131	125%	460,000	241,869
Accounting	212,637	204,550	(8,087)	204,550	96%	309,000	104,450
Legislative	105,333	64,000	(41,333)	64,000	61%	220,000	156,000
Other consultants	284,389	300,730	16,341	300,730	106%	624,000	323,270
Industry memberships and dues	464,273	443,861	(20,412)	443,861	96%	695,000	251,139
Program implementation	3,894,492	2,344,672	(1,549,820)	2,344,672	60%	8,101,000	5,756,328
Program - CEC grant	1,397,715	1,305,867	(91,848)	1,305,867	93%	1,712,000	406,133
Total current expenditures	145,517,099	141,706,077	(3,811,022)	141,706,077	97%	216,108,000	74,401,923
OTHER USES							
Capital outlay	1,576,796	1,465,291	(111,505)	1,465,291	93%	1,900,000	434,709
Total expenditures, other uses	147,093,895	143,171,368	(3,922,527)	143,171,368	97%	218,008,000	74,836,632
Net increase (decrease) in available fund balance	\$ 51,637,313	\$ 54,064,447	\$ 2,427,134	\$ 54,064,447		\$ 71,294,000	\$ 17,229,553
<i>* Represents sales of approximately 1,441,000 MWh for 2023/24 YTD actual.</i>							
RESERVES							
Operating Reserve (as of June 30, 2023)	\$ 163,190,000	\$ 171,080,000		\$ 171,080,000	95%		

**SONOMA CLEAN POWER AUTHORITY -
 BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED) -
 RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE -
 TO CHANGE IN NET POSITION -
 Eight Months Ended February 29, 2024 -**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 54,064,447
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(927,300)
Add back capital asset acquisitions	1,465,291
Change in net position	\$ 54,602,438



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 29, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

MAHER ACCOUNTANCY

San Rafael, CA
March 25, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION As of February 29, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 68,630,625
Accounts receivable, net of allowance	22,627,829
Other receivables	2,392,201
Accrued revenue	13,083,101
Prepaid expenses	934,970
Deposits	10,423,054
Investments	138,134,998
Total current assets	<u>256,226,778</u>

Noncurrent assets

Other receivables	1,106,481
Land	1,195,405
Capital assets, net of depreciation	17,744,967
Deposits	846,256
Total noncurrent assets	<u>20,893,109</u>
Total assets	<u>277,119,887</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	13,155,358
Accounts payable	1,096,644
Advances from grantors	2,678,437
Other accrued liabilities	994,455
User taxes and energy surcharges due to other governments	723,589
Supplier security deposits	804,000
Total current liabilities	<u>19,452,483</u>

Noncurrent liabilities

Supplier security deposits	2,205,121
Total liabilities	<u>21,657,604</u>

NET POSITION

Investment in capital assets	18,940,372
Unrestricted	236,521,911
Total net position	<u>\$ 255,462,283</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Eight Months Ended February 29, 2024

OPERATING REVENUES

Electricity sales, net	\$ 189,189,735
Evergreen electricity premium	1,745,378
Grant revenue	827,344
Total operating revenues	<u>191,762,457</u>

OPERATING EXPENSES

Cost of electricity	126,582,941
Contract services	5,652,638
Staff compensation	5,316,763
Program rebates and incentives	2,603,970
Other operating expenses	1,549,765
Depreciation	927,300
Total operating expenses	<u>142,633,377</u>
Operating income	<u>49,129,080</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment returns	5,473,358
Nonoperating revenues (expenses), net	<u>5,473,358</u>

CHANGE IN NET POSITION

Net position at beginning of year	54,602,438
Net position at beginning of year	<u>200,859,845</u>
Net position at end of period	<u><u>\$ 255,462,283</u></u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Eight Months Ended February 29, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 195,415,202
Receipts from grantors	863,604
Other operating receipts	1,611,698
Payments to electricity suppliers	(126,050,597)
Payments for other goods and services	(7,313,384)
Payments of staff compensation	(5,261,827)
Tax and surcharge payments to other governments	(2,408,864)
Payments for program rebates and incentives	(3,260,329)
Deposits and collateral paid	<u>(1,575,000)</u>
Net cash provided (used) by operating activities	<u>52,020,503</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(1,470,500)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	3,629,836
Proceeds from certificates of deposit matured	50,000,000
Purchase of investments	<u>(101,000,000)</u>
Net cash provided (used) by investing activities	<u>(47,370,164)</u>

Net change in cash and cash equivalents	3,179,839
Cash and cash equivalents at beginning of year	<u>65,450,786</u>
Cash and cash equivalents at end of period	<u>\$ 68,630,625</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Eight Months Ended February 29, 2024

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

Operating income (loss)	\$ 49,129,080
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	927,300
(Increase) decrease in:	
Accounts receivable, net	2,540,681
Other receivables	588,001
Accrued revenue	(473,266)
Prepaid expenses	538,837
Deposits	(1,633,997)
Increase (decrease) in:	
Accrued cost of electricity	(699,361)
Accounts payable	86,191
Advances from grantors	(396,245)
Accrued liabilities	943,272
User taxes due to other governments	3,810
Supplier security deposits	466,200
Net cash provided (used) by operating activities	<u>\$ 52,020,503</u>



Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directors

From: Neal Reardon, Director of Regulatory Affairs
Miles Horton, Legislative Policy & Community Engagement Manager
Geof Syphers, Chief Executive Officer

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

Date: April 4, 2024

Requested Action

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

Regulatory Updates

Judge Park Issues Proposed Decision Denying PG&E's Application for Pacific Generation Spinoff

On March 15th, the assigned Administrative Law Judge (ALJ) issued a Proposed Decision denying PG&E's Application A.22-09-018, which sought to sell 49.9% of the equity in PG&E's utility-owned generation facilities to raise equity. Judge Park reasoned that there was no ratepayer benefit from this action, and that despite PG&E's arguments, it would in fact significantly complicate monitoring of compliance requirements, tracking of funds in balancing accounts, and the CPUC's overall ability to effectively regulate both the utility and new entity.

As background, the utility first submitted the Application in September of 2022. The utility's stated rationale for this proposal is to raise equity capital, deleverage its balance sheet, and avoid issuing additional common stock. PG&E reasons that Pacific Generation, without the fire liability of PG&E Corporation's transmission and distribution infrastructure, would be viewed by investors as an entity with less risk. A 49.9% ownership stake in all PG&E's utility-owned generation, with the exception

of Diablo Canyon Power Plant, would have been offered to investors. This subsidiary would remain wholly owned by PG&E, with the utility continuing to operate and maintain the facilities. While Pacific Generation would collect revenues, PG&E would continue to bill customers for the costs to own and operate the plants. The Power Charge Indifference Adjustment (PCIA) exit fee would remain in place, with both PG&E and Pacific Generation levying separate PCIA charges, the sum of which would appear as a single line item on customer bills. PG&E states that rates would not be impacted by this transaction and that it would avoid diluting existing shareholders, including the Fire Victim Trust established in their most recent bankruptcy.

In addition to the concerns expressed by the CPUC judge, SCP staff have concerns that PG&E's parent corporation may be trying to shield roughly \$3 billion in assets from its next bankruptcy. Early exploration of this issue was focused on ensuring the true valuation of all the assets and liabilities, i.e., not the "book" or "regulatory" values, but what the fraudulent transfer laws call the "fair value." In addition, SCP staff met with PG&E executives to discuss the Application, with the intent of safeguarding future fire victims from having PG&E's generation assets unethically walled off from their claims. CalCCA's advocacy in this case highlighted many of these concerns about potential risks to customers, and lack of any corresponding benefit from the proposed transaction.

In July of 2023, the Federal Energy Regulatory Commission (FERC) approved PG&E's proposal to transfer 5.6 GW of generation assets to a new subsidiary. The assets proposed include 3.8 GW of hydroelectric facilities, 1.4 GW of gas generation, 182 MW of battery storage, and 152 MW of solar generation. Based on this approval, PG&E's CEO stated that she expected the CPUC to issue a proposed decision on the proposal early in 2024.

The March Proposed Decision by ALJ Park will be subject to stakeholder feedback. However, the FERC approval does not supersede the CPUC's ultimate decision on this Application.

CPUC Adopts Final Decision on Integrated Resource Plans

On February 15th, the California Public Utilities Commission adopted Decision D.24-02-047 adopting the 2023 Preferred System Plan and addressing individual Integrated Resource Plans (IRPs) submitted by load serving entities (LSEs). California policy continues to be as aggressive as possible to reduce GHG emissions as soon as possible, adopting a collective portfolio of generation resources that reduces emissions by 58% between 2020 and 2035.

Individual IRPs were submitted on or about November 1, 2022, and were evaluated using a scorecard system, with three general scores: “deficient”, “adequate”, and “exemplary”. These plans included a narrative describing progress and expected future procurement, along with two data templates to demonstrate achievement of sufficient resources to meet reliability needs and GHG reduction benchmarks. This year, special emphasis was placed on the impacts on disadvantaged communities (DACs). LSEs described the DACs they serve or the impacts they have on DACs as a result of system power or other power with local pollutants or GHG emissions. LSEs were to provide detailed activities and programs focusing on DACs including procurement opportunities, affordability programs, transportation and building electrification, energy efficiency, demand response, residential solar, outreach programs, education and training programs, recruiting and hiring, and others. Sonoma Clean Power’s IRP submittal was accepted as adequate, with CPUC staff marking our plan’s generation portfolio and focus on disadvantaged communities as “exemplary.”

This Decision concludes with a recommendation that the California Independent System Operator (CAISO) use the adopted Preferred System Plan as a basis for evaluating future transmission needs in their 2024-2025 Transmission Planning Process.

Governor Newsom Appoints New Commissioner

On February 16th, Governor Gavin Newsom appointed Matthew Baker to serve as one of the five seated Commissioners at the CPUC. Mr. Baker is not new to the Commission, and since 2022 has served as the Director of the Public Advocates Office. Prior to that, he was the Deputy Secretary for Energy at the California Natural Resources Agency. This is not Mr. Baker’s first term as a Commissioner; he also served on the Colorado Public Utilities Commission from 2008 to 2012. While this position requires Senate confirmation, Mr. Baker can begin serving in this new role immediately.

Legislative Updates

The legislative year is in full swing, with bills receiving hearings in relevant policy committees and the state budget process getting underway. On March 12, Sonoma Clean Power signed onto a letter to California’s United States Senators - along with numerous other CCAs - calling for investments into transmission upgrades, electric vehicle charging, building decarbonization, and more (attached).

Bill Introductions

There was a total of 2,124 new bills introduced in advance of the February 16 deadline this year (1,505 in the Assembly and 619 in the Senate). Numerous "spot" or placeholder bills were fleshed out with their full contents by mid-March.

Existing Legislative Positions

- **AB 817 (Pacheco) - Subsidiary Body Open Meetings Rules - Support**

Would authorize subsidiaries of a legislative body (such as Sonoma Clean Power's Community Advisory Committee) to meet via teleconference, through 2025. The support position carries over from 2023.

- **AB 3256 (Irwin) - Balancing and Memorandum Accounts - Support**

In recent years, balancing and memorandum accounts - through which investor-owned utilities can recover costs outside of the usual General Rate Case process - have grown significantly in size, number, and scope. AB 3256 would increase transparency around the use of these accounts and their impacts on ratepayers, as well as granting the Public Utilities Commission additional direction to close accounts that are no longer serving their intended purpose to protect ratepayers.

- **SB 537 (Becker) - Public Meeting Teleconference - Support**

Currently on the Inactive File in the Assembly but could move forward in the coming year. Would allow multijurisdictional, cross county legislative bodies to use alternate teleconferencing provisions like 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. The support position carries over from 2023.

Proposed New Legislative Positions

- **SB 1130 (Bradford) - FERA eligibility - Support**

Generally speaking, the California Alternate Rates for Energy (CARE) program provides investor-owned utility customers who live at or below 200% of the federal poverty line to receive discounts of 30-35% on their electric bills and 20% on their gas bills. The Family Electric Rate Assistance (FERA) Program provides reduced electric

bills to people who don't qualify for CARE but may still need help paying their bills, up to 250% of the federal poverty line.

While anyone who meets those criteria can receive CARE benefits, FERA eligibility is limited to households of three people or more. SB 1130 would eliminate that requirement and allow all eligible customers to receive FERA benefits, even if they live in a household of only 1-2 individuals. Because eligibility for CARE/FEA benefits is used as a metric for eligibility for various other clean energy, electric vehicle, and energy efficiency programs targeted at lower-income customers, this bill would have the effect of expanding eligibility for several rebate and incentive programs. This legislation would also require utilities to report on FERA enrollment numbers to help address under enrollment.

- **SB 1305 (Stern) - Virtual power plants - Oppose Unless Amended**

Virtual power plants are aggregations of behind-the-meter resources that can be used to manage demand. For example, if the grid is strained during a hot summer evening, a load-serving entity could activate a virtual power plant (say, by directing several thousand behind-the-meter batteries to discharge, or by remotely turning down several thousand smart home appliances to reduce demand) in lieu of firing up a traditional power plant to add supply.

One of the most successful Virtual Power Plants is SCP's GridSavvy program.

This legislation, which is sponsored by virtual power plant software provider OhmConnect, would require that all load-serving entities procure an increasing amount of their resource adequacy from virtual power plants over the years to come, culminating in 15% by 2035. Staff believe this is premature for several reasons:

1. The rules for qualifying demand response programs for Resource Adequacy are still unfinished, so mandating procurement of a resource that is not clearly defined is inappropriate;
2. Since cost-effective peak load reduction is the goal, this bill would mandate one particular solution to meeting a goal that has many solutions. By narrowly focusing on only one option, this would drive up rates; and
3. This bill would remove the SCP Board's authority to make decisions about procurement and transfer that power to the CPUC to require specified procurement that may not meet the goals of the SCP Board of Directors.

The bill could instead be amended to clarify current law regarding virtual power plants' ability to provide resource adequacy in the first place. That is still unclear, and an explicit authorization to use virtual power plants as resource adequacy could help load-serving entities like Sonoma Clean Power use virtual power plants most effectively.

Proposed Watch List

- **AB 1912 (Pacheco) - Third-party review of new electricity programs - Watch**

Would direct that the University of California prepare a written analysis of any legislation imposing a mandated program or requirement on investor-owned electric utilities or their customers, before that legislation can be heard in committee. This is like the existing California Health Benefits Review Program for new health care mandates.

- **AB 1999 (Irwin) - Income-Graduated Fixed Charge Repeal - Watch**

Would repeal the Public Utilities Commission's authorization to impose an Income-Graduated Fixed Charge on customers and instead restore previous fixed charge caps of \$10 (non-CARE customers) and \$5 (CARE customers) per billing cycle. Sonoma Clean Power supports this legislation's intent to hit pause on any new income-graduated fixed charge in the immediate term, while allowing future proposals that may have merit to move through the normal legislative process.

Various legislators have introduced roughly a half-dozen other bills on this topic, but AB 1999 remains the most prominent. Senator Bradford, chair of the Senate Energy, Utilities and Communications Committee, has introduced SB 1292, which appears to be a placeholder that he can modify depending on the results of the relevant proceeding at the Public Utilities Commission later this year.

SCP's Board and staff have expressed strong concerns with the existing Income-Graduated Fixed Charge policy because of the negative impacts on working families, those who have invested in solar and energy efficiency, those living in multifamily housing, and concerns about the large subsidies to wealthy families with large inefficient homes. The Board has indicated interest in supporting AB 1999 at the right time.

Notably, the CPUC's Proposed Decision on implementing this policy was recently released with a recommendation to limit the fixed charge portion of electric bills to

\$24, not significantly different from this bill's recommendation to limit to \$10. As a result, staff are actively working with Irwin's office to explore options for her bill that align with the Board's concerns.

- **AB 2054 (Bauer-Kahan) - Conflicts of Interest - Watch**

Would prohibit retiring members of the Energy Commission or Public Utilities Commission from working for entities subject to regulation by those Commissions for a period of ten years (up from two under current law).

- **AB 2292 (Petrie-Norris) - Transmission - Watch**

Current law requires the Public Utilities Commission to consider cost-effective alternatives to new transmission facilities as part of determining whether to approve those projects. This bill would repeal that requirement to advance faster transmission buildout but could allow utilities to increase costs significantly.

- **AB 2847 (Addis) - Investor-owned utility cost recovery - Watch**

Would improve transparency around investor-owned utility cost recovery (for example, by requiring the Public Utilities Commission to require utilities to produce all relevant supporting documents and calculations).

- **AB 2940 (Muratsuchi) - Transmission environmental review - Watch**

Environmental leadership projects would be granted expedited judicial review when challenged in court under the California Environmental Quality Act. This legislation would designate all new transmission projects as environmental leadership projects, with the associated benefits in recognition that a lack of sufficient transmission is now the primary constraint on achieving California's climate goals.

- **AB 3016 (Petrie-Norris) - Interagency coordination - Watch**

Would create a new process for the Governor's Office of Business and Economic Development (GO-Biz) to coordinate and harmonize the efforts of all state and local agencies with permitting, siting, and regulatory authority over new renewable energy generation facilities. Relevant federal agencies would also be invited to participate.

- **AB 3181 (Pellerin) - Electric outages - Watch**

Should one or more customers served by an electrical distribution circuit experience four or more outages in a year, this legislation would require the investor-owned

utility that owns that circuit to perform a full review of that circuit's functionality and make upgrades or improvements as needed.

- **AB 3238 (Garcia) - Electric infrastructure streamlining - Watch**

This bill would make various changes to speed up the development of electric infrastructure such as new generation or transmission lines, including making the Public Utilities Commission lead agency under the California Environmental Quality Act for all such projects and the sole permitting and siting authority for "necessary" electric infrastructure projects.

- **SB 938 (Min) - Utility lobbying efforts - Watch**

Would close various loopholes in the existing prohibition on investor-owned utilities using ratepayer funds for political or lobbying activities. For example, current law allows utilities to use ratepayer funds for association membership dues that can then be used for lobbying by the association.

- **SB 946 (McGuire) - Tax exemptions - Watch**

Would exempt payments made through the California Wildfire Mitigation Financial Assistance Program to compensate people for wildfire-related losses from counting as part of a person's income for tax purposes, through 2029.

- **SB 1003 (Dodd) - Wildfire prevention activities - Watch**

This bill aims to revise the regulatory framework around utility risk reduction by adding consideration of how long risk reduction projects will take to be completed, not just how much they will reduce risk after completion. The goal is to require discussion as to whether a project that reduces risk entirely or almost entirely but may take years or decades to complete is necessarily the best option.

- **SB 1006 (Padilla) - Transmission - Watch**

Would require the Public Utilities Commission to develop a more sophisticated plan and reporting structure to ensure that the state is on track to build enough transmission to meet its climate goals.

- **SB 1165 (Padilla) - Transmission - Watch**

Similar to AB 3238, this bill would make various changes to speed up transmission deployment, including making it easier to qualify transmission projects as environmental leadership projects.

- **SB 1210 (Skinner) - Housing interconnection - Watch**

Would require that utilities prioritize interconnection of new housing to the grid over all other interconnection requests, and cap interconnection costs for new housing developments.

State Budget & Potential Climate Bond

Governor Newsom released his initial proposed 2024-25 state budget on January 10. This will be heavily negotiated with the Legislature and revised significantly in the Governor's own "May Revise" (an updated version of his budget proposal released in May, based on the most current revenue numbers), before a final version is enacted on or before the June 15 deadline. Historically, large portions of the budget - especially in the climate and energy realm - have been passed in placeholder form to meet the deadline and then more fully fleshed out in August.

The Governor's January budget anticipated a roughly \$39 billion deficit. The Governor proposes to fill that deficit through a mix of withdrawals from reserves, deferrals and cost shifts, new revenues, and - most significantly - spending cuts. Climate and energy funding would be reduced 7%, to a total \$48 billion spread over the next seven fiscal years. (Previously, this spending had been spread over six years, and had been cut 3% in last year's final budget.) The Governor's office has said they expect about \$10 billion in new federal climate funding to help blunt the impact of the cuts. Because the future commitments are non-binding and the Governor will not be in office for much of that time, his proposal raises the question of whether a future Governor will continue to prioritize those commitments. The Legislative Analyst's Office is now projecting a significantly larger deficit than the Governor had anticipated in January (possibly in the range of \$73 billion), raising the prospect of significant further cuts. The state revenue picture improved slightly in February but was still consistent with a very large deficit.

Legislators have expressed interest in possible bond measures to offset the impact of budget cuts. The main bond proposals under discussion for the November ballot seem to be some version of climate & natural resources bond, an education (school facilities) bond, and a housing bond, although the prospects for a housing bond may have dimmed in recent weeks. The state's total ability to issue bonds is roughly in the realm of \$15 billion, so it is possible that multiple bonds could appear together on the November ballot. The Legislature may also not want to use up the entire \$15 billion capacity, given the costs of repayment down the road. Bond discussions

among the administration and legislative leadership are still in the early stages. Measures must pass the legislature by June 27 to appear on the November ballot.

Sonoma Clean Power Lobby Day

On March 20, Board Chair Lynda Hopkins and Director Chris Rogers, along with CEO Geof Syphers, contract lobbyist Kate Brandenburg, and legislative affairs staff Miles Horton and Claudia Sisomphou visited the State Capitol to meet with key legislators and staff, build relationships, and lobby on issues of importance to Sonoma Clean Power, notably geothermal power. The team met with the following leaders:

- Assembly Speaker Robert Rivas (D-Salinas)
- Assembly Utilities & Energy Cmte. Chair Cottie Petrie-Norris (D-Irvine)
- Assembly Natural Resources Cmte. Chair Isaac Bryan (D-Los Angeles)
- Assembly Water, Parks & Wildlife Cmte. Chair Diane Papan (D-San Mateo)
- Assemblymember Jacqui Irwin (D-Thousand Oaks)
- Assemblymember Matt Haney (D-San Francisco)
- Senate Budget & Fiscal Review Cmte. Chair Scott Wiener (D-San Francisco)
- Senator Steve Padilla (D-Chula Vista)
- Arnell Rusanganwa and Maryana Khames with the office of Assemblymember Lisa Calderon (D-Whittier)
- Grayson Doucette with the office of Assemblymember Pilar Schiavo (D-Santa Clarita)
- Cynthia Alvarez and Marissa Hagerman with the office of Senator Lena Gonzalez (D-Long Beach)

Attachments

- Attachment 1 - March 12, 2024, Letter - Re: Continuing Clean Energy Investments Are Necessary to Affordably Reduce Greenhouse Gas Emissions

March 12, 2024

The Honorable Alex Padilla
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

The Honorable Laphonza Butler
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

Re: Continuing Clean Energy Investments Are Necessary to Affordably Reduce Greenhouse Gas Emissions

Dear Senators Padilla and Butler:

We are thankful for the congressional leadership in passing the Inflation Reduction Act (IRA) in 2022 and the Infrastructure Investment and Jobs Act (IIJA) in 2021. As you discuss future federal packages, we wanted to offer comments for your consideration.

We write on behalf of Ava Community Energy, Clean Power Alliance, MCE, Peninsula Clean Energy, Redwood Coast Energy Authority, San Diego Community Power, Orange County Power Authority, Sonoma Clean Power, San José Clean Energy, Silicon Valley Clean Energy, and Valley Clean Energy. Together, California Community Choice Aggregators (CCAs) provide electricity to over 14 million Californians and have invested billions of dollars to build over 14,000 megawatts (MW) of renewable energy development throughout the West.

Transmission is Critical to Power the West with Clean Energy

CCAs have ambitious plans to provide affordable 100% carbon free energy to our communities. Aligned with California’s aggressive climate policies, our success relies on our ability to contract for cost-effective renewable energy projects. The California Independent System Operator (CAISO) estimates that at least \$30.5 billion in new high voltage transmission lines are needed to meet the state’s clean energy goals, and many upgrades are also needed to sub-high voltage transmission lines, which are those below 200 Kv.

It is important that legal and regulatory processes support the timely and cost-effective development of transmission needed to power our communities with affordable renewable and clean energy.

Coordinated and efficient transmission planning and permitting, mechanisms to offset costs and reduce pressure on ratepayer bills, and methods that ensure the economic flow of power across regions will enable our organizations to deliver on our renewable and clean energy goals in a cost-effective, reliable manner.

IRA and IIJA Funding Must Be Fully Deployed to Ensure Affordable Emissions Reductions

The IRA and IIJA are critical down payments in the fight against climate change. In particular, the extension of the Investment Tax Credit and Production Tax Credit will continue to drive affordable clean

energy development throughout California and the country. We have started to see the benefits of the tax credits in new power contracts for solar, wind, and energy storage projects that we are signing.

CCAs were excited to see the significant investments in clean energy technologies, home weatherization, and EV infrastructure through the IRA and IIJA. CCAs are eager partners in these programs and have been actively pursuing federal funding to equitably support their communities with clean, reliable energy and transportation. We support efforts to protect the vital IRA and IIJA funding and programs and defend against attempts to undermine either statute.

Further Investments are Needed in Electric Vehicles and Building Decarbonization to Ensure a Green Transition for All

According to the United States Environmental Protection Agency, in 2021 the transportation sector represented 28 percent of overall greenhouse gas emissions, and commercial/residential buildings represented 13 percent of overall emissions.¹

The scale of the challenge in these two sectors argues for the need for additional robust federal investment. For lower income families especially, the upfront cost of electric vehicles remains a significant barrier. We support electric vehicle purchase incentives at the point of sale, including tax credits for light-duty battery electric vehicles and zero-emission commercial vehicles, to immediately bring down the upfront cost of the vehicle.

On building decarbonization efforts, any new federal funds should concentrate on retrofitting existing homes. We support the expansion of existing home energy and efficiency tax credits, as well as new consumer rebate programs for the purchase and installation of devices that enhance home electrification including heat pump water heaters and induction cooktops. In California, the Governor is proposing funds for direct installations of building decarbonization projects. Complementary federal programs to expand the reach of this funding are critical to scale these efforts.

Thank you for considering our comments. We look forward to continuing to work closely with you as conversations in DC progress.

Sincerely,

Nick Chaset
CEO
Ava Community Energy

Dawn Weisz
CEO
MCE

Ted Bardacke
CEO
Clean Power Alliance of Southern California

Shawn Marshall
CEO
Peninsula Clean Energy

¹ <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

Karin Burns
CEO
San Diego Community Power

Lori Mitchell
Director
San José Clean Energy

Geof Syphers
CEO
Sonoma Clean Power

Joe Mosca
Interim CEO
Orange County Power Authority

Mitch Sears
Executive Officer
Valley Clean Energy

Eileen Verbeck
Acting Executive Director
Redwood Coast Energy Authority

Girish Balachandran
CEO
Silicon Valley Clean Energy

cc: Congressional Delegation for Ava Community Energy, Clean Power Alliance, MCE, Peninsula Clean Energy, Redwood Coast Energy Authority, San Diego Community Power, Orange County Power Authority, Sonoma Clean Power, San José Clean Energy, Silicon Valley Clean Energy, and Valley Clean Energy

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Staff Report - Item 07

To: Sonoma Clean Power Authority Board of Directors

**From: Mike Koszalka, Chief Operating Officer
Geof Syphers, Chief Executive Officer
Chris Golik, Revenue Manager**

Issue: Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2024-2025

Date: April 4, 2024

Recommendation

Review and provide direction on the Draft Fiscal Year 2024-2025 Annual Budget and rates.

Summary

Staff propose a draft budget and rates for Fiscal Year 2024-2025 from July 1, 2024, through June 30, 2025, that:

- Plans SCP's next rate change on or about August 1, 2024
- Aims to provide SCP customer bill savings of 7% on total electric bills relative to PG&E's bundled customers
- Returns to customers a portion of excess ratepayer collections above SCP's long-term reserve target

Background

Staff presents a budget for Fiscal Year 2024-2025 that continues to fulfill SCP's adopted goals for providing electricity from very low greenhouse gas sources, investing in renewables, operating the Advanced Energy Center and delivering a broad set of programs and services with an increasing focus on previously 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 with lower overall bills each year. This was achieved by offering significantly lower electric generation rates to all customer classes to more than offset the Power Charge Indifference Adjustment (PCIA) fee PG&E charges SCP customers. 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 resulting in customer bills slightly above PG&E, with the premium ranging up to 5% of total electric bills. SCP was able to eliminate that premium in April of 2022, and began targeting a 5% savings on total electric bills with the rate adjustment on February 1, 2023.

SCP reached its long-term financial reserves target around August 2023, creating the opportunity to enhance SCP customer savings, limit the scale and risk of rate increases over the next two years, and make investments in local energy projects that have the potential to generate income to offset customer rates far into the future. SCP's Board of Directors voted on November 2, 2023, in favor of setting rates while allocating the excess ratepayer collections above SCP's reserve target accordingly:

- 60% to rate reductions in 2024 and 2025 such that savings relative to PG&E's bundled customers is expected to be about the same in both calendar years of 2024 and 2025
- 30% to establish a local investment fund
- 10% for customer incentives in 2024 and 2025

SCP's rate adjustment on February 1, 2024, increased total electric bill savings for customers to 7% with a goal of trying to sustain that level of savings for both calendar years of 2024 and 2025.

It is important to note that this forecast is based on the best information available at this time, and that the PCIA fee is extremely difficult to forecast for several reasons. First, the PCIA can be influenced by PG&E's decisions, for example, whether to offer excess resource adequacy (RA) into the market or not. Those decisions impact the PCIA fee on our customers and are made solely at the discretion of the investors of a company that has a history of working to oppose CCAs. Second, the regulatory rules of how the PCIA is calculated can change rapidly and will likely continue to change over the coming years. And finally, the PCIA is highly dependent on the market price of natural gas, which itself

fluctuates significantly with weather and world events. For these reasons, staff will regularly update the Committee and Board on the PCIA as new information becomes available.

Rate Setting

As used in the past, staff is recommending the use of rate setting parameters to facilitate the implementation of new customer rates as soon as possible following PG&E's expected changes on July 1, 2024. If PG&E's final rates are available on June 30, 2024, SCP expects to be able to implement new rates on August 1, 2024. If PG&E's updates are delayed, then staff propose to make SCP's rate change as soon as feasible after the information becomes available.

When SCP implements new rates, staff is recommending that excess ratepayer collections above SCP's reserve target as of January 31, 2024, be allocated in the same proportions already adopted by the Board in November 2023 as follows:

- **60% to rate reductions in 2024 and 2025**

Return 60% of excess reserves to ratepayers in 2024 and 2025 in the form of rate reductions such that the savings relative to PG&E's bundled customers is expected to be about the same in both calendar years of 2024 and 2025 based on then-current regulatory filings and known market information. Staff's current estimate is that 7% savings may be possible to sustain over that period. Reset all rate classes so SCP customer total bills have an equal target percentage difference from PG&E's bundled service total bills. Only rate components that have a generation charge will be adjusted. Per policy, staff will return to the Board following rate implementation to have the final rate tables ratified by the Board in the next meeting.

- **30% for the local investment fund**

The purpose of the fund is to lower customer rates and the risk of higher market power costs) over a longer time period by investing in long-term assets to lower SCP's energy expenditures or generate revenues. Priority would be given to investments that support SCP's mission to lower greenhouse gas emissions, improve grid reliability, improve energy system safety or lower customer costs. Specific investments would be brought to the Board for approval in later meetings, but for illustrative purposes might include stationary battery storage on municipal property, EV charging stations, real estate investments that clearly further SCP's mission in some manner, new solar with battery installations, microgrid power for

sites that PG&E cannot timely connect to the grid, loans to cities or counties for energy efficiency work, co-ownership of geothermal generating assets.

- **10% for customer incentives in 2024 and 2025**

Details on such incentives would be proposed and approved by the Board in a future meeting, but staff are contemplating proposing incentives that are exclusively or primarily geared toward low-income or disadvantaged customers in response to Board input in past meetings.

Community Advisory Committee Review

The Community Advisory Committee did not indicate any suggestions for change in their first review of the draft budget during their meeting on March 21, 2024.

Budget Overview

The Fiscal Year 2024-2025 draft budget and rates presented in this item seek to:

- Continue to procure a supply portfolio of electricity generation that is at least 30% lower in greenhouse gas emissions than PG&E's portfolio
- Emphasize customer programs that help cut the use of gasoline and natural gas, as these actions are often the faster 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 previously underserved communities in SCP's customer programs
- Promote the Advanced Energy Center and further develop the Center into a valuable community resource

DRAFT BUDGET

This draft budget is presented in the form that will be used for adoption in May, and then is followed by supplemental information. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments.

	Revised Budget FY23-24	DRAFT Budget FY24-25	Comments
REVENUES & OTHER SOURCES			
Electricity Sales ¹ (net of allowance)	\$275,994,000	\$239,147,000	SCP customer target savings of approximately 7% vs. PG&E on total electric bill
EverGreen Premium ² (net of allowance)	2,689,000	2,700,000	
CEC Grant Proceeds	902,000	-	CEC grant ended in FY23-24
Miscellaneous Income	2,058,000	1,000,000	Revised timing of CPUC funds for program implementation
Investment Returns	7,659,000	7,200,000	
Total Revenues	289,302,000	250,047,000	
EXPENDITURES			
Product			
Cost of Energy & Scheduling ³	186,460,000	221,586,000	Expiration of favorable contract, severe weather contingency, and increased resource adequacy cost
Data Management	2,680,000	2,680,000	
Service Fees to PG&E	990,000	990,000	
Product Subtotal	190,130,000	225,256,000	
Personnel			
	8,346,000	11,490,000	See details in write-up
Energy Center, Mktg & Comm	3,301,000	3,379,000	Increased community partnerships
Customer Service	220,000	220,000	
General & Administration	1,515,000	1,832,000	Reclassification of AEC rent after CEC grant ended and increased expenses for new office building
Other Professional Services			
Legal	475,000	475,000	
Regulatory & Compliance	460,000	460,000	
Accounting	309,000	312,000	
Legislative	220,000	220,000	
Other Consultants	624,000	535,000	
Other Professional Services Subtotal	2,088,000	2,002,000	

	Revised Budget FY23-24	DRAFT Budget FY24-25	Comments
EXPENDITURES – continued			
Industry Memberships & Dues	695,000	888,000	Increases for CC Power joint powers authority and CalCCA trade association
Programs			
Program Implementation ⁴	8,101,000	10,136,000	See details in write-up
CEC Grant Program	1,712,000	-	CEC grant ended in FY23-24
Programs Subtotal	9,813,000	10,136,000	
Total Expenditures	216,108,000	255,203,000	
Revenues Less Expenditures	73,194,000	(5,156,000)	
OTHER USES			
Capital Outlay	1,900,000	1,150,000	Upgrades for Advanced Energy Center and office building purchased in FY23-24
Total Expenditures, Other Uses	218,008,000	256,353,000	
Net Increase/(Decrease) in Fund Balance	\$ 71,294,000	\$ (6,306,000)	

Notes on the Draft Budget Table:

1. Revenues from electricity sales are net of the allowance for uncollectible accounts, estimated to be 2.1%
2. The EverGreen premium covers the incremental cost of EverGreen power above the cost for CleanStart. The rest of the revenues for EverGreen customers appears 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, and funds paid back to SCP, are treated as balance sheet items and are not on the income statement

Further detail on each of the proposed budget categories follows.

INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

REVENUES AND OTHER SOURCES

The primary source of income is from the retail sale of electricity to CleanStart and EverGreen customers. Customers of both services provide all of the Electricity Sales revenue. EverGreen costs 2.5 cents per kWh over the price of CleanStart, and provides 100% renewable energy from sources in Sonoma and Mendocino Counties. The EverGreen premium pays for the purchase of local sources of renewable geothermal and solar and is not intended to produce surplus income.

The total sales estimate is based on 86% 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.

To maintain SCP customer target savings of approximately 7% on total electric bills relative to PG&E's bundled customers, SCP's next rate change will be on or about August 1, 2024.

Staff estimates uncollectable billings at 2.1%.

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 (aka hydropower), scheduling services, CAISO fees, and other miscellaneous power market expenses.

SCP has entered into renewable, low carbon, and financial hedge contracts with suppliers that will meet approximately 90% of its expected energy requirements through December 2024, meaning that energy costs are reasonably well known through December, although changes in energy market prices will still have an impact on SCP's costs. For the period from January through June of 2025 SCP has a higher cash-flow exposure to the monthly fluctuations in energy markets, but a lower actual financial exposure due to the long-term offsetting nature of the PCIA.

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 \$1,500,000 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), variable generation output of solar and wind resources, generation curtailment risks, forward pricing peak and off-peak unhedged energy, unprocured resource adequacy, and legislative and regulatory risks (e.g., PCIA fees).

Scheduling Coordinator services are provided by Northern California Power Agency. 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 true 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. During mid to late 2023 and early 2024, Sonoma Clean Power leadership has strengthened our customer facing staff, senior advocacy staff, and plan to bring in a Chief Financial Officer (CFO) at the beginning of FY24-25. In addition, all staff salaries were increased, keeping salary inflation in mind, for the Agency to remain competitive.

Customer facing staff have been added by increasing the bilingual Spanish customer service representatives we have answering customer calls to the Agency, adding a bilingual Spanish position to the Marketing and PR department as well as increasing staff focused on community events. In the advocacy area, we added staff focused on regulatory advocacy, legislative advocacy, and local advocacy, and may add a position to support transmission related aspects of new generation and storage resource development advocacy. With plans to issue debt to prepay power supply contracts and lower customer costs, having a CFO will be critical to manage that process.

Energy Center, Marketing and Communications

Sonoma Clean Power remains dedicated to engaging with our customers through comprehensive market, demographic, and customer satisfaction research. By leveraging the insights gained, we aim to enhance the precision of our marketing and communications strategies.

As part of our commitment to celebrating a decade of service, SCP introduces the "Ten Electric Years" yearlong, multi-media brand campaign. This initiative not only marks our milestone but also highlights the collaborative achievements with our customers and communities. The campaign is underscored by a series of community events designed to connect with diverse audiences, fostering inclusivity and expanding our outreach efforts.

Innovating our Community Outreach plan, SCP introduces a Junior Partner level, offering funding support and grants to non-profits and groups aligned with our mission and values. This initiative extends support to entities not currently covered by larger sponsorships and partnerships, broadening our impact within the community.

Furthering our commitment to education, particularly in STEM fields, SCP is proud to contribute to Schools Rule Sonoma County and establish an endowment for

Mendocino College. These additions underscore our dedication to empowering future generations and fostering knowledge development in crucial areas.

SCP's unwavering focus on brand awareness and customer understanding remains a top priority. Through consistent efforts across marketing, public relations, community outreach, education, and social media platforms, we strive to convey who we are, our mission, and our value to customers. This commitment extends to providing leadership within the non-profit sector and the broader community choice industry.

This fiscal year, Sonoma Clean Power's marketing and communications approach is rooted in a dynamic blend of celebration, community engagement, education, and strategic partnerships, all aimed at creating a positive impact and fostering a sustainable future. A breakdown of budgeted spending is provided below. Note that a significant majority of all Marketing, PR & Events funds also go to local organizations and contractors, including printers, writers, graphic designers, radio stations, social media support, web programmers, caterers, photographers, carpenters, painters, etc.

Marketing, PR, & Events	\$2,364,000
Partnerships	\$600,000
Sponsorships	\$240,000
Scholarships	\$125,000
Memberships	\$50,000
Total	\$3,379,000

Customer Service

The customer service team works with customers via phone, email, walk-ins, and events which are the primary touchpoint for customers in the agency. The customer service team's budget includes confirmation notices, annual required notices, and commercial customer appreciation.

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)
 - Solar Billing Plan welcome (weekly) - *coming soon*
- 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 Mailer that compares SCP and PG&E's rates and power mixes (annually)
- California Energy Commission's Power Content Label that compares SCP to California's power mix (annually)

Finally, the commercial customer appreciation budget is used to 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 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.

Accounting

Accounting includes services from two providers. Maher Accountancy provides the day-to-day accounting for SCP, including 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 recent addition of a Legislative Policy & Community Engagement Manager will further aid in SCP's state engagement. Some very limited federal and state lobbying on the GeoZone is also included.

Other Consultants

Other Consultant 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.

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 joint powers authority formed with other CCAs to jointly procure power. 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 Programs portfolio is expanding, in part from additional incentives from the return of excess ratepayer collections, while maintaining momentum from the previous fiscal year. We are excited to introduce new initiatives, notably focusing on behind-the-meter battery optimization through GridSavvy Rewards. The continuation of existing programs demonstrates our commitment to sustainable solutions, including the Sonoma Coast Incentive Program (CALeVIP), Fast Charge for All, Discounted Residential Electric Vehicle (EV) Chargers, Non-Profit EV Incentives, Advanced Energy Build, Electrification incentives, Multifamily Housing Electric Panel Upgrades, FLEXMarket, GridSavvy Rewards, SMUD Community Needs Assessment,

EV Charging Telematics, Workplace Charging Research Project, Bike Electric 2.0 - Commute Program.

Other Uses

Capital Outlay includes upgrades for the Advanced Energy Center and the office building that was purchased in FY23-24, as well as equipment costing more than \$5,000.

Debt Service

SCP currently carries no debt.

Net Increase / (Decrease) in Available Fund Balance

Staff are planning for a net decrease in the available fund balance, which reflects the planned return of a portion of excess ratepayer collections above SCP's long-term reserve target.

THREE-YEAR OUTLOOK

This three-year outlook is subject to significant changes as new information is available regarding PCIA and the market cost of energy.

	Revised Budget FY23-24	DRAFT Budget FY24-25	Forecast FY25-26	Forecast FY26-27	Forecast FY27-28
REVENUES & OTHER SOURCES					
Electricity Sales (net of allowance)	\$275,994,000	\$239,147,000	\$259,854,000	\$296,529,000	\$295,990,880
EverGreen Premium (net of allowance)	2,689,000	2,700,000	2,727,000	2,754,000	2,782,000
CEC Grant Proceeds	902,000	-	-	-	-
Miscellaneous Income	2,058,000	1,000,000	-	-	-
Investment Returns	7,659,000	7,200,000	4,800,000	3,600,000	3,600,000
Total Revenues	289,302,000	250,047,000	267,381,000	302,883,000	302,372,880
EXPENDITURES					
Product					
Cost of Energy & Scheduling	186,460,000	221,586,000	263,890,000	267,729,000	266,257,880
Data Management	2,680,000	2,680,000	2,707,000	2,734,000	2,761,000
Service Fees to PG&E	990,000	990,000	1,005,000	1,020,000	1,035,000
Product Subtotal	190,130,000	225,256,000	267,602,000	271,483,000	270,053,880
Personnel	8,346,000	11,490,000	12,294,000	13,155,000	13,944,000
Energy Center, Mktg & Comm	3,301,000	3,379,000	3,514,000	3,655,000	3,801,000
Customer Service	220,000	220,000	229,000	238,000	248,000
General & Administration	1,515,000	1,832,000	1,905,000	1,981,000	2,060,000
Other Professional Services					
Legal	475,000	475,000	489,000	504,000	519,000
Regulatory & Compliance	460,000	460,000	474,000	488,000	503,000
Accounting	309,000	312,000	321,000	331,000	341,000
Legislative	220,000	220,000	229,000	238,000	248,000
Other Consultants	624,000	535,000	551,000	568,000	585,000
Other Professional Services Subtotal	2,088,000	2,002,000	2,064,000	2,129,000	2,196,000
Industry Memberships & Dues	695,000	888,000	915,000	942,000	970,000
Programs					
Program Implementation	8,101,000	10,136,000	11,592,000	8,700,000	8,700,000
CEC Grant Program	1,712,000	-	-	-	-
Programs Subtotal	9,813,000	10,136,000	11,592,000	8,700,000	8,700,000
Total Expenditures	216,108,000	255,203,000	300,115,000	302,283,000	301,972,880
Revenues Less Expenditures	73,194,000	(5,156,000)	(32,734,000)	600,000	400,000
OTHER USES					
Capital Outlay	1,900,000	1,150,000	1,150,000	600,000	400,000
Total Expenditures, Other Uses	218,008,000	256,353,000	301,265,000	302,883,000	302,372,880
Net Increase/(Decrease) in Fund Balance	\$ 71,294,000	\$ (6,306,000)	\$ (33,884,000)	\$ -	\$ -