



**AGENDA**  
**BOARD OF DIRECTORS MEETING**  
**THURSDAY, MAY 2, 2024, 4:00 P.M.**

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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**

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](mailto: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](mailto: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 April 4, 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 Update to Board Policy on Records Retention, Policy D.2 (Staff Recommendation: Approve) **pg. 17**
4. Approve the Proposed Annual Budget for Fiscal Year 2024-2025 (Staff Recommendation: Approve) **pg. 29**

**BOARD OF DIRECTORS REGULAR CALENDAR**

5. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 53**
6. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate (Staff Recommendation: Approve) **pg. 59**

**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, APRIL 4, 2024  
9:00 A.M.**

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**CALL TO ORDER**

(9:03 a.m. - Video Time Stamp: 00:02:42)

Chair Hopkins called the meeting to order.

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

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operations Officer; Rebecca Simonson, Director of Programs; Scott Salyer, Program Manager; Carolyn Glanton, Program Operations Manager; Miles Horton, Legislative Policy and Community Engagement Manager; and Josh Nelson, Special Counsel.

**BOARD OF DIRECTORS CONSENT CALENDAR**

(9:04 a.m. - Video Time Stamp: 00:03:51)

1. Approve March 7, 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 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
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

Public Comment: None

Motion to approve the April 4, 2024, Board of Directors Consent Calendar by Vice Chair Barnacle

Second: Director Elward

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

## **BOARD OF DIRECTORS REGULAR CALENDAR**

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

(9:06 a.m. - Video Time Stamp: 00:05:43)

Michael Koszalka, COO, introduced Scott Salyer, Programs Manager, to give a program update on the Parkwood Apartment Complex that has been working on energy efficiency with Bay Area Regional Energy Network (BayREN). This program is a great example of how SCP combines funding streams.

Director Fudge requested information on Parkwood be sent to the Board.

COO Koszalka then introduced Carolyn Glanton, Program Operations Manager to give an update on the Enphase battery program. Ms. Glanton explained the Enphase program and stated it would be launching very soon. COO Koszalka then discussed current SCP enrollments and financials. He pointed out the long-term target reserve and added that SCP would have a re-stated target reserve once the audit is complete following the end of the fiscal year, June 30<sup>th</sup>. Geof Syphers, CEO, introduced Kory Clement SCP's new Risk Manager and added that SCP would be opening a recruitment for a Chief Financial Officer.

Public Comment: None

6. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate

(9:12 a.m. - Video Time Stamp: 00:11:35)

CEO Syphers discussed SCP's Integrated Resource Plan (IRP) that was required to be submitted to the California Public Utilities Commission (CPUC). He stated that the IRP was accepted and the CPUC commended SCP's

commitment to underserved communities. CEO Syphers then announced that Governor Newsom appointed Matthew Baker to the CPUC.

Miles Horton, Legislative Policy and Community Engagement Manager, gave a legislative update. He mentioned that all placeholder bills had been clarified and he proposed three new legislative positions. He discussed SB 1130 (Bradford) which would provide an energy discount under the Family Electric Rate Assistance (FERA) and stated that SCP staff recommend supporting the bill. He then discussed SB 1305 (Stern) which SCP's staff recommendation is "oppose unless amended" because the bill would stipulate specific procurement of resource adequacy from virtual power plants at a time when the rules for this technology are far from clear, and it is therefore unknown whether SCP's existing virtual power plant (GridSavvy) would qualify. Mr. Horton then discussed SB 1221 (Min) which would tackle building decarbonization and added that SCP supports this bill.

Chair Hopkins stated that she appreciates SCP looking into FERA and asked if PG&E had investigated pricing based on cost of living and not a one size fits all system. CEO Syphers responded that affordability is a topic many lawmakers are discussing in Sacramento. Chair Hopkins then asked if SCP had investigated SB 1298 (Cortese) which would increase California Environmental Quality Act (CEQA) exemptions for data centers and CEO Syphers asked for more time for staff to analyze the bill. Director Rogers discussed attending SCP's lobby day in Sacramento and Mr. Horton thanked Kate Brandenburg, SCP's lobbyist, for her help that day. Director Lemus added that CalCities took a watch position on AB 1999 which discussed electricity fixed charges at their legislative policy meeting.

Public Comment: None

Motion to Approve Sonoma Clean Power Authority's Legislative Positions and add SB 1298 (Cortese) as a watch position by Director Rogers

Second: Director Farrar-Rivas

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

## 7. Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2024-2025

(9:40 a.m. - Video Time Stamp: 00:39:33)

CEO Syphers introduced SCP's budget and annual process. He mentioned that the draft budget would be seen and reviewed four times, twice by the Committee and twice by the Board of Directors. Chris Golik, Revenue Manager, walked the Board through the Budget tables and explained how this draft budget would support a 7% savings on customer bills relative to PG&E, and includes the expected cost of energy rising, and sustaining SCP's reserve funds.

Vice Chair Barnacle stated that equity investments are not called out in the program's budget and requested information on what SCP was doing for equity be added. CEO Syphers explained that additional equity programs were being workshopped and encouraged the Board to give their input on how to use SCP's extra funds. Rebecca Simonson, Director of Programs, stated that SCP was focused on targeting Empower communities with a 25% target rate for incentives. Director Elward stated that when equitable programs are not discussed in writing then they tend to be overlooked. Director Zollman stated that he would like to see equity programs in writing, and he would like the Board to be given updates accordingly and Vice Chair Barnacle agreed. Director Lemus said that she would like to see more outreach in local communities and Director Zollman added that Analy High is looking for outreach and he believed all local schools are.

Public Comment: Drake Cunningham discussed skilled tradesmen and his comment is attached to these minutes.

## **BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS**

(9:58 a.m. - Video Time Stamp: 00:57:34)

Vice Chair Barnacle invited everyone to Petaluma's Butter and Eggs Day Parade. Director Lemus invited everyone to attend Roseland's Cinco de Mayo festival and hoped SCP would have a presence. Director Farrar-Rivas invited everyone to Sonoma's Pride Festival. Director Fudge invited everyone to the Grand Fondo race in Windsor. Director Zollman encouraged everyone to attend Sebastopol's Apple Blossom Festival and Pride Celebration. Director



Rogers encouraged everyone to attend Santa Rosa's Rose Parade. Chair Hopkins invited everyone to attend Occidental's Fools Parade and thanked the Clerk of the Board and his staff for running excellent meetings.

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

(10:02 a.m. - Video Time Stamp: 01:01:22)

Public Comment: None

**ADJOURN**

(10:04 a.m. - Video Time Stamp: 01:03:02)

The meeting was adjourned by unanimous consent.


**From:** Drake Cunningham  
**To:**  
**Subject:** Public Comment Item 7  
**Date:** April 1, 2024

**CAUTION: EXTERNAL SENDER!**

This email was sent from an EXTERNAL source. Do you know this person? Are you expecting this email? Are you expecting any links or attachments? If suspicious, do not click links, open attachments, or provide credentials. Don't delete it. **Report it using the Phish Alert Report button.**

Dear Sonoma Clean Power Board Members,

It is no secret that the [Trades is an aging field](#).

	<h3>Lack of Skilled Tradesmen is A Big Challenge Facing the U.S. Economy</h3> <p>The skilled labor shortage is one of the biggest challenges facing the U.S. economy, with 650,000 open jobs in the construction industry alone</p> <p><a href="http://www.prtstaffing.com">www.prtstaffing.com</a></p>
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We need to show younger generations that there are endless opportunities to earn a family-sustaining salary with a green-collar job. For many lower-income youth who are feeling dejected by the rising cost of living and cost of college tuition, a green-collar career represents a pathway to the middle-class, and a prosperous and purpose-driven career.

The attached program summary is a partnership of Rebuilding Together Petaluma (RTP), Petaluma City Schools (PCS), and multiple contracting partners. It would provide 80 youth -- many of whom are Hispanic/Latinx, and/or qualify for free or reduced lunch -- hands-on, on-the-job training implementing energy efficiency and electrification retrofits at low-income households. These youth would learn valuable skills while improving safety, reducing emissions and utility bills for 30 low-income residents.

As you consider your budget for the coming year, please consider funding this pilot program and others like it. Solving climate change is going to happen one heat pump at a time, but only if we have a workforce with the needed skills and training.

Please reach out if you'd like to discuss this.

Thank you all for your service.

Sincerely,  
Drake Cunningham



**Here's to another 25 years.**

**Drake Cunningham**  
Executive Director



**Rebuilding Together Petaluma Inc**





**PETALUMA  
CITY SCHOOLS**

## **RTP Workforce Development – PCS CTE Career Pathways**

Rebuilding Together Petaluma (RTP) is partnering with Petaluma City Schools (PCS) Career Technical Education (CTE) Career Pathways Program and several local contractors to provide training and support for high school students interested in exploring career opportunities in the trades, with an emphasis on energy efficiency and electrification (EE+E) services.

PCS provides students with a curriculum that offers a wide variety of work-based learning (WBL) experiences, including Guest Speakers, Career Days, Career Fairs, Workplace Tours, Mock Interviews, Resume Workshops - all in preparation for Career Mentoring, Internships, and employment opportunities.

RTP supports this program by managing and facilitating training workshops and internships with local contractors performing critical repairs and energy efficiency upgrades for low-income homeowners. Local contracting partners include Ongaro & Sons Heating and Plumbing, Tri County Electric, woman-owned Ams Roofing & Solar, and minority-owned E & R Drywall Co., among others.

Participating high school student interns will receive a stipend to cover the costs of tools, training, workshops, and certification opportunities that are offered. Currently, PCS has approximately 100 students interested in this program, many from diverse backgrounds: 55% Hispanic/Latinx, 40% students who qualify for free or reduced lunch.

This program provides great opportunities for teens to experience what the trades are by working directly with trades professionals in the field. Teens will learn what the trades have to offer as careers and why the trades are so important to our future. Teens will learn about the latest updates on EE+E and the barriers to equitable access to those options.

Employers will have access to interested and vetted potential new employees. They will have the opportunity to share what they are looking for in potential employees and get to work with interested young candidates. Employers will also be afforded the opportunity to see potential employees performing related tasks without the obligations that accompany permanent employment.

### *Participant Overview*

- 8 hours of orientation/training for students
- 40 hours of paid internship
- 48 hours total

### *Pilot Phase Budget (Spring 2024)*

- Five participants for Pilot Phase
- Paid Internships: \$4,200 (\$17.45/hour x 48 hours x 5)
- Stipends: \$2,500 (\$500/participant for tools, training, etc.)
- Program Management: \$2,500 (\$500/participant)
- \$9,200 Total for Pilot Phase

*Implementation Phase Budget (Fall 2024 through Spring 2025)*

- 75 participants for Implementation Phase
- Paid Internships: \$63,000 (\$17.45/hour x 48 hours x 75)
- Stipends: \$37,500 (\$500/participant for tools, training, etc.)
- Program Management: \$37,500 (\$500/participant)
- \$138,000 Total for Implementation

*Outcomes*

- **80 teens** will receive hands-on experience and on-the-job training.
- **30 low-income residents** will have their homes retrofitted to be safer and more energy efficient, with lower utility bills.
- Lessons learned will be shared with other high school CTE programs, low-income service providers, and contractors across Sonoma County.



## Staff Report - Item 02

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

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

**Issue:** Receive Geothermal Opportunity Zone Update

**Date:** May 2, 2024

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### 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>.

### Next-Generation Geothermal Power Commercial Liftoff Report

SCP's GeoZone project has been enabled by a technological renaissance in the geothermal industry that has expanded the possible locations where geothermal power is economically feasible to develop while also reducing water consumption. In March, the Department of Energy (DOE) released a comprehensive report detailing the geothermal industry's progress and the necessary steps to commercialize next-generation geothermal power entitled [Pathways to Commercial Liftoff: Next-Generation Geothermal Power](#). Previous commercial liftoff reports on technologies like long-duration energy storage, advanced nuclear, and virtual power plants have

been incredibly influential in guiding policy development. Below is a summary of several important observations in the report:

- Decarbonization modeling indicates the United States will need to add 700-900 GW of clean firm capacity by 2050 (low carbon resources with a high-capacity factor: geothermal, nuclear, gas with carbon capture and sequestration are examples), which is quadruple the existing available supply. The DOE estimates that next-generation geothermal can satisfy over 90 GW of this need. Decarbonizing without new clean firm technologies like next-generation geothermal could increase system costs by 40%.
- Although next-generation geothermal largely leverages technologies from the oil and gas industry, such as hydraulic fracturing in Enhanced Geothermal Systems (EGS), there are distinct differences in the application and most of the environmental risks of oil and gas activities do not apply to geothermal development. However, the DOE recognizes that an early two-way dialogue with host communities (many which will have trust concerns due to the application of oil and gas technologies) will be critical.
- Commercial success of next-generation geothermal technologies is dependent on deploying a repeatable and modular design that can enjoy cost declines from iterative improvements and learning. The current EGS demonstrations are far outperforming expectations in their learning rate—the DOE’s EGS demonstration has improved its drilling rate by 500% since 2017 and Fervo (a private geothermal developer of EGS) has demonstrated a 300% increase in drilling rate. The DOE liftoff report believes these advances, coupled with engineering improvements and economies of scale can achieve a target cost of \$60-\$70 per MWh to enable widespread commercialization. The DOE recognizes similar opportunities for closed-loop technologies (such as proposed by Eavor in the GeoZone) with a 2035 target of \$80-\$90 per MWh.
- Demonstrating next-generation technologies can be successful in a diverse set of geologic conditions will be important for reducing the financing risk for commercial “liftoff”. The DOE targets investing \$20-\$25 billion in 2-5 GW of next-generation geothermal across 5-10 different geologic conditions to de-risk the geothermal industry and enable access to traditional lower cost financing.

## **GeoZone Project Updates**

There have been no specific project updates since the April report. 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 continues to be focused early this year on capturing lessons learned from other organizations that can be incorporated into an expanded GeoZone community engagement plan. In late March, SCP met with the team leading [community outreach and communications at the Department of Energy's Frontier Observatory for Research in Geothermal Energy \(FORGE\)](#) EGS project in Utah. The FORGE team shared their experience in building the community's trust for hosting an EGS project, managing disinformation, and engaging youth amongst many other topics.

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## Staff Report - Item 03

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Stephanie Reynolds, Director of Internal Operations  
Michael Koszalka, Chief Operating Officer  
**Issue:** Approve Update to Board Policy on Records Retention, Policy D.2  
**Date:** May 2, 2024

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### Recommendation

Approve update of the Sonoma Clean Power (SCP) Board Policy on Records Retention, Policy D.2.

### Background

The SCP Board of Directors initially adopted its first policies between November 2013 and January 2015, including a policy on Records Retention. Since that time, legislation has more clearly specified mandated periods of time to maintain records and allows for an electronic record to stand as an *original* in many cases.

### Discussion

Working with our General Counsel and his associates, the draft policy presented specifies guidelines, procedures for maintenance and destruction of records, and includes a schedule listing most types of records used and maintained by SCP during business. All public meeting records and materials will continue to be kept in perpetuity.

### Fiscal Impact

None

### Attachments

- Attachment 1 - Proposed revised Records Retention Policy, D.2
- Attachment 2 - Current Records Retention Policy, D.2, last amended 1/8/15

## Administrative and General Policy D.2

### Records Retention

#### A. Statement of Policy

Whenever possible, Sonoma Clean Power Authority (SCPA) records shall be retained in searchable, electronic format. Records shall be kept, at a minimum, for the period required by law or regulation. If no law or regulation is applicable, or if other compelling reasons are established, records may be retained for longer period of time including in perpetuity.

The SCPA Director of Internal Operations is authorized by the Board of Directors to serve as the person responsible for overseeing semi-annual review and disposal of obsolete records, and to interpret and implement this policy. The SCPA Director of Internal Operations and their designee is further authorized to do any and all acts necessary to comply with the provisions and intent of this policy and state records retention requirements.

In accordance with Government Code section 60203, all SCPA records required to be kept under the records retention schedule shall be digitized in an accurate and legible format which does not permit additions, deletions, or changes to the original document. A hard copy of a document may be disposed of after digitization in this manner, although a hard copy shall not be destroyed if any page thereof cannot be reproduced digitally with full legibility. For the purposes of this policy, every accurate digital reproduction shall be deemed the original record. However, the following records are required to be retained in original hard copy format for at least two (2) years before being scanned into exclusively electronic format for retention:

- Statements of Economic Interest for Elected Officials (copies of FPPC Form 700). (Total retention is four (4) years)
- Statements of Economic Interest for Non-Elected Officials (originals of FPPC Form 700). (Total retention is seven (7) years)

After two (2) years, the Director of Internal Operations or designee may convert the above document types into electronic format in accordance with this policy and dispose of the hard copy versions. The electronic versions will then become the “original,” pursuant to Government Code sections 60201 and 81009(g).

Further, to the extent the *original* version of any of the documents described in subsection B.4. hereof exist in hard copy, these hard copies shall be retained in in perpetuity or as otherwise required by subsection B.4.

## B. General Guidelines

The following general guidelines apply to all SCPA records:

1. Except where a record is expressly required to be preserved by law or this policy, the Director of Internal Operations or designee may destroy any original obsolete record without retaining a copy of the document, as long as the retention and destruction of said document complies with this policy and the attached records retention schedule.
2. In addition to the retention periods required by the attached records retention schedule, the Director of Internal Operations or designee shall retain original administrative, legal, fiscal, and/or historical record with continued value (*i.e.*, records for long-term transactions and/or special ongoing projects) until all matters pertaining to such records are completely resolved or the time for associated appeals has expired.
3. The Director of Internal Operations or designee may, at any time, discard transitory records that have fulfilled their limited purpose; provided, however, that any transitory records subject to the “Exceptions to Disposal of Obsolete Records” section of this policy may not be discarded and shall be temporarily retained for the necessary period. For purposes of this policy, “transitory records” are defined as those whose value is comparatively short-lived and may be disposed of when they have fulfilled the brief, limited purpose for which they were created. Transitory records include, but are not limited to, preliminary drafts, notes, or inter- or intra-agency memoranda not kept in the ordinary course of business, and the retention of which is not necessary for the discharge of an SCPA officer or employee’s official duties. Specific examples include: transmittal letters, acknowledgments, drafts, rough notes, preliminary calculations, non-substantive follow-up communications or reminders, and similar electronic communications that, based on their content, are not required to be retained for any specific duration under the attached records retention schedule.
4. In accordance with Government Code section 60201 and this policy, the Director of Internal Operations or designee shall not destroy any of the following records:
  - a. Records relating to formation, change of organization, or reorganization of SCPA;
  - b. Records affecting the title to real property in which SCPA has an interest, or liens thereon;
  - c. Court records;
  - d. Records required to be kept by statute;
  - e. Records less than two years old; or

- f. The minutes, ordinances, and/or resolutions of the SCPA Board of directors or any other legislative body established by SCPA;
  - g. Original, final records relating to the execution or amendment of the SCPA Joint Powers Agreement;
  - h. Any records that are the subject of a pending request for records under the California Public Records Act, regardless of whether the document is exempt from disclosure or considered a transitory record, until the request has been granted OR two (2) years have passed from the date the request has been denied by SCPA staff;
  - i. Records relating to any pending construction that SCPA has not accepted or as to which a stop notice claim may legally be presented;
  - j. Records relating to any nondischarged debt of SCPA;
  - k. Records relating to any nondischarged contract to which SCPA is a party;
  - l. Unaccepted bids or proposals, that are less than 2 years old, for the construction or installation of any building, structure, or other public work;
  - m. Records less than 7 years old that specify the amount of compensation or expense reimbursement paid to SCPA employees, officers, or independent contractors.
5. The Director of Internal Operations or designee may dispose of, at any time, any duplicate records, so long as the original (whether in hard copy or electronic format) is retained for the legally required time period.

### C. Procedures for Disposal of Obsolete Records

1. Pursuant to the resolution approving this policy adopted by the SCPA Board, at least once annually, or more often as deemed appropriate by the Director of Internal Operations or designee, each SCPA department shall review all records in its custody and determine whether any have reached the end of their retention period. All records that have reached the end of their retention period, including electronic records, shall be destroyed by following the procedures described below.
  - a. The department head completes and signs a “Request for Destruction of Obsolete Records” form, listing the date and description of each document to be destroyed. A sample form is attached to this policy as Attachment B. This form shall be submitted to the Director of Internal Operations or designee.

- b. The Director of Internal Operations or designee shall then check the records listed on the submitted form to confirm that each document: (1) is not required to be permanently retained; (2) has been retained for the legally required period of time; and (3) is not subject to an exception requiring continued retention under this Policy (*e.g.*, public records request, subpoena, litigation hold, etc.). The Director of Internal Operations or designee shall also confirm that any applicable reproduction requirements (such as scanning for electronic purposes) for each document have been completed.
- c. The Director of Internal Operations or designee shall then sign off on the Request for Destruction of Obsolete Records form, oversee the destruction process, and submit a copy of the form to SCPA's Board of Directors and General Counsel for review.
- d. The Director of Internal Operations or designee shall retain all original signed forms requesting destruction of obsolete records for at least two (2) years, and shall also retain a permanent record (such as an Excel sheet logging dates and procedures of document destruction, or certificates of destruction), in whatever format the Director of Internal Operations or designee deems appropriate for the purpose, to document the destruction of obsolete records.

#### D. Exceptions to Disposal of Obsolete Records

Disposal of any record, whether an official record that has met or exceeded its retention period, or a transitory record that has fulfilled its limited purpose, must be postponed if the record is responsive to, subject to, or relates in some way to any of the following:

1. A pending Public Records Act request received by SCPA;
2. A subpoena served on SCPA;
3. A Request for Production received by SCPA from an opposing party in litigation;
4. A court order;
5. A litigation hold or request for preservation of evidence received by SCPA;
6. A claim filed against SCPA under the Government Claims Act.

The above exceptions apply to both hard copy and electronic records.

ATTACHMENT A  
RECORDS RETENTION SCHEDULE FOR  
SONOMA CLEAN POWER AUTHORITY

<b>Record Type</b>	<b>Required Retention</b>	<b>Sample Descriptions</b>
Executed Contracts	5 years after termination date of the contract	Power supply contracts, contracts with vendors or consultants
Executed Contracts – Real Property	10 years after the termination date of the contract	Contracts relating to the development of real property, or design, specifications, surveying, planning, supervision, testing, or observation of construction or improvement to real property; may include records of retention releases, retention withheld, change orders, etc.
Invoices from Vendors	2 years after completion of contract	Vendor invoices for payment
Non-Disclosure Agreements	In perpetuity, by statute	NDA with vendor, employee, Board or Committee member or advisor
Board Approved Decisions	In perpetuity, by statute	Resolutions, meeting minutes, and other items approved at regular or special Board meetings
Board and Committee Meeting Materials	In perpetuity, by statute	Agendas, staff reports and other material provided to Board members in preparation for meetings
Board Approved Budgets	In perpetuity, by statute	Final, approved budgets
Drafts of Documents	30 days after final version is approved	Draft of contracts, programs, RFPs, etc.
General Electronic Correspondence	2 years	Email correspondence
Customer-Specific Usage Information and Data	5 years	Electronic information and reporting from Data Manager, bill analyses
Marketing Material	2 years after public distribution	Flyers, brochures, electronic advertisements
General Educational or Informational Material	2 years	Brochures, reports, electronic information

Adopted: November 7, 2013  
Amended: January 8, 2015  
Amended: May 2, 2024

Personnel Information	5 years after employee end date	Offer letter, resume, evaluations
Employee Accident/Illness Reports	Length of Employment + 30 years	Employee medical records and exposure records regarding exposure to toxic substances of harmful physical agents, pursuant to 8 Cal. Code Regs. § 3204(d)(1)(A-B); does <i>not</i> include records of health insurance claims maintained separately from employer's records; first aid records of one-time treatments for minor injuries; or records of employees who worked less than one (1) year, if records are given to employee upon termination
Accidents/Damage to Agency Property	10 years	Documents pertaining to administration of SCPA's risk management program, including claims received under the Government Claims Act
Accounting Records – Permanent Books of Accounts	Permanent	Records showing items of SCPA's gross income, receipts, and disbursements (including inventories, per IRS regulations), pursuant to 26 Code of Fed. Regs. § 1.6001-1(c), (e)
Accounting Records – General Ledger	Until audited + 4 years	SCPA's General Ledger of Accounts
Accounts Payable/Receivable	Until audited + 4 years	Journals, statements, asset inventories, account postings with supporting documents, vouchers, investments, invoices and back-up documents, purchase orders, travel expense reimbursements, petty cash, postage, retirement reports, check requests, etc.; Receipts for deposited checks, coins, currency; checks received, reports, investments, receipt books, cash receipts, cash register tapes, etc.
Agency Report of Consultants (FPPC Form 805)	7 years	Form identifying consultants hired by SCPA who must file a Form 700
Agency Report of Events and Ticket/Pass Distribution (FPPC Form 802)	7 years	Report of tickets/passes received by and distributed by SCPA; identifies persons who received tickets/passes and describes the public purpose for the distribution

Adopted: November 7, 2013  
Amended: January 8, 2015  
Amended: May 2, 2024

Agency Report of New Positions (FPPC Form 804)	7 years	Identifies new positions that will make or participate in making governmental decisions on behalf of SCPA
Agency Report of Public Official Appointments	7 years	Report of additional compensation received by SCPA officials when appointing themselves to committees, boards, or commissions of other public agencies, special districts, joint powers agencies, or joint powers authorities. <u>Copy of current report must also be posted on SCPA's website</u>
Annual Financial Report	Until audited + 2 years	SCPA's Annual Financial Report, including any independent auditor analysis
Applications for SCPA Boards, Commissions, or Committees	If selected: current term of appointment + 5 years  If not selected: 2 years	Applications by members of the public for appointment to any SCPA board, commission, or committee
Audit Reports	Current + 4 years	Reports of audits of financial services, both internal and external
Bank Account Reconciliations	4 years	Bank statements, receipts, certificates of deposit, etc.
Bids – Successful	4 years	Bids, plans, specifications, notices, and affidavits relating to a successful bid submission
Bids – Unsuccessful	2 years	Unsuccessful bid packages, including plans, specifications, notices, and affidavits
Billing Records	Current + 2 years	Bill stubs submitted to SCPA with payment
Bonds	Upon cancellation, redemption, or maturity + 10 years	Bond authorization, public hearing records, prospectus, proposals, certificates, notices, transcripts, registers, and/or statements
Bonds – Surety	4 years	Bond documentation created and/or received in connection with the performance of work/services for the district
California State Tax Records	6 years	Forms filed annually and quarterly, and any year-end reports

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Campaign Statements and Other Campaign Reports (Originals) – Board of Directors	7 years (can be converted to electronic-only after 2 years)	Original statements of candidates and supporting committees; other original reports and statements relating to Board campaigns
Capital Improvements, Construction	Permanent	Records on planning, design, construction, conversion, or modification of local government-owned facilities, structures and systems
Equal Employment Opportunity Commission Records	3 years	Records and reports showing compliance with federal equal employment requirements (EEO-4 reports, etc.)
Employee Benefits	Life of plan/policy + 6 years	Benefit plans (include “cafeteria” and other plans); health insurance programs; records regarding COBRA – extension of benefits for separated employees, insurance policies (health, vision, dental, deferred compensation, etc.)
Environmental Quality – California Environmental Quality Act (CEQA)	Permanent	When SCPA is the lead or responsible agency – notice of exemptions, environmental impact report, mitigation monitoring, negative declaration, notices of completion and determination, comments, statements of overriding considerations
ERISA Records (Employee Retirement Income Security Act)	6 years	Employee Retirement Income Security Act of 1974 – plan reports, certified information filed
Ethics Training Records	5 years after receipt of training	Records pertaining to state or local ethics training that SCPA staff or officials must receive, including the dates of the training and entity providing training
Family and Medical Leave Act (Federal)	While employed + 3 years	Records of leave taken, SCPA policies relating to leave, notices, communications relating to taking leave
Federal Tax Records	5 years after file date	May include Forms 1096, 1099, W-4, and W-2
Hazardous Materials – Hazardous Waste Disposal and Storage	While current + 10 years	Documents regarding handling and disposal of hazardous waste (Permanent retention of

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		environmentally sensitive materials is recommended)
Insurance Certificates	Current + 2 years	Liability, performance bonds, employee bonds, property insurance certificates filed separately from contracts, including insurance filed by contractors
Lease Agreement	Until terminated + 4 years	Lease for property or equipment
Litigation	Until settled or adjudicated + 2 years	All case files and related documentation
Lobbying or Lobbyist Forms (FPPC forms)	5 years	FPPC Form 602 – Lobbying Firm Activity Authorization; FPPC Form 635 – Report of Lobbyist Employer and Reports of Lobbying Coalition – forms used when employing or contracting with a lobbying firm
Maintenance and Repair Records	Current + 2 years	Equipment maintenance
Oaths of Office	Current + 6 years	Elected and public officials – Board members
Policies of the SCPA/Board	Current + 2 years	All policies and procedures rendered by SCPA or its Board of Directors
Public Records Act Requests	2 years from receipt	Requests from the public to inspect or copy public documents, and SCPA response(s) thereto
Purchasing – RFQs, RFPs	Current + 2 years	Requests for qualifications; requests for proposals regarding goods and services
Purchasing – Requisitions, Purchase Orders	Until audited + 4 years	Originals of requisitions and purchase orders for goods and services
Recordings – Audio or Video	Minimum 30 days	Recordings, for instance of Board meetings or committee meetings
State Controller – Annual Report	2 years	Annual report issued by State Controller
Warrant Register/Check Register	Until audited + 2 years	Record of checks issued/approved by Board (copy is normally retained as part of agenda packet information)
Workers’ Compensation Files	Until settled + 5 years	Work injury claims (including denied claims), claim files, reports, etc.

Adopted: November 7, 2013  
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ATTACHMENT B

TEMPLATE REQUEST FOR DESTRUCTION OF OBSOLETE RECORDS

SONOMA CLEAN POWER AUTHORITY

To: SCPA Director of Internal Operations

From: (Department Director)

Subject: Request for Destruction of Obsolete Records

I am requesting approval to destroy the obsolete records listed below:

DATE OF RECORD	DESCRIPTION OF RECORD

(If additional space is needed, please attach a second page to this form).

APPROVED

\_\_\_\_\_  
Department Head

\_\_\_\_\_  
Date

I hereby confirm that the obsolete records described above were destroyed under my supervision using the following method, and that such destruction met the requirements of the SCPA records retention policy and applicable state law:

- Shredding
- Electronic deletion
- Other (specify:\_\_\_\_\_)

\_\_\_\_\_  
Director of Internal Operations

\_\_\_\_\_  
Date

Adopted: November 7, 2013  
Amended: January 8, 2015  
Amended: May 2, 2024

## **Administrative and General Policy D.2**

### Records Retention

Whenever possible, Sonoma Clean Power Authority (SCPA) records shall be retained in searchable, electronic format. Records shall be kept, at a minimum, for the period required by law or regulation. If no law or regulation is applicable, or if other compelling reasons are established, records may be retained for longer period of times including in perpetuity.



## Staff Report - Item 04

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

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

**Issue:** Approve the Proposed Annual Budget for Fiscal Year 2024-2025

**Date:** May 2, 2024

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### Recommendation

Approve the proposed Fiscal Year 2024-2025 Annual Budget and rates.

### Summary

The draft budget and rate setting parameters were well received by the Community Advisory Committee and the Board of Directors at their respective meetings, and no suggestions for financial changes were advised. The primary input was to make SCP's work on equity more visible in the areas of supporting customers who are low-income, historically marginalized and our activities supporting workforce development. Staff have added additional detail to this report on workforce development starting on page 42 and with customer programs - including detail for low-income customers - starting on page 46.

In addition to the specific equity focus areas requested by the Board, staff also note that since SCP was originally formed expressly to provide public benefits, and because many of those benefits advance equity in our communities, the proposed budget also has a number of additional ways it invests in equity. These include:

#### *Supporting public health and safety*

This work involves SCP's investments in renewable energy to improve air quality and lower the threats of extreme weather, including SCP's GeoZone work to allow the closure of gas-fired power plants in disadvantaged communities. While it is difficult to estimate the specific amount, a substantial portion of the 'Cost of Energy' budget line item goes to exceeding state minimum requirements for renewable sources, carbon-

free energy, and pushing for renewable sources to supply reliability services (e.g., with geothermal power).

SCP's support of legislation and regulation to reduce emissions, improve air quality, improve grid reliability, and lower wildfire risks includes budget in Personnel, Legislative and Regulatory, and includes staff salaries, lobbying and consultants.

#### *Lowering energy costs for everyone*

The Board's action to work to sustain 7% savings on total electric bills for all customers through 2025 represents a significant total energy cost savings, estimated to be nearly \$100 million for SCP customers over a two-year period.

Legislative, Regulatory and Personnel categories in the Proposed Budget include funds for advocacy in Sacramento and the CPUC to improve policies such as Income-Graduated Fixed Charge so that it doesn't harm customers who have solar or who have invested in energy efficiency or who live in smaller apartments. This category also includes budget for advocating for overall lower utility costs, such as excluding unwarranted costs that would otherwise be passed to our customers through the Power Charge Indifference Adjustment (PCIA) and SCP's recent filing to replace some of the PG&E's planned undergrounding with tree wire to both speed up fire hardening work and lower the cost.

The capital expenses for renovating the Center to better support customers are mainly due to adding robust support for customers with high bills. The new name of the Center will reflect this transition and help to make the facility more accessible and useful for low- and moderate-income customers without compromising our ability to promote electrification. The budget also reflects increasing our bilingual customer service representatives to answer all phone calls and increase our quality of service.

#### *Hiring small and local businesses*

SCP is legally prohibited from selectively contracting with woman, minority, and LGBTQ+ businesses, but the agency is allowed to target hiring small and local businesses, which overwhelmingly skew toward those same groups. As a result, this budget reflects a continued focus on hiring small and local businesses for many services.

Last year, SCP hired over 120 small and local contractors to provide professional services in information technology, finance, commercial customer engagement, program implementation, human resources, marketing, public relations, and legal

services. SCP also routinely hires local architects, contractors, and sub-contractors to design and construct buildings and interiors for its offices and customer facilities.

SCP prioritizes hiring local contractors and vendors and encourages lead contractors to hire local sub-contractors. SCP recognizes the importance of supporting small local businesses and the local economy through job creation, purchases of materials and supplies at local businesses and educational and training opportunities offered through SCP's Programs staff. A priority of SCP's contractor recruitment is to locate contractors who can service customers in remote rural communities within SCP territory where disproportionately more low-income or disadvantaged customers live.

## **Background**

This report continues to include the detailed background for reference, but no changes were made to the budget or rate setting parameters.

Staff propose a 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

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 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%, compared to PG&E bundled customers, 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 are 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.

## **Budget Overview**

The proposed Fiscal Year 2024-2025 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 with special emphasis on SCP's low-income and Empower communities
- Expand community education activities to address the primary barrier to participation in SCP incentives and programs for non-English speakers and low-income households - a lack of awareness
- Increase emphasis on serving previously underserved communities in SCP's customer programs
- Promote the Center and further develop the Center into a valuable community resource

## **Community Advisory Committee Review**

The Committee reviewed and voted unanimously to recommend the Proposed Budget to the Board.

## **PROPOSED BUDGET**

The Proposed 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	Proposed Budget FY24-25	Comments
<b>REVENUES &amp; OTHER SOURCES</b>			
Electricity Sales <sup>1</sup> (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 <sup>2</sup> (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	
<b>Total Revenues</b>	<b>289,302,000</b>	<b>250,047,000</b>	
<b>EXPENDITURES</b>			
<b>Product</b>			
Cost of Energy & Scheduling <sup>3</sup>	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	
<b>Product Subtotal</b>	<b>190,130,000</b>	<b>225,256,000</b>	
<b>Personnel</b>			
	8,346,000	11,490,000	See details in write-up
<b>Energy Center, Mktg &amp; Comm</b>			
	3,301,000	3,379,000	Increased community partnerships
<b>Customer Service</b>			
	220,000	220,000	
<b>General &amp; Administration</b>			
	1,515,000	1,832,000	Reclassification of AEC rent after CEC grant ended and increased expenses for new office building
<b>Other Professional Services</b>			
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	
<b>Other Professional Services Subtotal</b>	<b>2,088,000</b>	<b>2,002,000</b>	

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

Notes on the Proposed Budget Table:

1. Revenues from electricity sales are net of the allowance for uncollectible accounts, estimated to be 2.1%
2. The EverGreen premium covers the incremental cost of EverGreen power above the cost for CleanStart. The rest of the revenues for EverGreen customers 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 PROPOSED BUDGET**

### **REVENUES AND OTHER SOURCES**

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

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 trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.

Data Management includes a broad scope of services provided by contract through Calpine Energy Solutions, including billing data validation, bill coordination with PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting.

Service Fees to PG&E consist of a charge of \$0.35 per account per month (including a \$0.21 per account service fee and a \$0.14 per account meter data management fee). There are also numerous small fees associated with data requests. The fees cover PG&E's costs associated with additional data processing and bill coordination, and are mandatory and regulated by the California Public Utilities Commission (CPUC).



## **Personnel**

Personnel costs include direct salaries, benefits, workers compensation premiums, and payroll taxes. 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.

## **Customer 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, multimedia 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
<b>Total</b>	<b>\$3,379,000</b>

### *Supporting Workforce Development*

Within the Partnerships, Sponsorships and Scholarships categories above, \$500,000 is anticipated for workforce development efforts, including:

- Continued work with Sonoma Water, who implements water and energy education for K-12 students in SCP service territory to include internship and career exposure programs for students interested in the fields of water, energy, and climate. This program typically reaches between 5,000 and 6,000 students every year and focuses on curriculum for ages 3<sup>rd</sup> grade through high school on electricity, renewable energy, water efficiency and climate change. It also includes training for teachers to learn how to effectively teach these topics.
- Vocational training through the Switch electric vehicle program for nine local high schools in partnership with the Career Technical Education ("CTE") Foundation. The program provides a free kit which is then built into a fully functioning street legal electric vehicle by the auto shop students. Students

develop critical soft and technical skills and improve student connections to careers and local employers.

- Vocational green building education training through LIME Foundation's NextGen Trades Academy. The budget anticipates continuing to fund three cohorts that each participate in a ten-class program that provides diverse vocational construction training and work/life skills to disadvantaged youth ages 16-24 in Sonoma County. The program trains and helps students find gainful employment in the trades fields to help provide a trained workforce for local contractors. Green building education includes high-performance building measures, sustainable materials, water and energy efficiency, and electrification.
- Hosting the Mike Hauser Academy ("MHA"), which convenes students, businesses, and teachers with a goal of empowering our future workforce to become leaders in science, technology, engineering, and mathematics. This three-week summer school program provides incoming ninth grade English Language Learner ("ELL") students and students who could benefit from extra math and science support the opportunity to visit STEM related companies where they interact with engineers and professionals to observe demonstrations and participate in hands-on activities to see how classroom lessons apply to STEM occupations and operations. MHA offers students a direct learning experience and practical application for STEM concepts.
- Expanding the access and the services of SCP's Customer Center. The Center is a 10,000 square foot customer service center in downtown Santa Rosa, which was completed in 2021. It is a community hub for getting help in lowering energy costs, education on home efficiency and retrofits, contractor networking and a place to learn about building electrification. The Center offers technical trainings to contractors and SCP customers in Spanish and English. These classes are free and include topics ranging from home electrification, energy storage, installation of innovative technologies and building controls. Technical courses are offered to a variety of tradespeople like HVAC professionals and general contractors to equip them with the skills needed to design, install, and maintain advanced energy technologies. The Customer Center also acts as an events space available to local groups to host meetings and events, connecting those communities with SCP's mission to combat the climate crisis.
- Continue to provide financial support to college students at Sonoma State University, Mendocino College and Santa Rosa Junior College.
- Continue to host 500+ high school students for trainings and workshops at the Customer Center and continue to host the Sonoma County Office of

Education's "Duck Curve Challenge" at the Customer Center for high school students.

## **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 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 focused on continuing to improve how we serve our low-income and disadvantaged communities while advancing our decarbonization and load flexibility impacts. Following direction from the Board in 2020 to increase our focus on equity, SCP developed a Programs Equity Framework in 2021. This framework was embedded in our Strategic Action Plan starting in 2022 to put action and timelines behind the Equity Framework. Equity is now embedded into all aspects of the agency's program design, implementation, and funding to ensure that equity work is a default behavior for all programs instead of a separate effort. This involves a comprehensive approach, encompassing the implementation of new initiatives and the strategic adjustment of existing programs based on insights from our equity work in Community Needs Assessments.

Community Needs Assessments are the first step in the Board approved Equity Framework. The purpose is to listen first and learn from the community to understand the underlying reasons or causes of issues, existing barriers, and types of resources that are already available to address issues. The Board of Directors approved funding for Community Needs Assessments in December 2022. The sectors covered are residential, commercial, agricultural, and transportation needs. The Community Needs Assessments for all sectors are scheduled to be complete in August 2024.

Historically, some of the equity work that has been done concurrent to the Community Needs Assessments based on demonstrated need are as follows:

- a. Adding alert options for GridSavvy Rewards that do not require any costs to customers to install smart devices or expensive equipment. This option is an accessible program for all, including renters. There is also an option to receive

alerts for customers that do not have internet, a cell phone, or sufficient cell service. Upon hearing a customer say they couldn't access GridSavvy Alerts because they didn't have a cell phone, the Programs team activated a system for alerts by landline the very next day. Without embedding the equity discussion into all our work including our Call Center, the customer would likely have been told that they could not participate in the program.

- b. Specifically targeting low-income customers and those living in vulnerable communities to financially benefit from GridSavvy Rewards with targeted marketing, successfully enrolling 3,446 to date. To date, 33% of GridSavvy Rewards sign-ups are from low-income households, almost double the percentage of registered low-income customers we have in our total customer base.
- c. Partnering with BayREN and providing support for four affordable housing projects, including work with the non-profit Burbank Housing, to support converting a 55-unit low-income housing complex to all-electric. SCP provided incentives for electrical panel upgrades and all-electric equipment.
- d. Partnering with Community Based Donation Partners to help spread the word to their trusted communities about programs that can benefit customers.
- e. Providing information to customers on federally and state funded programs that can help will energy bill relief and energy efficiency measures. SCP proactively reaches out to low-income customers who are behind on their bills to provide them with resources to help.
- f. Continuing to provide enhanced program incentives for income qualified customers.

Since SCP's customer programs seek to embed the agency's equity work into nearly all activities, it is impractical to specifically break out program spending on individual groups, such as workforce development, historically marginalized communities, low-income households, and other categories of SCP's adopted equity goals. However, it is reasonable to provide that approximately 25% of the total program budget for incentives will go to CARE and FERA low-income customers, vulnerable communities, affordable housing, and community-based organizations.

This proposed budget includes 1) the adaptation, scaling, and continuation of existing program efforts, 2) new programs to address emerging needs and opportunities, 3) strategic decisions to discontinue certain programs, 4) anticipation

of programs arising from the Community Needs Assessments, and 5) incentives for low-income or disadvantaged customers as a result of the Board's allocation of excess ratepayer collections (see more below).

Adaptation, scaling, and continuation of the following programs:

- The Multifamily Housing Electric Panel upgrades program, providing rebates for panel upgrades and now reserving Center incentives to multi-family affordable housing projects,
- The Workplace Charging Research Project, exploring solutions to bring more value to solar by shifting EV charging load to daytime hours when solar energy is abundant. This also provides a low-cost option for employees to charge their vehicles in the event they don't have access to an EV charger at home,
- Anticipated expansions of GridSavvy Rewards alerts to 13,000 customers in 2024 and 20,000 in 2025,
- The Non-profit EV program where SCP provides rebates for new or used electric vehicle to non-profit organizations,
- Working with local government agencies and non-profit organization to provide resources for EV chargers,
- Proactive outreach to customers about state and federally funded programs that can help them with bills and reducing their energy use,
- Targeting outreach to Mendocino with more resources,
- Continuing contractor outreach with developed partnerships, and
- The Commercial Energy Assistance Program where SCP provides free energy walk-throughs to recommend energy savings measures that can help small businesses save on electricity bills.

New program funding to address emerging needs and opportunities:

- Free Energy Savings Boxes focused on simple solutions to save on electricity bills for renters, multi-family homes, and low to moderate income customers.
- The E-bike commuter program to encourage clean commutes and provide organizations the ability to provide affordable transportation to their employees.



- Connecting EVs through GridSavvy Rewards through vehicle-based connections instead of EV chargers. This option can monitor customer charging behavior and state of charge for their batteries and can charge when it is most beneficial for the grid and for their rates.
- New efforts to bring Distributed Energy Resources (DERs) to low-income communities.
- Behind-the-meter battery optimization through GridSavvy Rewards to encourage people with idle battery storage systems to provide their resources to help grid reliability and reduce electricity costs for all customers. The incentives provided for this program were set to equal the amount of financial value they bring to SCP, such that other customers are not subsidizing the incentives for battery storage owners.
- Investigating the potential for thermal energy storage and load shifting in commercial cold storage and determining the financial value that brings to SCP's portfolio.

Strategic decisions to discontinue the following programs:

- The Sonoma Coast Incentive Project (CALeVIP), where SCP partnered with the state implementer to provide rebates for EV chargers and installation of public level 2 and fast chargers.
- The Self Generation Incentive Program where SCP provided upfront rebates to battery storage customers to expedite the time it took to receive their PG&E incentives. SCP then collected the PG&E incentives on the customer's behalf.
- The FLEXMarket program that paid incentives for commercial energy efficiency projects based on the actual metered savings. This program is funded by the CPUC Public Purpose Program and is in the measurement and verification stage and closed to new projects.
- The Advanced Energy Build program provides incentives for all-electric new construction residential projects. Some projects are still under construction, but it is closed to new applicants.

### Programs arising from the Community Needs Assessments:

SCP anticipates developing programs to address specific needs identified through Community Needs Assessments. These could include a focus on mobile home and low-income direct installs, alongside offerings tailored for commercial and industrial (C&I) sectors, agricultural communities, and low-income transportation solutions.

### Allocation of Excess Ratepayer Collections:

Finally, in November 2023, SCP's Board approved allocating 10% of excess ratepayer collections above SCP's reserve target toward incentives primarily geared toward low-income or vulnerable communities. This represents \$4.3 million in additional incentives for low-income and Empower Community programs over the next two years. This proposed budget seeks to confirm that commitment by targeting \$1.4 million of the spending in this fiscal year and \$2.9 million for the next fiscal year.

### **Other Uses**

Capital Outlay includes upgrades for the 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	Proposed Budget FY24-25	Forecast FY25-26	Forecast FY26-27	Forecast FY27-28
<b>REVENUES &amp; OTHER SOURCES</b>					
Electricity Sales <sup>1</sup> (net of allowance)	\$275,994,000	\$239,147,000	\$259,854,000	\$296,529,000	\$295,990,880
EverGreen Premium <sup>2</sup> (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
<b>Total Revenues</b>	<b>289,302,000</b>	<b>250,047,000</b>	<b>267,381,000</b>	<b>302,883,000</b>	<b>302,372,880</b>
<b>EXPENDITURES</b>					
<b>Product</b>					
Cost of Energy & Scheduling <sup>3</sup>	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
<b>Product Subtotal</b>	<b>190,130,000</b>	<b>225,256,000</b>	<b>267,602,000</b>	<b>271,483,000</b>	<b>270,053,880</b>
<b>Personnel</b>	<b>8,346,000</b>	<b>11,490,000</b>	<b>12,294,000</b>	<b>13,155,000</b>	<b>13,944,000</b>
<b>Energy Center, Mktg &amp; Comm</b>	<b>3,301,000</b>	<b>3,379,000</b>	<b>3,514,000</b>	<b>3,655,000</b>	<b>3,801,000</b>
<b>Customer Service</b>	<b>220,000</b>	<b>220,000</b>	<b>229,000</b>	<b>238,000</b>	<b>248,000</b>
<b>General &amp; Administration</b>	<b>1,515,000</b>	<b>1,832,000</b>	<b>1,905,000</b>	<b>1,981,000</b>	<b>2,060,000</b>
<b>Other Professional Services</b>					
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
<b>Other Professional Services Subtotal</b>	<b>2,088,000</b>	<b>2,002,000</b>	<b>2,064,000</b>	<b>2,129,000</b>	<b>2,196,000</b>
<b>Industry Memberships &amp; Dues</b>	<b>695,000</b>	<b>888,000</b>	<b>915,000</b>	<b>942,000</b>	<b>970,000</b>
<b>Programs</b>					
Program Implementation <sup>4</sup>	8,101,000	10,136,000	11,592,000	8,700,000	8,700,000
CEC Grant Program	1,712,000	-	-	-	-
<b>Programs Subtotal</b>	<b>9,813,000</b>	<b>10,136,000</b>	<b>11,592,000</b>	<b>8,700,000</b>	<b>8,700,000</b>
<b>Total Expenditures</b>	<b>216,108,000</b>	<b>255,203,000</b>	<b>300,115,000</b>	<b>302,283,000</b>	<b>301,972,880</b>
<b>Revenues Less Expenditures</b>	<b>73,194,000</b>	<b>(5,156,000)</b>	<b>(32,734,000)</b>	<b>600,000</b>	<b>400,000</b>
<b>OTHER USES</b>					
Capital Outlay	1,900,000	1,150,000	1,150,000	600,000	400,000
<b>Total Expenditures, Other Uses</b>	<b>218,008,000</b>	<b>256,353,000</b>	<b>301,265,000</b>	<b>302,883,000</b>	<b>302,372,880</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ 71,294,000</b>	<b>\$ (6,306,000)</b>	<b>\$ (33,884,000)</b>	<b>\$ -</b>	<b>\$ -</b>

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## Staff Report - Item 05

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

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

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

**Date:** May 2, 2024

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### PROGRAMS UPDATES

#### *COMMERCIAL NEEDS ASSESSMENT*

Following the direction of the Strategic Action Plan and Equity Framework to assess community needs, we are in the midst of a commercial customer needs assessment. As part of this assessment, we conducted an online survey of commercial customers in April. We received 102 responses. This survey aimed to understand their unique needs, the barriers preventing energy efficiency projects, and their prioritization of energy-related matters. Additionally, we asked about their awareness of energy topics, program participation, communication preferences, and overall perceptions of SCP.

Notably, we paid special attention to responses from businesses located in Environmental and Social Justice Communities (Empower Communities), which are census tracts identified by SCP as being most vulnerable to pollution, socioeconomic challenges, and affordability issues. By tracking these responses, we sought to identify commonalities and differences in survey feedback across our service territory.

The insights we received from this survey will be very important. They will help inform us of recommendations that will be presented to the Board later this year. This data-driven approach ensures that our strategies are inclusive, equitable, and aligned with the needs of all stakeholders, especially those in Empower Communities.

## GRIDSAVVY REWARDS PROGRAM UPDATE

GridSavvy Rewards pays customers to help SCP improve grid reliability by shifting electricity usage away from high demand times. Customers have flexibility in how they participate. Customers can receive alerts via email, text, or phone call and taking simple actions like delaying using large appliances and turning off unnecessary lights. Additionally, they can connect their eligible electric vehicle (EV) chargers, smart thermostats, and battery storage systems (coming soon).

To address summer peak demand, Alerts, EV chargers, and smart thermostats are active from May 1st to October 31st, annually.

### *Launch of the 2024 GridSavvy Rewards Season (May 1st - Oct 31st)*

The launch of the 2024 GridSavvy Rewards season for Alerts, EV chargers, and smart thermostats kicks off on May 1st!

### *Upcoming Promotions for Alerts*

We are currently promoting the opportunity to enroll in Alerts through GridSavvy Rewards. Our goal is to grow the program by an additional 6,000 customers over the 2024 event season. Important promotional dates are:

- March 26th - Full page ad in La Prensa
- April 1st & 12th - Letter mailed to ~ 46,000 CARE/FERA/EMPOWER customers
- April 7th - Full page ad in the Press Democrat
- April 8th - Email to residential customers ~ 150,000
- April 26th - Postcard

### *Updates for signing up for Alerts*

New customers enrolling in GridSavvy Rewards Alerts will receive a \$25 enrollment bonus check. Alternatively, as the Board suggested, SCP has provided the option to now donate the enrollment bonus to one of our Community Donation Partners (Children's Museum of Sonoma County, Circuit Rider, Conservation Works, Mendocino Land Trust, and The Climate Center).

We are excited for the 2024 event season, and we encourage all to share the opportunity within their networks.

For more information and to sign up for alerts, please visit [www.sonomacleanpower.org/earnrewards](http://www.sonomacleanpower.org/earnrewards)

## CUSTOMER SERVICE OUTREACH TO LOCAL BUSINESSES

Sonoma Clean Power's continued commitment to supporting our local businesses with clean, competitively priced power has attracted a number of local businesses who opted out of SCP years ago to return to our service in the first months of our tenth anniversary year.

Through the first few months of 2024, six large businesses, with a combined annual electrical load of 3,400 MWh, made the choice to opt back into SCP generation. That load represents the residential equivalent of 560 average homes.

Also, during those early months of the year, three large businesses chose EverGreen to power their businesses, comprising an annual increase in SCP's 100% local renewable service of 125 MWh. That's comparable to having 21 average homes opting into EverGreen. One of SCP's partners in fighting climate change, Switch Vehicles in Sebastopol, was one of those that made the choice of EverGreen!

## RECENT COMMUNITY EVENTS

SCP engaged with communities at events in Sonoma and Mendocino counties, including the NOYO Food Forest Earth Day Event in Fort Bragg where staff interacted with 150+ interested community members, the Round Valley Earth Day Event at the Round Valley Public Library in Covelo where staff had the opportunity to talk to approximately 150 event attendees and Petaluma's Butter and Egg Days Festival where SCP provided branded spatulas to booth visitors, as part of our "Serving Up Clean Energy Since 2014" theme.

### **Fort Bragg Event**





## Butter and Egg Days Festival in Petaluma



### INVESTMENTS

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

SCP maintains investments with two banks, the Sonoma County Treasury Investment Pool, and the California State Treasury's Local Agency Investment Fund. The bank funds are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized at 110% per California Government Code Section 16521. The summary below reflects year-to-date figures for the nine months ended March 31, 2024.



## Investment Summary

Nine Months Ended March 31, 2024

Investment Type	Avg. Balance	Interest Earned	Avg. Annual Percentage Yield
Money Market <sup>(1)</sup>	\$15,894,518	\$441,693	3.76%
Certificate of Deposit (CD) <sup>(1)</sup>	\$16,493,834	\$685,592	5.67%
Insured Cash Sweep (ICS) <sup>(2)</sup>	\$33,306,814	\$1,135,316	4.63%
Certificate of Deposit Account Registry Service (CDARS) <sup>(2)</sup>	\$55,411,396	\$2,162,135	5.32%
Local Agency Investment Fund (LAIF) <sup>(3)</sup>	\$21,106,606	\$644,152	4.13%
Sonoma County Treasury Investment Pool <sup>(3)</sup>	\$37,376,361	\$848,898	3.06%
<b>Total <sup>(4)</sup></b>	<b>\$179,589,529</b>	<b>\$5,917,785</b>	<b>4.47%</b>

Investment Location	Avg. Balance
Summit State Bank	\$41,312,231
River City Bank	\$79,794,330
Local Agency Investment Fund (LAIF) <sup>(3)</sup>	\$21,106,606
Sonoma County Treasury Investment Pool <sup>(3)</sup>	\$37,376,361
<b>Total <sup>(4)</sup></b>	<b>\$179,589,529</b>

*(1) Collateralized at 110% per California Government Code Section 16521*

*(2) Insured by the Federal Deposit Insurance Corporation (FDIC)*

*(3) Excludes fair market value adjustment from financial statements*

*(4) Excludes cash in non-interest-bearing accounts*

## UPCOMING MEETINGS

- Community Advisory Committee - May 16, 2024
- Board of Directors - June 6, 2024
- Community Advisory Committee - June 20, 2024
- Board of Directors - July 11, 2024

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## Staff Report - Item 06

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**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:** May 2, 2024

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### Requested Action

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

### Regulatory Updates

#### **CPUC Adopts Decision Potentially Excluding CCA Customers from Receiving Incentives**

On March 22nd, the California Public Utilities Commission adopted Decision D.24-03-071 which implemented Assembly Bill 209 and Modified the Self-Generation Incentive Program (SGIP). The underlying intent of these modifications - and directive from AB 209 - was to increase the amount of funding available for customers who seek to generate their own electricity by installing solar panels and battery storage devices. The SGIP was launched in 2001 to provide financial incentives for customers who installed rooftop solar systems to reduce their peak demand. Since then, it has undergone many significant revisions, such as modifying the eligible technologies, incentive amounts, payment structure, monitoring requirements, and eligible customers. This most recent Decision allocates \$280 million from the Greenhouse Gas Reduction Fund to the Self-Generation Incentive Program and adopts the following changes to the program:

- Expand eligibility for SGIP equity budget incentives to customers participating in California Alternate Rates for Energy, Family Electric Rate Assistance Program, and Energy Savings Assistance Program.

- Provide 50 percent upfront payments for solar and energy storage for eligible low-income household SGIP projects after confirming customer and project eligibility.
- Fund set-aside for customers living on tribal lands and enrolled members of California Tribes.
- Increase maximum storage incentive level for the Residential Solar and Storage Equity budget from \$.85/Wh to \$1.10/Wh.
- Transition Net Energy Metering 1.0 and 2.0 customers that apply for SGIP incentives to the Net Billing Tariff (NBT).
- Require all new SGIP incentive recipients to enroll in an SGIP approved qualified demand response program.

“Qualified demand response” programs are listed in an Appendix to the Decision. This list excludes every CCA program, as well as multiple utility programs. However, the Decision also provides some flexibility around this requirement. First, it charges IOU Program Administrators with the responsibility to submit Advice Letter filings to notify the Commission of new qualified demand response programs. In addition, it specifies that the same IOU Program Administrators of SGIP funds can exempt customers from this requirement if they do not have access to a “qualified” demand response program.

On March 26<sup>th</sup>, SCP and MCE staff met with Commissioner Houck to discuss this issue. Upon understanding the barrier the Decision erects, she stated that she did not think it was the intent of the Decision to exclude CCA customers from SGIP. She directed SCP staff to coordinate with Energy Division staff to seek guidance – ideally in writing – that could be provided to the IOU Program Administrators.

Most recently, on April 19<sup>th</sup>, a group of demand response aggregators submitting an Application for Rehearing of D. 24-03-071 on the grounds that it committed a legal error by excluding so many potential customers from SGIP. SCP staff are evaluating this filing and considering submitting a response in support to underscore the importance of this issue.

## **Legislative Updates**

Nearly all bills will have passed (or failed) in their policy committee hearings in the house of origin by early May. The next stops are the fiscal committee and then the

floor of the house of origin before they are sent over to the second house toward the end of the month. The Governor's "May Revise" budget plan will come out in early May, with more cuts expected.

On April 9, the D.C. Circuit Court of Appeals upheld California's authority to set its own vehicular air pollution and mileage standards in *Ohio v. EPA*. Should that authority be overturned, California would have to follow the less stringent federal standards and would also lose the ability to require that new vehicles be zero-emissions. This case now likely heads to the U.S. Supreme Court.

### **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. Sonoma Clean Power's support letter for this legislation is attached to this item. Sonoma Clean Power staff were also able to provide technical feedback to the author's office to clarify and strengthen the bill.

- **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 adding immunocompromization to the list of

health exemptions from previous legislation. The support position carries over from 2023.

- **SB 1014 (Dodd) - Wildfire risk management - Support**

Current law around wildfire risk reduction creates several perverse incentives for utilities that may not be in the best interest of ratepayers or California residents as a whole. For example, utilities are spending tens of billions of dollars to harden, underground, and fire-proof their equipment while the state is spending a fraction of that money on wildfire risk reduction and vegetation management overall, even though those investments deliver a significantly larger public benefit. Since all of this money is coming from the people (as ratepayers or taxpayers), it raises the question of whether California residents are getting the most value from these investments. An example of the problem is a future in which the electric grid is well-protected from igniting fires but communities are still exposed to extreme fire risk because other important measures were not funded.

SB 1014 would require more thoughtful planning and coordination around these questions - without prescribing a solution - under the guidance of the state Fire Marshal. Sonoma Clean Power's support letter for this legislation is attached below.

- **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 currently 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 or 2 individuals. Because eligibility for CARE/FERA 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 1165 (Padilla) - Transmission - Support**

Under current law, the “AB 205” process provides an expedited path to building clean energy by allowing the Energy Commission to serve as almost the sole siting and permitting authority for projects whose developers opt to use this option. While still very new, this process has shown a lot of potential.

SB 1165 would allow transmission developers to use a similar process in lieu of the current transmission approval process (which mainly takes place at the Public Utilities Commission). Granting this important option to transmission is expected to help speed up development of this urgently needed resource. Sonoma Clean Power staff shared technical amendments with the author’s office to make sure that this option is available to third-party transmission developers as well as investor-owned utilities, should the bill be enacted. Sonoma Clean Power’s support letter for this legislation is attached.

- **SB 1221 (Min) - Building Decarbonization - Support**

Would make numerous changes aimed at facilitating building decarbonization efforts where feasible, including reform of utilities’ “obligation to serve” natural gas requirements. Sonoma Clean Power’s support letter for this legislation is attached below.

Significant amendments are being negotiated at the time of writing that could change the scope of the bill.

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

This legislation, whose main supporter is 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, like the approach taken in AB 2891. 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. This legislation now looks unlikely to move forward in this legislative year.

### **Proposed Positions**

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

AB 2292 would delete a duplicative requirement that the Public Utilities Commission consider the cost-effectiveness of new transmission projects for a second time, after the Commission as well as the California Independent System Operator have already reviewed the cost-effectiveness of such projects earlier in the approval process. This small but important tweak should help speed up approvals of new transmission lines, which are critical to bringing more clean energy online in time to meet our ambitious climate goals.

- **AB 2666 (Boerner) - Investor-owned utility revenue - Support**

This straightforward bill would simply clarify that when an investor-owned electric or gas utility receives revenues in excess of its authorized rate of return, the Public Utilities Commission must require that utility to refund the excess revenues back to its customers. Unfortunately, while the current system is set up so that utilities ideally receive their authorized rate of return, the law is vague on what happens when they collect more than anticipated. This often has to do with the difference between a utility's forecasted costs and actual costs (which can be lower than anticipated).

A 2023 state audit found that utilities are routinely bringing in revenues well above their authorized rates of return. For example, San Diego Gas & Electric was found to have received revenues above its authorized rate of return in nine of the ten years surveyed. (Pacific Gas & Electric had a more even record of coming in above or below the authorized rate of return.) The audit also found that the Public Utilities Commission and CalAdvocates (public advocate's office) lack adequate processes



and procedures to prevent excessive revenue collection from taking place. AB 2666 would remove any incentive to collect excessive revenues by ensuring that any such collections are refunded to ratepayers in the subsequent calendar year.

- **AB 2891 (Friedman) - Virtual power plants - Support**

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.

AB 2891 would make it easier for electricity providers to use virtual power plants to provide meet their clean reliability needs in a manner that qualifies for official compliance obligations. Specifically, this legislation would require the Public Utilities Commission - in consultation with other relevant state agencies and power providers - to issue a series of technical requirements and load modification protocols that virtual power plants would need to meet to serve as a power-providing resource that "counts" toward various compliance obligations. This language is similar to what we would like to see in SB 1305 (Stern).

- **SB 1003 (Dodd) - Wildfire risk reduction - Support**

This bill would improve assessments of the cost-benefit ratio of wildfire risk reduction projects by incorporating consideration of how long these projects take to complete as well as their cost-effectiveness. Right now, utilities are often pursuing projects regardless of how long they might take to complete or what the impact to ratepayers might be. That also means that scarce dollars are spent on fewer, more expensive projects. This bill would ensure consideration of all relevant factors when making wildfire risk reduction investments - not just what is best for the utility.

- **SB 1006 (Padilla) - Grid-enhancing technologies - Support**

Grid-enhancing technologies (GETs) have significant potential to help increase the capacity of existing transmission lines, which would allow more clean energy to be interconnected to the grid and delivered to customers. For example, reconductoring an existing transmission line with more advanced conductors could increase a line's capacity while saving ratepayers significant amounts of money by allowing cleaner,

cheaper power to come to market. SB 1006 would require investor-owned transmission utilities to develop strategic plans to deploy GETs in a more programmatic way.

Sonoma Clean Power staff has shared feedback with the author's office that the bill would be most effective if it also looked at ways to improve the California Independent System Operator's Transmission Planning Process. Right now, that process takes a very rigid, prescriptive view of what technologies will be available and when. There is little recognition of the value that adding optionality and flexibility to the transmission system could provide over the long term, given the potential emergence of new technologies that could lower cost (or the risk of expected technologies falling through). As a result, GETs that add more optionality to the system and could provide significant value to ratepayers as well as the climate are often discounted under the current procedure.

### **Watch List**

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

Would request that the California Council on Science and Technology prepare a written analysis of any legislation imposing a mandated program or requirement on investor-owned electric utilities or their customers, when asked to do so by the Legislature. This is somewhat similar to 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. It now seems unlikely that AB 1999 will move forward this legislative year.

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 it 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 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 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, for which significant amendments are anticipated, 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 1177 (Bradford) - Equitable procurement - Watch**

This bill would update reporting requirements applied to all entities subject to Public Utilities Commission jurisdiction, including CCAs, around diversity in the businesses they contract with and procure from.

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

Would require investor-owned utilities to increase transparency around their processes and fees to interconnect new housing to the grid.

- **SB 1298 (Cortese) - Backup generation - Watch**

Authorizes the Energy Commission to exempt large-scale diesel backup generators used at data centers from certain siting and permitting processes, assuming that the Commission finds that there will be no substantial negative effect on the environment.

- **SB 1497 (Menjivar) - Polluting entities - Watch**

Known as the Polluters Pay Climate Cost Recovery Act of 2024, this bill would require fossil fuel companies to pay the state for damages caused by their products from the period 2000-2020.

### **State Budget & Potential Climate Bond**

Governor Newsom released his initial proposed 2024-25 state budget on January 10, and will release an updated plan - the "May Revise" - in early May. This will be heavily negotiated with the Legislature 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, which was much smaller than what the Legislative Analyst's Office has projected. Anticipating a smaller deficit in the initial budget plan is a common tactic to slowly introduce budget cuts in a staggered way in order to blunt the political impact. 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 state's revenue outlook is still consistent with a very significant deficit, meaning that the May Revise will likely contain further cuts to key programs. In mid-April, the Legislature passed and the Governor signed roughly \$17 billion in deficit-reducing measures (a mix of new revenue, spending cuts, and more) to begin tackling this issue.

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 all of these bonds may have dimmed recently. 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.

### **Attachments**

- Attachment 1 - March 28, 2024, Letter - Re: Support for AB 3256 (Irwin)
- Attachment 2 - April 10, 2024, Letter - Re: Support for SB 1014 (Dodd)
- Attachment 3 - April 10, 2024, Letter - Re: Support for SB 1130 (Bradford)
- Attachment 4 - April 10, 2024, Letter - Re: Support for SB 1165 (Padilla)
- Attachment 5 - April 10, 2024, Letter - Re: Support for SB 1221 (Min)
- Attachment 6 - April 10, 2024, Letter - Re: Oppose Unless Amended SB 1305 (Stern)



P.O. Box 1030, Santa Rosa, CA 95402

March 28, 2024

The Honorable Jacqui Irwin  
Assemblymember, District 42  
1021 O Street, Room 6220  
Sacramento, CA 95814

**Re: Support for AB 3256**

Dear Assemblymember Irwin:

I write in strong support of Assembly Bill 3256, which will greatly improve transparency and accountability around investor-owned utility spending.

The number, size, and scope of memorandum and balancing accounts subject to Public Utilities Commission jurisdiction have grown significantly in recent years, with minimal oversight. This has led to significant ratepayer impacts, including to those ratepayers served by Sonoma Clean Power.

At a time of rapid growth in utility rates, the state of California needs to explore all possible avenues to keep costs contained where feasible. AB 3256 is a common-sense measure that will impose a basic level of accountability on some of the biggest drivers of utility rates today.

Again, we strongly support AB 3256. Please direct any questions or correspondence to Miles Horton on our team at [mhorton@sonomacleanpower.org](mailto:mhorton@sonomacleanpower.org) or (707) 757-1444.

Thank you for your leadership.

Sincerely,

A handwritten signature in black ink, appearing to read "Geof Syphers".

Geof Syphers  
Chief Executive Officer



# Sonoma Clean Power

P.O. Box 1030, Santa Rosa, CA 95402

April 10, 2024

The Honorable Bill Dodd  
Member of the Senate  
1021 O Street, Suite 7610  
Sacramento, CA 95814

**Re: SB 1014: Support**

Dear Senator Dodd,

Sonoma Clean Power (SCP) is pleased to support SB 1014, which will promote a more thoughtful approach to wildfire risk management in California. This long-overdue bill will ensure that already burdened taxpayers and electric ratepayers get the most “bang for their buck” when paying for urgently needed wildfire safety investments.

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

Again, SCP is pleased to support SB 1014 and appreciates your commitment to tackling our ongoing wildfire risk crisis. Should you or your staff have any questions or wish to discuss further, please do not hesitate to contact me directly or reach out to our lobbyist Kate Brandenburg at [kate@brandenburglobby.com](mailto:kate@brandenburglobby.com).

Thank you for your leadership on this important issue.

Sincerely,



Geof Syphers  
Chief Executive Officer





P.O. Box 1030, Santa Rosa, CA 95402

April 10, 2024

The Honorable Steven Bradford  
Member of the Senate  
1021 O Street, Suite 7210  
Sacramento, CA 95814

**Re: SB 1130: Support**

Dear Senator Bradford:

Sonoma Clean Power (SCP) is pleased to support SB 1130, which will expand eligibility for the Family Electric Rate Assistance program (FERA) by eliminating the requirement that a household consist of three or more persons and require electrical corporations to report on program enrollment. The California Public Utilities Commission reported the FERA enrollment participation rates are significantly lower than those in the California Alternate Rates for Energy (CARE) program. SCP believes that, in a time of rising electricity costs, it is critical to ensure that as many households as possible are able to participate in the FERA program.

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Sonoma Clean Power is pleased to support SB 1130 and appreciates your commitment to California ratepayers. Should you or your staff have any questions or wish to discuss further, please do not hesitate to contact me directly or reach out to our lobbyist Kate Brandenburg at [kate@brandenburglobby.com](mailto:kate@brandenburglobby.com).

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Geof Syphers", enclosed within a simple black oval.

Geof Syphers  
Chief Executive Officer



# Sonoma Clean Power

P.O. Box 1030, Santa Rosa, CA 95402

April 10, 2024

The Honorable Steve Padilla  
Member of the Senate  
1021 O Street, Suite 6640  
Sacramento, CA 95814

**Re: SB 1165: Support**

Dear Senator Padilla,

Sonoma Clean Power (SCP) is pleased to support SB 1165, which will help address the greatest threat to the continued buildout of clean energy resources here in California: lack of transmission capacity. This thoughtful legislation will ensure faster review of urgently needed projects to help bring new renewable energy to market as quickly as possible.

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Again, SCP is pleased to support SB 1165 and appreciates your commitment to California's clean energy future. Should you or your staff have any questions or wish to discuss further, please do not hesitate to contact me directly or reach out to our lobbyist Kate Brandenburg at [kate@brandenburglobby.com](mailto:kate@brandenburglobby.com).

Thank you for your leadership on this important issue.

Sincerely,



Geof Syphers  
Chief Executive Officer



P.O. Box 1030, Santa Rosa, CA 95402

April 10, 2024

The Honorable Dave Min  
Member of the Senate  
1021 O Street, Suite 6710  
Sacramento, CA 95814

**Re: SB 1221: Support**

Dear Senator Min,

Sonoma Clean Power (SCP) is pleased to support SB 1221, which reforms gas utilities' "obligation to serve" customers and requires the California Public Utilities Commission (CPUC) to adopt a planning process for evaluating zero-emission alternatives (ZEA) to gas pipeline replacement projects. SB 1221 encourages investor-owned utilities to pursue cost-effective ZEA pilot projects with strong equity and labor benefits, while creating transparency in the CPUC's Long-Term Gas Planning Rulemaking process.

Recently, the CPUC released a gas transition white paper outlining how the CPUC, California Air Resources Board, and the California Energy Commission will collaborate in a long-term plan to transition California away from natural gas and move toward ZEA sources for heating, cooling, and other energy needs. SB 1221 is a logical and important next step. While we strongly support SB 1221, we do believe that the legislation could benefit from clarification on two important (and interrelated) issues:

- The bill is slightly unclear as to how a utility's savings from not replacing aging gas infrastructure will be transferred to consumers to support the installation of electric appliances.
- Similarly, the bill could be clarified to confirm when the enumerated labor standards would apply vis a vis the installation of customer-sited electric appliances. For example, would a skilled and trained workforce be required to install a customer's electric oven that has been financed by gas utility cost savings?

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

Sonoma Clean Power is pleased to support SB 1221 and appreciate your commitment to tackling our climate crisis while protecting disadvantaged communities and California ratepayers. Should you or your staff have any questions or wish to discuss further, please do not hesitate to contact me directly or reach out to our lobbyist Kate Brandenburg at [kate@brandenburglobby.com](mailto:kate@brandenburglobby.com).

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Geof Syphers", written over a light blue circular stamp.

Geof Syphers  
Chief Executive Officer



P.O. Box 1030, Santa Rosa, CA 95402

April 10, 2024

The Honorable Henry Stern  
Member of the Senate  
1021 O Street, Suite 7710  
Sacramento, CA 95814

**Re: SB 1305: Oppose Unless Amended**

Dear Senator Stern,

Sonoma Clean Power must respectfully oppose SB 1305 unless several amendments are taken. Most notably, we urge removal of the virtual power plant procurement mandate on electrical corporations.

Sonoma Clean Power strongly supports the use of virtual power plants, which are becoming an increasingly important tool for load-serving entities across California. One of the most successful virtual power plants in the state is Sonoma Clean Power's GridSavvy program. We appreciate and support SB 1305's intent to encourage the continued growth of this sector, although we would request modifications to the definition of "virtual power plant" as used in the legislation to more clearly reflect that a virtual power plant could use behavioral modifications and demand response as well as customer-sited batteries or other equipment.

Unfortunately, however, we must strongly oppose SB 1305's mandate that electrical corporations procure an increasing percentage of their resource adequacy from virtual power plants, for several reasons. First, the rules for qualifying demand response programs for resource adequacy are still unfinished, and mandating procurement of a resource that is not clearly defined is premature. Second, SB 1305 would drive up rates by requiring the use of one specific solution to peak load reduction challenges, even when that may not be the most cost-effective solution. Finally, although the mandate does not explicitly apply to Community Choice Aggregators (CCAs) like Sonoma Clean Power, any mandate on electrical corporations will likely either be applied to CCAs in implementation regardless or at the very least impose a new cost on CCA customers via non-bypassable charge or other mechanism. This threatens our ability as a local agency to make the best power procurement decisions possible on behalf of our community, and, therefore, we must strongly oppose the inclusion of this mandate.

SB 1305 would be significantly improved were it amended to focus on clarifying 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 – along with associated clarifications – could help load-serving entities like Sonoma Clean Power use virtual power plants most effectively. Should you or your staff have any questions or wish to discuss further, please do not hesitate to contact me directly or reach out to our lobbyist Kate Brandenburg at [kate@brandenburglobby.com](mailto:kate@brandenburglobby.com).

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Geof Syphers", enclosed in a simple black oval.

Geof Syphers  
Chief Executive Officer