



**AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 6, 2024, 9:00 A.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE JUNE 6, 2024, MEETING AT ANY OF THE LOCATIONS SHOWN BELOW.

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

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

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

Webinar link: <https://us06web.zoom.us/j/88546704126>

Telephone number: 1 (669) 444-9171

Meeting ID: 885 4670 4126

How to Submit Public Comment:

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

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

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 757-9417, or by email at meetings@sonomacleanpower.org as soon as possible to ensure arrangements for accommodation.

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

Staff recommendations are guidelines to the Board. On any item, the Board may take action which varies from that recommended by staff.

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

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve May 2, 2024, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute a Professional Services Agreement with ReconMR, LLC with an Amount Not-to-Exceed \$926,046 for a Three-Year Research Contract (Staff Recommendation: Approve) **pg. 9**
3. Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute a Professional Services Agreement with Studio PR LLC with an Amount Not-to-Exceed \$350,000 for a Three-Year Public Relations Contract (Staff Recommendation: Approve) **pg. 13**
4. Approve and Delegate Authority to the CEO or Designee to Execute a First Amendment to the Agreement for Professional Services with Maher Accountancy to add \$292,800 for an Amount Not-to-Exceed \$742,800, through June 30, 2025 (Staff Recommendation: Approve) **pg. 15**

BOARD OF DIRECTORS REGULAR CALENDAR

5. Receive Nominations and Appoint Community Advisory Committee Members to Fill Vacancies (Staff Recommendation: Approve) **pg. 17**
6. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 21**
7. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate (Staff Recommendation: Approve) **pg. 43**
8. Receive Mobility & Transportation Community Needs Assessment Final Report (Staff Recommendation: Receive and File) **pg. 61**
9. Approve and Delegate Authority to the Chief Executive Officer or Designee to Finalize Terms and Execute Agreements with Princeton University for a Contract Total of \$350,000 and First Principles Advisory LLC for a Contract Total of \$75,000 for the Transmission Planning Under Uncertainty Project (Staff Recommendation: Approve) **pg. 73**
10. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 85**
11. Receive and Provide Feedback on Funding Opportunity for GridSavvy Rewards (Staff Recommendation: Receive and File) **pg. 91**

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 not 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, MAY 2, 2024
4:00 P.M.**

CALL TO ORDER

(4:02 p.m. - Video Time Stamp: 00:02:21)

Vice Chair Barnacle called the meeting to order.

Board Members present: Vice Chair Barnacle, Directors Lemus, Elward, Zollman, Farrar-Rivas, Fudge, Gjerde, and Alternate Director Gorin. Directors Lands, Rogers, and Strong were absent.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Kimberly Beltran, Technical Programs Manager; Carolyn Glanton, Program Operations Manager; and Miles Horton, Legislative Policy and Community Engagement Manager.

BOARD OF DIRECTORS CONSENT CALENDAR

(4:03 p.m. - Video Time Stamp: 00:03:15)

1. Approve April 4, 2024, Draft Board of Directors Meeting Minutes
2. Receive Geothermal Opportunity Zone Update
3. Approve Update to Board Policy on Records Retention, Policy D.2
4. Approve the Proposed Annual Budget for Fiscal Year 2024-2025

4:04 p.m. *Director Gjerde joined the meeting.*

Public Comment: None

Motion to approve the April 4, 2024, Board of Directors Consent Calendar by Director Farrar-Rivas

Second: Director Elward

AYES: Lemus, Barnacle, Elward, Zollman, Farrar-Rivas, Fudge, Gjerde, Gorin

ABSENT: Lands, Rogers, Strong

BOARD OF DIRECTORS REGULAR CALENDAR

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

(4:05 p.m. - Video Time Stamp: 00:05:27)

Stephanie Reynolds, Director of Internal Operations, introduced Carolyn Glanton, Programs Operations Manager, to give an update on the community needs assessment and SCP's equity framework. Ms. Glanton explained that SCP is conducting a commercial customer survey as part of the commercial customer community needs assessment, and that this data is needed to better understand SCP's customer needs and will inform programs in the future.

Director Lemus asked how SCP determines what communities to survey and Ms. Glanton responded that SCP uses local data sets which she would forward to the Board of Directors (Board). Alternate Director Gorin added that SCP should work with the Local Agency Formation Commission (LAFCO) because they have local census data blocks. Director Lemus also asked if the area data that SCP collected could be shared with the Board. Director Farrar-Rivas mentioned she was on an advisory committee for the County of Sonoma Human Services, and they are doing a study on an aging and a disability action plan, and she encouraged SCP to connect with that department.

Director Reynolds then introduced Kimberly Beltran, Technical Programs Manager who gave an update on SCP's GridSavvy Rewards Program. Ms. Betran explained that the GridSavvy Rewards Alerts sign-up incentive runs through October 2024 and SCP's goal is to reach 13,000 enrolled customers, which would be up from 9,000 current enrollments. Ms. Beltran mentioned that SCP had held community meetings in Fort Bragg and attended an Earth Day event in Round Valley.

Vice Chair Barnacle asked what the percentage of customers were receiving GridSavvy alerts in Spanish and Ms. Beltran said she would get the Board this information.

Director Reynolds gave a brief update on SCP's investments and financial information. Geof Syphers, CEO, announced that SCP would be holding its Local Artist Showcase on June 6, 2024, from 3 p.m. to 6 p.m. and invited the

Board and public to attend. CEO Syphers then explained the Advanced Energy Center's transformation into the Customer Center, and he invited the Board to point people to the Customer Center for any of their SCP needs. Director Farrar-Rivas discussed the Bring Your Bill Day in Sonoma and asked how the Customer Center could incorporate this.

Public Comment: None

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

(4:28 p.m. - Video Time Stamp: 00:28:37)

Neal Reardon, Director of Regulatory Affairs, gave a regulatory update and discussed the California Public Utilities Commission (CPUC) decision on self-generation program incentives and demand response programs and stated that SCP planned on providing support comments for the rationale. Alternate Director Gorin asked if SCP was confident that the decision would be amended, and Director Reardon expressed optimism because all parties' goals were aligned. Director Reardon then discussed PG&E's application for a Pacific Generation spinoff and stated that the decision had been postponed a week and at that time PG&E had put out a press release promoting the sale.

Miles Horton, Legislative Policy and Community Engagement Manager, then gave a legislative update. He mentioned that the environmentalists had won in the D.C. Court of Appeals in the *Ohio v. EPA* case, but the case would likely continue to be appealed. He then declared victory in defeating SB 1305 (Stern - virtual power plants), which SCP had opposed because it would have obligated a specific technology solution to a very broad problem and removed some of SCP's authority to select clean resources. Mr. Horton also provided updates on bills SCP either supports or opposes, including AB 2891 (Friedman - virtual power plants - support), AB 2292 (Petrie-Norris - transmission - support), SB 1006 (Padilla - grid-enhancing technologies - support), AB 2666 (Boerner - investor-owned utility revenues - support), and SB 1003 (Dodd wildfire risk reduction - support). He discussed in greater detail AB 1999 (Irwin), which would greatly limit the Income Graduated Fixed Charge, and said SCP was watching it closely. Finally, he provided an update on the Governor's revised budget which would be out on May 13, 2024.

Vice Chair Barnacle asked if SCP was worried that energy efficiency and electrification funding would continue to be eroded and CEO Syphers answered that is a concern.

Public Comment: None

Motion to Approve Sonoma Clean Power Authority's Legislative Positions by Director Zollman

Second: Director Fudge

AYES: Lemus, Barnacle, Elward, Zollman, Farrar-Rivas, Fudge, Gjerde, Gorin

ABSENT: Lands, Rogers, Strong

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

(4:58 p.m. - Video Time Stamp: 00:58:28)

Director Farrar-Rivas announced that Sonoma would be holding a Pride festival and that she had attended a Climate Reality Project event in New York.

Director Fudge announced Windsor would be holding a Repair Fair. Vice Chair Barnacle announced that Petaluma would be holding a monster truck event. Director Lemus announced the Cinco de Mayo event in Roseland.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(5:01 p.m. - Video Time Stamp: 01:00:57)

Public Comment: None

ADJOURN

(5:01 p.m. - Video Time Stamp: 01:01:48)

The meeting was adjourned by unanimous consent.



Staff Report - Item 02

To: Sonoma Clean Power Authority Board of Directors
From: Kate Kelly, Director of Public Relations & Marketing
Issue: Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute a Professional Services Agreement with ReconMR, LLC with an Amount Not-to-Exceed \$926,046 for a Three-Year Research Contract
Date: June 6, 2024

Recommended Action

Staff requests that the Board of Directors delegate authority to the CEO or Designee to execute a contract with ReconMR, LLC (ReconMR) with a not-to-exceed amount of \$926,046 for a three-year research contract to include the annual brand awareness survey, customer operational performance satisfactions surveys, and focus group research to provide Sonoma Clean Power (SCP) with key customer insights and recommendations.

The Professional Services Agreement (Attachment 1) contains the scope of work for research efforts.

Background

Sonoma Clean Power has been working with Hiner and Partners, Inc. (HPI), a market research and public opinion firm, since 2020, beginning with residential focus groups. Originally, HPI was recommended to SCP by Peninsula Clean Energy and is now working with a handful of fellow CCAs, creating the opportunity for SCP to compare against its peers using like methodologies. In late 2023, HPI was acquired by ReconMR. HPI staff were retained, and SCP continues to work with the same research team. HPI staff and ReconMR have extensive experience in the utility space, including working with all three California investor-owned utilities. In 2022 and 2023, SCP contracted with HPI and in 2024 with ReconMR to conduct a study in Sonoma and Mendocino Counties to monitor the awareness and familiarity of SCP among customers and non-customers. Key research findings in 2023 included 42 percent SCP unaided awareness and 72 percent awareness when aided. Staff plans to repeat

this brand awareness survey annually to monitor progress in supporting customers in trimming energy bills and ending their reliance on fossil fuels.

In 2023, SCP began a new research effort with HPI and is continuing now with ReconMR. Staff recommends expanding research to include a monthly measurement of customer satisfaction and overall experience and service levels by monitoring various interactions with customers. This new research effort will allow SCP to monitor customer experiences with key interactions which comprise SCP's operational plan for pre-selected touchpoints including the SCP website, contact center, customer program sign-up process, and commercial account management. The operational plan includes the slate of experiences SCP managers have designed. This new, ongoing research effort will report how often customers fail to experience what was intended, and the impact such failures have on satisfaction with that touchpoint. This additional detail will help diagnose the reasons for areas of opportunity to improve and maintain customer satisfaction. SCP receives information monthly via a live dashboard, leading to the development of quarterly and yearly comparative analyses.

In December 2023, SCP partnered with ReconMR to administer focus group research for the Energy Savings Box program and were pleased with the partnership and associated research findings.

Discussion

Staff recommends that this three-year contract be approved so that the Brand Awareness, Customer Operations, and focus group research can be administered each year to track progress toward educating customers in general, including specific demographic groups, in an effort to improve and maintain customer satisfaction levels, and gain additional feedback from customers regarding offers and incentives. The results each year will show progress made in making more customers aware of Sonoma Clean Power, what SCP does, how electricity delivery works, gaining their interest and then converting interest to action.

Because of the positive experience SCP had working with HPI and now with ReconMR and the satisfactory work performed to date, SCP wishes to continue working with ReconMR for market research, transactional survey instruments, and focus group research.

Community Advisory Committee Review

The Community Advisory Committee reviewed the proposed contract at their May 16, 2024, meeting and recommended the Board of Directors approve and delegate authority to the CEO or Designee to execute the contract.

Fiscal Impact

The proposed contract has a not-to-exceed amount of \$926,046 over a three-year period. Funds for this research effort are contained in the Marketing budget.

Attachments

- Attachment 1 - Draft Professional Services Agreement with ReconMR and Scope of Services (Exhibit A) for a three-year research contract is available at [this link](#) or by request to the Clerk of the Board.

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Staff Report - Item 03

To: Sonoma Clean Power Authority Board of Directors
From: Kate Kelly, Director of Public Relations & Marketing
Issue: Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute a Professional Services Agreement with Studio PR LLC with an Amount Not-To-Exceed \$350,000 for a Three-Year Public Relations Contract
Date: June 6, 2024

Recommended Action

Staff requests the Board of Directors approve and delegate authority to the CEO to execute a contract with Studio PR LLC (Attachment 1) with a not-to-exceed amount of \$350,000 for a three-year public relations contract to include press release writing, distribution, and reporter follow-up, interview coordination and preparation, event publicity, media list development and updating, assisting with identifying byline/Op-ed opportunities (includes writing, pitching and placing) and developing and maintaining a list of editorial calendar opportunities and pitch SCP as appropriate.

Background

Sonoma Clean Power has been working with Studio PR LLC (Studio PR) on public and media relations for several years. Since partnering with Studio PR, SCP has seen an increase in press coverage, and improved media relations, including placement of several key op/eds on key topics for our industry.

Discussion

Staff recommends that this three-year contract be approved to continue SCP's favorable public and media relations programs.

Community Advisory Committee Review

The Community Advisory Committee reviewed the proposed contract at their May 16, 2024 meeting and recommended the Board of Directors approve and delegate authority to the CEO or Designee to execute the contract.

Fiscal Impact

The proposed contract has a not-to-exceed amount of \$350,000 over a three-year period. Funds for this contract are contained in the Marketing budget.

Attachments

- Attachment 1 - Professional Services Agreement with Studio PR LLC and Scope of Services (Exhibit A) for a three-year public relations contract is available at [this link](#) or by request to the Clerk of the Board.



Staff Report - Item 04

To: Sonoma Clean Power Authority Board of Directors

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

Issue: Approve and Delegate Authority to the CEO or Designee to Execute a First Amendment to the Agreement for Professional Services with Maher Accountancy to add \$292,800 for an Amount Not-to-Exceed \$742,800, through June 30, 2025.

Date: June 6, 2024

Recommendation

Approve and delegate authority to the CEO or designee to execute an amendment to the agreement for professional services with Maher Accountancy (Maher), for general accounting services. This amendment would extend the current contract for a period of one year, through June 30, 2025, adding \$292,800 for services during that period and increasing the contract not-to-exceed amount to \$742,800.

Background

Maher Accountancy has been SCP's primary accountant since 2013, with several prior contracts and extension amendments for services.

Maher has been a key partner in SCP's operations since our formation. They perform general accounting services and have been instrumental in financial risk management, budgeting, contract tracking, payroll, invoice processing and other operational processes. SCP contracts with a separate accounting firm for our annual fiscal-year independent audits.

Community Advisory Committee Review

The Community Advisory Committee voted unanimously to approve this First Amendment as part of the Consent Calendar at the May 16, 2024, meeting.

Discussion

As the accounting services specific to CCAs are critical to a successful organization, staff recommend continuation of our working relationship with Maher. Maher has expanded their team over the last several years to provide services to several CCAs across the state and are familiar with the scope and breadth of the accounting needs of SCP. They work well with our team and have achieved clean outside audits every year since 2013. The current scope of work will not be amended. The fee schedule has been adjusted for inflation and an increase in workload due to SCP programs load (accounting, bill payments, rebate check processing, etc.)

As SCP is currently in the process of recruiting and potentially hiring a Chief Financial Officer (CFO), a one-year extension to the current service contract would allow the CFO input and control on future accounting contracts entered by SCP.

Fiscal Impact

The costs for accounting services, including annual audits, are included in the approved 2024-2025 Fiscal Year Budget.

Attachments

- Attachment 1- Draft First Amendment to Agreement for Professional Services, available at [this link](#) or by request to the Clerk of the Board
- Attachment 2 - Current Agreement for Professional Services between SCP and Maher Accountancy (expires 6/30/2024), available at [this link](#) or by request to the Clerk of the Board

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, CEO
Issue: Receive Nominations and Appoint Community Advisory Committee Members to Fill Vacancies
Date: June 6, 2024

Recommendation

Receive nominations and approve the appointment of up to three members to the Community Advisory Committee (Committee) to fill current vacancies.

Background

Sonoma Clean Power's Third Amended JPA establishes guidelines and terms for the Committee. Under section 4.5.1 of the JPA, the Committee is to consist of a minimum of seven and a maximum of eleven members. Because there are three vacant seats, the Board may appoint up to three members to the Committee.

Appointees to the Committee serve four-year terms, and there currently are three vacant seats on the Committee with terms that run through the end of 2025.

At the August 3, 2023, Board meeting, an ad hoc committee consisting of Directors Elward, Gjerde, Farrar-Rivas and Rogers was appointed to review applications and make recommendations to the full Board.

Discussion

19 total applications were received by the deadline (14 new applications and 5 from the six existing committee members for reappointment). On October 20, 2023, the ad hoc committee of the Board met with staff to review all the applications.

At this time, there are three vacancies on the Committee. The three Committee members that have departed vacated positions due to personal time constraints and moving out of the area. Staff have reviewed past applicant submissions for candidates that were interviewed by the Ad Hoc Committee, and will ask the

Committee to make a recommendation in the Board meeting to fill one or more vacancies with the terms unchanged -- through the end of 2025.

Attachments

- Attachment 1 - Community Advisory Committee 2024 Members



Community Advisory
Committee 2024
Members and Terms

<u>NAME</u>	<u>SIGNED OATH</u>	<u>TERM</u>	<u>TERM ENDS</u>
1. Dick Dowd	September 29, 2014	4-year term	End of 2025
2. Mike Nicholls	February 16, 2016	4-year term	End of 2027
3. Patricia Morris	January 23, 2020	4-year term	End of 2025
4. Spencer Lipp	January 20, 2022	4-year term	End of 2027
5. Jeff Kelly	January 16, 2018	4-year term	End of 2025
6. Jana Wang	February 15, 2024	4-year term	End of 2027
7. Daniel Soto	February 15, 2024	4-year term	End of 2027
8. Liz Hagen	February 15, 2024	4-year term	End of 2027
9. VACANT		4-year term	End of 2025
10. VACANT		4-year term	End of 2025
11. VACANT		4-year term	End of 2025

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Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directors

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

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

Date: June 6, 2024

PROGRAMS UPDATES

ELECTRIC VEHICLE CHARGER INCENTIVES

Since 2016, SCP has provided over 5,000 free and discounted level 2 electric vehicle (EV) chargers to our customers as part of a larger effort to promote EVs and remove barriers to adoption. Market trends have changed since 2016. The California Energy Commission reports that 25% of new vehicles sold in California in 2023 are electric. Manufacturers and dealers often include a level 2 charger with the purchase of the vehicle. This trend indicates that no further efforts by SCP are needed for general market transformation and that SCP can redirect funding to areas where it is more valuable.

Following the Board's direction on ensuring equity in programs, staff analyzed participation and discovered less than 3% of the customers who received a free or discounted EV charger are enrolled in CARE/FERA, the monthly discount for income-qualified households. Recognizing the need to focus efforts on improving access to EV charging for our income-qualified customers, SCP investigated an EV charger program specifically for these customers. However, PG&E is currently providing a program called Empower EV, which offers income-eligible households a free level 2 EV charger and up to \$2,000 to provide panel upgrades to accommodate the new equipment when needed. Instead of duplicating efforts already available through PG&E and to our customers, we are encouraging customers to take advantage of this program.

Although discounted EV chargers will no longer be available through SCP, all customers can still participate in SCP's demand response program. Customers with enrolled chargers in GridSavvy Rewards will continue to earn the \$5/month bill credit.

Staff are focusing on more impactful initiatives to support equitable transportation electrification, applying lessons learned from this past program, along with the forthcoming Transportation & Mobility Needs Assessment recommendations. This decision underscores the Board's dedication to aligning offers and incentives to customer needs and promoting equity. Ongoing efforts to support EV adoption include a workplace charging research project, daily managed EV charging to reduce customer costs and impact on the grid, expanding public chargers in rural areas, and offering non-profits incentives up to \$22,500 for EV purchases or leases.

COMMUNITY NEEDS ASSESSMENTS STATUS UPDATE

Following the Board's direction and the Strategic Action Plan & Equity Framework, we have been assessing the needs of our community across four key areas: agriculture energy use, transportation & mobility, residential energy use & resiliency, and commercial energy use & resiliency. These assessments are progressing through different stages of completion.

The agricultural needs assessment was finalized in 2023, and its findings and recommendations were shared with the Community Advisory Committee and the Board of Directors in March 2024.

The transportation & mobility needs assessment recently concluded. The findings and recommendations are included in this packet as a separate item.

The residential and commercial assessments are scheduled to be completed by summer. Once finalized, a report will be shared with the Community Advisory Committee and Board of Directors.

CLIMATE ACTION NIGHT

SCP Programs Team staff participated in the 5th annual Climate Action Night, a collaborative event hosted by Santa Rosa Junior College aimed at educating the community on current legislation and local campaigns related to climate change, climate justice, and sustainability. The event, which took place on April 25th, involved over 70 students from Sonoma County high schools, Sonoma State University, and Santa Rosa Junior College. Staff provided mentorship to two groups from Analy High School, assisting them in researching and presenting SCP's campaign to electrify

transportation and enhance building efficiency. The students also learned about SB755. This legislation aims to simplify the application process for residential energy programs, benefiting low-income families and supporting the climate transition. By engaging with high school and college student groups, SCP staff contributed to empowering the community with actionable insights and solutions to address climate challenges effectively.

PARTICIPATION RATES

COUNTY	Eligible	SCP	% Part.	% Opt Out
MENDOCINO	38,235	30,028	78.5%	21.5%
FORT BRAGG INC	4,070	3,385	83.2%	16.8%
POINT ARENA INC	343	292	85.1%	14.9%
UNINC MENDOCINO CO	31,082	24,211	77.9%	22.1%
WILLITS INC	2,740	2,140	78.1%	21.9%
SONOMA	229,371	200,744	87.5%	12.5%
CLOVERDALE INC	3,915	3,201	81.8%	18.2%
COTATI INC	3,882	3,476	89.5%	10.5%
PETALUMA INC	27,476	24,308	88.5%	11.5%
ROHNERT PARK INC	19,717	17,351	88.0%	12.0%
SANTA ROSA INC	79,353	69,879	88.1%	11.9%
SEBASTOPOL INC	4,450	4,042	90.8%	9.2%
SONOMA INC	6,429	5,612	87.3%	12.7%
UNINC SONOMA CO	74,101	64,128	86.5%	13.5%
WINDSOR INC	10,048	8,747	87.1%	12.9%
Total	267,606	230,772	86.2%	13.8%

Current EverGreen Enrollment by TOT

COUNTY	SCP Meters	EverGreen Meters	EverGreen %
⊖ MENDOCINO	30,028	452	1.51%
FORT BRAGG INC	3,385	41	1.21%
POINT ARENA INC	292	30	10.27%
UNINC MENDOCINO CO	24,211	360	1.49%
WILLITS INC	2,140	21	0.98%
⊖ SONOMA	200,744	3,636	1.81%
CLOVERDALE INC	3,201	24	0.75%
COTATI INC	3,476	124	3.57%
PETALUMA INC	24,308	627	2.58%
ROHNERT PARK INC	17,351	240	1.38%
SANTA ROSA INC	69,879	1,199	1.72%
SEBASTOPOL INC	4,042	183	4.53%
SONOMA INC	5,612	85	1.51%
UNINC SONOMA CO	64,128	1,002	1.56%
WINDSOR INC	8,747	152	1.74%
Total	230,772	4,088	1.77%

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is more than projections by approximately \$10,403,000. Year-to-date electricity sales reached \$228,771,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$270,532,000, which indicates healthy growth as SCP continues to make progress towards its financial goals. Approximately \$163,190,000 is set aside for operating reserves.

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

BUDGETARY COMPARISON SCHEDULE

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

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2023/24 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration

for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is slightly under budget by less than 2% at the end of the reporting period. The cost of electricity is less than the budget-to-date by approximately 7%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

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

ATTACHMENTS

- March 2024 Financial Reports
- April 2024 Financial Reports

UPCOMING MEETINGS

- Community Advisory Committee - June 20, 2024
- Board of Directors - July 11, 2024 (later due to 7/4 holiday)
- Community Advisory Committee - July 18, 2024
- Board of Directors - August 1, 2024



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended March 31, 2024, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

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

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

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

Maher Accountancy

San Rafael, CA
April 29, 2024

**SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
Nine Months Ended March 31, 2024**

	2023/24 YTD		2023/24 YTD		2023/24 YTD Actual / Amended Budget %	2023/24 Amended Budget	2023/24 Amended Budget Remaining
	2023/24 YTD Amended Budget	2023/24 YTD Actual	2023/24 YTD Variance (Under) Over	2023/24 YTD Actual			
REVENUE AND OTHER SOURCES:							
Electricity (net of allowance) *	\$ 211,653,330	\$ 209,703,887	\$ (1,949,443)	\$ 209,703,887	99%	\$ 275,994,000	\$ 66,290,113
Evergreen Premium (net of allowance)	1,984,162	1,947,061	(37,101)	1,947,061	98%	2,689,000	741,939
CEC Grant	666,549	431,099	(235,450)	431,099	65%	902,000	470,901
Investment returns	5,558,884	6,320,420	761,536	6,320,420	114%	7,659,000	1,338,580
Miscellaneous Income	1,172,027	445,952	(726,075)	445,952	38%	2,058,000	1,612,048
Total revenue and other sources	221,034,952	218,848,419	(2,186,533)	218,848,419	99%	289,302,000	70,453,581
EXPENDITURES AND OTHER USES:							
CURRENT EXPENDITURES							
Cost of energy and scheduling	142,896,867	136,751,527	(6,145,340)	136,751,527	96%	186,460,000	49,708,473
Data management	1,963,490	1,896,296	(67,194)	1,896,296	97%	2,680,000	783,704
Service fees- PG&E	741,704	735,571	(6,133)	735,571	99%	990,000	254,429
Personnel	6,081,409	6,058,123	(23,286)	6,058,123	100%	8,346,000	2,287,877
Energy Center, marketing & communications	2,248,484	1,657,404	(591,080)	1,657,404	74%	3,301,000	1,643,596
Customer service	149,596	108,024	(41,572)	108,024	72%	220,000	111,976
General and administration	1,097,754	1,017,602	(80,152)	1,017,602	93%	1,515,000	497,398
Legal	338,464	88,863	(249,601)	88,863	26%	475,000	386,137
Regulatory and compliance	245,628	248,524	2,896	248,524	101%	460,000	211,476
Accounting	236,820	224,690	(12,130)	224,690	95%	309,000	84,310
Legislative	134,000	72,000	(62,000)	72,000	54%	220,000	148,000
Other consultants	369,292	400,913	31,621	400,913	109%	624,000	223,087
Industry memberships and dues	522,000	492,131	(29,869)	492,131	94%	695,000	202,869
Program implementation	4,946,231	2,895,419	(2,050,812)	2,895,419	59%	8,101,000	5,205,581
Program - CEC grant	1,476,161	1,418,329	(57,832)	1,418,329	96%	1,712,000	293,671
Total current expenditures	163,447,900	154,065,416	(9,382,484)	154,065,416	94%	216,108,000	62,042,584
OTHER USES							
Capital outlay	1,657,597	1,463,975	(193,622)	1,463,975	88%	1,900,000	436,025
Total expenditures, other uses	165,105,497	155,529,391	(9,576,106)	155,529,391	94%	218,008,000	62,478,609
Net increase (decrease) in available fund balance	\$ 55,929,455	\$ 63,319,028	\$ 7,389,573	\$ 63,319,028		\$ 71,294,000	\$ 7,974,972
<i>* Represents sales of approximately 1,618,000 MWh for 2023/24 YTD actual.</i>							
RESERVES							
Operating Reserve (as of June 30, 2023)	\$ 163,190,000	\$ 171,080,000		\$ 171,080,000			
			% of Long-Term Target				
			95%				

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE
TO CHANGE IN NET POSITION
Nine Months Ended March 31, 2024

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 63,319,028
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(1,044,687)
Add back capital asset acquisitions	1,463,975
Change in net position	\$ 63,738,316



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

MAHER ACCOUNTANCY

San Rafael, CA
April 29, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of March 31, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 72,247,965
Accounts receivable, net of allowance	20,320,632
Other receivables	6,749,574
Accrued revenue	13,202,113
Prepaid expenses	1,321,097
Deposits	10,417,454
Investments	138,351,442
Total current assets	<u>262,610,277</u>
Noncurrent assets	
Other receivables	1,091,675
Land	1,195,405
Capital assets, net of depreciation	17,632,736
Deposits	846,256
Total noncurrent assets	<u>20,766,072</u>
Total assets	<u>283,376,349</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	9,794,352
Accounts payable	1,233,098
Advances from grantors	2,678,437
Other accrued liabilities	1,148,772
User taxes and energy surcharges due to other governments	764,408
Supplier security deposits	954,000
Total current liabilities	<u>16,573,067</u>
Noncurrent liabilities	
Supplier security deposits	2,205,121
Total liabilities	<u>18,778,188</u>

NET POSITION

Investment in capital assets	18,828,141
Unrestricted	245,770,020
Total net position	<u>\$ 264,598,161</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Nine Months Ended March 31, 2024

OPERATING REVENUES

Electricity sales, net	\$ 209,753,594
Evergreen electricity premium	1,947,061
Grant revenue	827,344
Total operating revenues	<u>212,527,999</u>

OPERATING EXPENSES

Cost of electricity	136,751,527
Contract services	6,447,194
Staff compensation	6,058,123
Program rebates and incentives	3,083,910
Other operating expenses	1,724,662
Depreciation	1,044,687
Total operating expenses	<u>155,110,103</u>
Operating income	<u>57,417,896</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment returns	6,320,420
Nonoperating revenues (expenses), net	<u>6,320,420</u>

CHANGE IN NET POSITION

Net position at beginning of year	200,859,845
Net position at end of period	<u>\$ 264,598,161</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Nine Months Ended March 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 218,650,181
Receipts from grantors	863,604
Other operating receipts	1,858,104
Payments to electricity suppliers	(143,613,547)
Payments for other goods and services	(7,871,841)
Payments of staff compensation	(6,016,174)
Tax and surcharge payments to other governments	(2,649,297)
Payments for program rebates and incentives	(4,261,869)
Deposits and collateral paid	<u>(1,575,000)</u>
Net cash provided (used) by operating activities	<u>55,384,161</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(1,472,432)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	3,885,450
Proceeds from certificates of deposit matured	50,000,000
Purchase of investments	<u>(101,000,000)</u>
Net cash provided (used) by investing activities	<u>(47,114,550)</u>

Net change in cash and cash equivalents	6,797,179
Cash and cash equivalents at beginning of year	<u>65,450,786</u>
Cash and cash equivalents at end of period	<u>\$ 72,247,965</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Nine Months Ended March 31, 2024

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

Operating income (loss)	\$ 57,417,896
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,044,687
(Increase) decrease in:	
Accounts receivable, net	4,847,878
Other receivables	(3,379,561)
Accrued revenue	(592,278)
Prepaid expenses	152,710
Deposits	(1,628,397)
Increase (decrease) in:	
Accrued cost of electricity	(3,989,887)
Accounts payable	219,420
Advances from grantors	(396,245)
Accrued liabilities	1,027,109
User taxes due to other governments	44,629
Supplier security deposits	616,200
Net cash provided (used) by operating activities	<u>\$ 55,384,161</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended April 30, 2024, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

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

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

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

Maher Accountancy

San Rafael, CA
May 28, 2024

**SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
Ten Months Ended April 30, 2024**

	2023/24 YTD		2023/24 YTD		2023/24 YTD Actual / Amended Budget %	2023/24 Amended Budget	2023/24 Amended Budget Remaining
	2023/24 YTD Amended Budget	2023/24 YTD Actual	2023/24 YTD Amended Budget Variance (Under) Over	2023/24 YTD Actual			
REVENUE AND OTHER SOURCES:							
Electricity (net of allowance) *	\$ 231,016,110	\$ 226,540,136	\$ (4,475,974)		98%	\$ 275,994,000	\$ 49,453,864
Evergreen Premium (net of allowance)	2,219,117	2,181,268	(37,849)		98%	2,689,000	507,732
CEC Grant	745,033	431,099	(313,934)		58%	902,000	470,901
Investment returns	6,258,923	7,239,878	980,955		116%	7,659,000	419,122
Miscellaneous Income	1,467,242	519,702	(947,540)		35%	2,058,000	1,538,298
Total revenue and other sources	241,706,425	236,912,083	(4,794,342)		98%	289,302,000	52,389,917
EXPENDITURES AND OTHER USES:							
CURRENT EXPENDITURES							
Cost of energy and scheduling	157,436,511	146,853,107	(10,583,404)		93%	186,460,000	39,606,893
Data management	2,202,327	2,113,096	(89,231)		96%	2,680,000	566,904
Service fees- PG&E	824,469	818,226	(6,243)		99%	990,000	171,774
Personnel	6,836,272	6,826,303	(9,969)		100%	8,346,000	1,519,697
Energy Center, marketing & communications	2,599,323	1,990,099	(609,224)		77%	3,301,000	1,310,901
Customer service	173,064	108,024	(65,040)		62%	220,000	111,976
General and administration	1,236,836	1,111,385	(125,451)		90%	1,515,000	403,615
Legal	383,976	98,509	(285,467)		26%	475,000	376,491
Regulatory and compliance	317,085	273,817	(43,268)		86%	460,000	186,183
Accounting	261,003	244,830	(16,173)		94%	309,000	64,170
Legislative	162,667	80,000	(82,667)		49%	220,000	140,000
Other consultants	454,195	407,136	(47,059)		90%	624,000	216,864
Industry memberships and dues	579,728	546,113	(33,615)		94%	695,000	148,887
Program implementation	5,997,971	3,115,599	(2,882,372)		52%	8,101,000	4,985,401
Program - CEC grant	1,554,607	1,490,181	(64,426)		96%	1,712,000	221,819
Total current expenditures	181,020,034	166,076,425	(14,943,609)		92%	216,108,000	50,031,575
OTHER USES							
Capital outlay	1,738,398	1,484,523	(253,875)		85%	1,900,000	415,477
Total expenditures, other uses	182,758,432	167,560,948	(15,197,484)		92%	218,008,000	50,447,052
Net increase (decrease) in available fund balance	\$ 58,947,993	\$ 69,351,135	\$ 10,403,142			\$ 71,294,000	\$ 1,942,865
<i>* Represents sales of approximately 1,772,000 MWh for 2023/24 YTD actual.</i>							
RESERVES							
Operating Reserve (as of June 30, 2023)	\$ 163,190,000	\$ 171,080,000					
			% of Long-Term Target				
							95%

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE
TO CHANGE IN NET POSITION
Ten Months Ended April 30, 2024

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 69,351,135
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(1,163,302)
Add back capital asset acquisitions	1,484,523
Change in net position	\$ 69,672,356



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of April 30, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy

San Rafael, CA
May 28, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION As of April 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 81,132,696
Accounts receivable, net of allowance	18,386,925
Other receivables	6,725,741
Accrued revenue	10,543,202
Prepaid expenses	1,316,722
Deposits	10,401,790
Investments	139,075,522
Total current assets	<u>267,582,598</u>
Noncurrent assets	
Other receivables	1,072,817
Land	1,195,405
Capital assets, net of depreciation	17,611,718
Deposits	846,256
Total noncurrent assets	<u>20,726,196</u>
Total assets	<u>288,308,794</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	7,584,589
Accounts payable	2,493,232
Advances from grantors	2,604,687
Other accrued liabilities	1,310,983
User taxes and energy surcharges due to other governments	623,981
Supplier security deposits	954,000
Total current liabilities	<u>15,571,472</u>
Noncurrent liabilities	
Supplier security deposits	2,205,121
Total liabilities	<u>17,776,593</u>

NET POSITION

Investment in capital assets	18,807,123
Unrestricted	251,725,078
Total net position	<u>\$ 270,532,201</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Ten Months Ended April 30, 2024

OPERATING REVENUES

Electricity sales, net	\$ 226,589,843
Evergreen electricity premium	2,181,268
Grant revenue	901,094
Total operating revenues	229,672,205

OPERATING EXPENSES

Cost of electricity	146,853,107
Contract services	7,229,422
Staff compensation	6,826,303
Program rebates and incentives	3,278,166
Other operating expenses	1,889,427
Depreciation	1,163,302
Total operating expenses	167,239,727
Operating income	62,432,478

NONOPERATING REVENUES (EXPENSES)

Interest and investment returns	7,239,878
Nonoperating revenues (expenses), net	7,239,878

CHANGE IN NET POSITION

	69,672,356
Net position at beginning of year	200,859,845
Net position at end of period	\$ 270,532,201

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Ten Months Ended April 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 240,573,793
Receipts from grantors	863,604
Other operating receipts	1,987,201
Payments to electricity suppliers	(155,351,978)
Payments for other goods and services	(8,111,963)
Payments of staff compensation	(6,738,222)
Tax and surcharge payments to other governments	(3,050,262)
Payments for program rebates and incentives	(4,514,249)
Deposits and collateral paid	<u>(1,575,000)</u>
Net cash provided (used) by operating activities	<u>64,082,924</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(1,569,226)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	4,168,212
Proceeds from certificates of deposit matured	50,000,000
Purchase of investments	<u>(101,000,000)</u>
Net cash provided (used) by investing activities	<u>(46,831,788)</u>

Net change in cash and cash equivalents	15,681,910
Cash and cash equivalents at beginning of year	<u>65,450,786</u>
Cash and cash equivalents at end of period	<u>\$ 81,132,696</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Ten Months Ended April 30, 2024

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

Operating income (loss)	\$ 62,432,478
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,163,302
(Increase) decrease in:	
Accounts receivable, net	6,781,585
Other receivables	(3,424,254)
Accrued revenue	2,066,633
Prepaid expenses	157,085
Deposits	(1,612,733)
Increase (decrease) in:	
Accrued cost of electricity	(4,792,187)
Accounts payable	1,478,751
Advances from grantors	(469,995)
Accrued liabilities	(218,143)
User taxes due to other governments	(95,798)
Supplier security deposits	616,200
Net cash provided (used) by operating activities	<u>\$ 64,082,924</u>

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Staff Report - Item 07

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: June 6, 2024

Requested Action

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

Regulatory Updates

CPUC Approves Income Graduated Fixed Charges for Residential Investor-Owned-Utility Distribution Customers

On May 9th, the CPUC approved a Decision implementing an Income Graduated Fixed Charge (IGFC). This fixed charge will apply to all residential customers regardless of the type of rate they are on or if they receive their energy from a CCA or an investor-owned utility like PG&E. The fixed charge will range from \$6 to \$24 per month and is expected to appear on customer bills in our service territory early in 2026.

As background, AB 205 (2022) ordered the CPUC to implement a new residential billing framework with three tiers of fixed charges based on income. This modified the structure in place today, in which customers pay for all grid infrastructure and maintenance through volumetric (e.g., per kWh) rates. To implement this law, the CPUC opened a regulatory proceeding in 2023 to solicit and evaluate stakeholder feedback. The IOU proposals in the proceeding advocated for very significant monthly fixed charges, with PG&E requesting up to \$141/month for residential customers in upper income brackets. Though the original intent of AB 205 was to

protect low-income customers from rate increases, these initial IOU proposals were met with criticism from ratepayer advocates and the solar industry.

Under the new structure authorized on May 9th, 2024, PG&E will collect a portion of the costs to build and maintain the grid through a flat fixed charge every month. Since PG&E will be collecting a portion of the costs to build and maintain the grid via a flat fixed charge, the per-unit rate for electricity usage (e.g., cost per kWh) will be decreased to account for the new fixed charge. The estimated decrease is 4.7 c/kWh, which equates to an 8.0-9.8% reduction in that volumetric rate.

The fixed charges are as follows:

- Tier 3 - \$24.15 for all residential customers that don't qualify for any low-income discounts.
- Tier 2 - \$12.08 for customers enrolled in the Family Electric Rate Assistance (FERA) program or a customer residing in an affordable rental home that is restricted by the rules of federal or state subsidies to residents who have incomes at or below 80 percent of Area Median Income based on the statewide database of such homes maintained by the California Housing Partnership and self-attestation and are not eligible for Tier 1.
- Tier 1 - \$6.00 for customers enrolled in the California Alternative Rates for Energy (CARE) program.

Overall, customers with lower income and/or higher usage will see bill reductions, with the converse customer types seeing increases. The monthly bill impact is estimated to be an increase or decrease of \$4 or less for the majority of customers.

CPUC Denies PG&E's Application for Pacific Generation Spinoff

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

As background, the utility first submitted the Application in September of 2022. The utility's stated rationale for this proposal is to raise equity capital, deleverage its balance sheet, and avoid issuing additional common stock. PG&E reasons that Pacific Generation, without the liability of PG&E Corporation's transmission and distribution infrastructure, would be viewed by investors as an entity with less risk. A 49%

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

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

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

However, the FERC approval does not supersede the CPUC's ultimate decision on this Application. The Proposed Decision was ultimately issued in March of 2024 by ALJ Park and found no ratepayer benefit to this proposed transaction. All parties but PG&E were supportive of the judge's determination. Despite this, PG&E issued a press release announcing that they were entering into exclusive negotiations with KKR, a private equity firm, to proceed with the sale. That press release also estimated ratepayer savings of \$100 million over 20 years even though this figure was not supported by the legal record nor any quantitative analysis.

The Proposed Decision was held by CPUC staff on for one Commission meeting and was ultimately approved in a 4-0 vote on May 9th.

Legislative Updates

Legislation is moving into the relevant policy committees in the second house. Topline state budget numbers, and most budget details, will be finalized by June 15. The deadline for the Legislature to put measures on the ballot (for example, a potential climate bond) is June 27.

Sonoma Clean Power-Sponsored Legislation

Sonoma Clean Power is the proud sponsor of new legislation: Assembly Bill (AB) 1359, by Assemblymember Diane Papan (D-San Mateo). This legislation is critical to making our GeoZone effort a success.

Under current law, new geothermal power is functionally banned throughout most of California due to Public Resources Code section 3715.5. This section of law was originally put in place to speed up geothermal exploration, by specifying that the state Division of Geologic Energy Management should serve as the lead agency under the California Environmental Quality Act (CEQA) for all new geothermal exploration projects. The idea at the time was to box out the county government, which would typically serve as lead agency (and still serves as lead agency for geothermal field development, the phase that occurs after exploration). Cutting the county out would have theoretically made a geothermal exploration project less vulnerable to challenges from local stakeholders and sped up the whole process.

Unfortunately, CalGEM is now so backlogged with oil and gas-related litigation that any geothermal proposals simply languish in their process for years on end, making it virtually impossible to pursue new geothermal exploration in California today (outside of Imperial County, which receives a special delegation of authority from CalGEM that is not available to Sonoma or Mendocino Counties in the near term). AB 1359 will simply delete Public Resources Code section 3715.5, which will allow geothermal exploration projects to be assigned a lead agency under CEQA the same way any other project would be (again, this will be the county in virtually all cases). At this time, we do not anticipate any stakeholder opposition to this legislation.

Proposed Legislative Position

- **SB 1298 (Cortese) - Backup Generation at Data Centers - Oppose**

This legislation would authorize the Energy Commission to “exempt from certification” backup generation for new data centers, up to 150 MW in size. The Energy Commission conducts a certification process before authorizing new power

plants in which it reviews potential environmental impacts, consistency with the state's climate goals, and other relevant factors. Should they deem the proposed facility in the public interest, they give it the green light and the developer can move forward with building it.

Building on an existing exemption for smaller backup generation, this legislation proposes to grant backup power for data centers similar treatment to help keep those data centers running when the grid is unreliable. There are several problems with this approach:

- These backup generators will almost certainly be powered by diesel or other fossil fuels. A 150 MW facility is big enough to power a small city. (There's also no reason a data center operator couldn't site multiple 150 MW generators side-by-side, functionally increasing the size even further.) This essentially blows a gaping hole in the state's clear air and 100% clean energy goals by saying that one of the largest, fastest-growing electricity users in the state (data centers) do not need to meet those goals.
- Pursuant to that first point, nothing in the bill specifies that these can only be used in emergencies. The data center operator could use these as "backup" every day if they so choose.
- Beyond the potential climate impacts, these generators have significant potential to increase air pollution and will likely be sited in (or create new) disadvantaged communities.

SB 1298 is responding to an issue that Sonoma Clean Power also has to deal with: an unreliable electric grid that cannot bring new generation online fast enough. But giving up on the state's clear air and climate goals may not be the right solution to this very real problem.

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 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 bill would require the Public Utilities Commission to look at the actual costs an electric or gas corporation has incurred in the past, not just their authorized costs, in future general rate cases and other authorizations to collect revenue. For example, if a utility may be authorized to collect \$100,000 plus profit in anticipation of spending \$100,000 on Activity X. If they only spend \$70,000 on Activity X, they are generally allowed to keep the extra \$30,000, creating an incentive to inflate cost estimates in advance as much as possible. This bill would help address that problem by requiring the Public Utilities Commission to consider the fact that they only spent \$70,000 the last time around when authorizing future cost recovery for Activity X.

For background, 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. A major driver of this issue is the types of situations described above.

- **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 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 on 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.

- **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 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.

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 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 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.

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. On May 30, Sonoma Clean Power submitted a letter in support of the Governor's proposal to slightly increase charges that fund the Energy Commission's operations (which are collected through electric rates and placed into the Energy Resources Programs Account). The Energy Commission has taken on a significant number of new duties related to promoting clean energy and achieving the state's climate goals in recent years, and a slight augmentation of their funding is needed to ensure that they are able to operate at full capacity moving forward.

The Governor's January budget anticipated a roughly \$39 billion deficit, which was much smaller than what the Legislative Analyst's Office had 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 - May 23, 2024, Letter - Re: Support for AB 2292 (Petrie-Norris)
- Attachment 2 - May 23, 2024, Letter - Re: Support for AB 2666 (Boerner)
- Attachment 3 - May 23, 2024, Letter - Re: Support for SB 1003 (Dodd)
- Attachment 4 - May 23, 2024, Letter - Re: Support for SB 1006 (Padilla)
- Attachment 5 - May 30, 2024, Letter - Re: Support for Energy Resources Programs Account funding increase



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

May 23, 2024

The Honorable Cottie Petrie-Norris
Member of the Assembly
1021 O Street, Suite 4230
Sacramento, CA 95814

Re: AB 2292 (Petrie-Norris) – Support

Dear Assembly Member Petrie-Norris:

Sonoma Clean Power (SCP) is pleased to support AB 2292, which will remove a duplicative step in the review and approval process for new transmission projects. This change is critical for speeding up the development of transmission infrastructure and better equipping the state to meet its ambitious clean energy goals.

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 AB 2292 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.

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Geof Syphers".

Geof Syphers
Chief Executive Officer



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

May 23, 2024

The Honorable Tasha Boerner
Member of the Assembly
1021 O Street, Suite 4150
Sacramento, CA 95814

Re: AB 2666 (Boerner) – Support

Dear Assembly Member Boerner:

Sonoma Clean Power (SCP) is pleased to support AB 2666, which would help keep rising electric rates under control. Requiring the California Public Utilities Commission (CPUC) to review utilities' actual costs following each general rate case test year, including consideration of how much the utility earned compared to the authorized rate of return, would be a win for the state's ratepayers. Furthermore, AB 2666 directs the CPUC to adjust future authorized revenue requirements based on *actual past costs* recorded by utilities.

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Sonoma Clean Power is pleased to support AB 2666 and appreciates your commitment to protecting 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.

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Geof Syphers".

Geof Syphers
Chief Executive Officer



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

May 23, 2024

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

Re: SB 1003 (Dodd) – Support

Dear Senator Dodd:

Sonoma Clean Power (SCP) is pleased to support SB 1003, which will require electrical corporations to adopt a more holistic approach to reducing wildfire risk. This takes into account both the need to minimize the risk of a catastrophic wildfire, as well as the cost and timeliness of any potential upgrades.

In each year that goes by, the citizens of California are at risk of another fire and increased electricity rates. By incorporating the consideration of how long each project will take to complete, as well as its cost-effectiveness, SB 1003 will improve evaluation of the cost-benefit ratio of wildfire risk reduction projects.

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 1003 and appreciates your commitment to keeping California's energy infrastructure safe and reliable. 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.

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Geof Syphers".

Geof Syphers
Chief Executive Officer



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

May 23, 2024

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

Re: SB 1006 (Padilla) – Support

Dear Senator Padilla:

Sonoma Clean Power is pleased to support SB 1006, which will advance the use of grid-enhancing technologies (GETs) and advanced reconductors to help California reach its ambitious climate goals. As our state grows closer to achieving 100 percent clean energy, it has become critical to increase electric transmission capacity. The approach proposed in SB 1006 is a prudent way to optimize existing transmission, while keep costs down for our ratepayers.

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 1006 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.

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Geof Syphers". The signature is fluid and cursive, with a large loop at the end.

Geof Syphers
Chief Executive Officer



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

May 30, 2024

Senator Josh Becker
Chair, Senate Budget Subcmte. 2
1020 N Street, Room 502
Sacramento, CA 95814

Assemblymember Steve Bennett
Chair, Assembly Budget Subcmte. 4
1021 O Street, Suite 8230
Sacramento, CA 95814

Re: Support for Administration Proposed ERPA Funding Increase

Dear Chairs Becker & Bennett:

We urge you to support the administration's proposal to provide a solution to the structural deficit in the Energy Resources Programs Account (ERPA).

ERPA was established to provide funds to ongoing energy programs and projects, including the operations of the California Energy Commission (CEC). Revenue for the fund comes from a small surcharge on retail electricity sales. ERPA is in a structural deficit because of the CEC's growing role in implementing the state's aggressive climate change policies. While revenue for the fund has flattened, ERPA expenditures have increased, as the CEC continues its work as the state's primary energy policy and planning agency and leads the state to a 100% clean energy future for all. This increased responsibility has been largely driven by legislation passed in recent years, making it all the more important that the Legislature take a leading role in ensuring adequate funding.

If approved, the ERPA surcharge would not increase automatically. The new proposed cap is equal to what would be allowable if the original surcharge had been indexed to inflation in the years since its creation.

A financially stable CEC is essential for the state to meet its goals for a safe, reliable, affordable and clean energy system. We urge you to support the ERPA proposal so the CEC can continue its critical work. Should you have any questions or concerns, please do not hesitate to reach out to me directly. Staff can also reach our lobbyist, Kate Brandenburg, at Kate@brandenburglobby.com.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark blue ink that reads "Geof Syphers".

Geof Syphers
Chief Executive Officer

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Staff Report - Item 08

To: Sonoma Clean Power Authority Board of Directors
From: Brant Arthur, Programs Manager
Rebecca Simonson, Director of Programs
Issue: Receive Mobility & Transportation Community Needs Assessment Final Report
Date: June 6, 2024

Staff Recommendation

Receive and file the final report for the Mobility & Transportation Community Needs Assessment.

Background

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.

SCP partnered with EVNoire for the Transportation & Mobility Needs Assessment presented here.

SCP also partnered with Tierra Resource Consultants for the Agricultural Community Needs Assessment which was presented to the Board in March 2024 and Sacramento Municipal Utility District for the residential and commercial interests, which will be presented at a future meeting.

Discussion

In November 2022, SCP chose EVNoire to conduct a Mobility & Transportation Needs Assessment. This assessment aimed to identify current transportation challenges so SCP can create more effective programs and policies.

EVNoire employed several innovative approaches, including their own equity model, the community readiness model, and a demographic analysis framework. These methods helped to ensure that the assessment was thorough and sensitive to equity considerations.

The research used a mixed-methods approach that included both quantitative surveys and qualitative focus groups. The survey sampled SCP customers from various land-use types—rural, urban, and suburban—to ensure a broad representation of the region’s diverse population. This approach was designed to uncover the different transportation needs and challenges experienced by these community segments.

Overall, the study gathered nearly 400 complete survey responses, conducted 8 detailed interviews with key informants, and held 3 focus groups. SCP collaborated with local organizations including the NAACP Santa Rosa - Sonoma County, the North Bay Electric Auto Association, and Bikeable Santa Rosa to facilitate these focus groups.

These discussions provided valuable insights into the transportation issues particularly affecting BIPOC, low-income, rural, and pollution-burdened communities, enriching the overall assessment with a variety of perspectives.

Key Findings

- 1. Universal car dependency with unequal impacts:** There is a strong reliance on cars due to limited alternatives like biking or public transit. This issue hits lower-income families hardest, with most struggling to afford a car. Short trips under 5 miles, ideal for sustainable travel, continue to be made by cars due to inadequate infrastructure.
- 2. Alternative modes of transportation are used by half of the population:** Although cars remain the predominant mode of transportation, 51% of residents make weekly trips that include an alternative transportation mode. These residents come from all demographics, illustrating how alternative modes of

transportation are important to a majority of residents regardless of their income, race, or ethnicity.

- 3. Hispanic residents have notable differences in transportation patterns:** The alternative modes of transportation Hispanic communities use are more varied and diversified compared to non-Hispanic participants. In particular, Hispanic respondents highlighted an increased use of biking and carpooling as secondary transportation modes, which goes beyond economic needs and reflects social or cultural values.
- 4. Public transit barriers are different for different populations, but universally experienced:** Public transit users come from both high-income and low-income backgrounds and have different types of barriers than non-users. However, the specific barriers faced by transit users are often determined by their income.
- 5. Safety and distance matter for active transportation:** Distance is a larger barrier to active mobility for high-income and rural residents, while safety was the top concern for Hispanic respondents and those that currently bike. Given that Hispanic participants in particular rely on biking more than the general population, addressing safety concerns is not only an immediate need, but also an equity priority.
- 6. Bike users have high levels of concern about biking infrastructure:** Over half of bike users are unsatisfied with bike infrastructure, double the rate of non-bike users. Regular bike users feeling unsafe suggests deeper, unseen issues with bike safety that could deter others from biking and ultimately limit alternative transportation use.
- 7. Evidence suggests that the next generation of electric vehicle (EV) owners will be more reflective of women and Hispanic populations:** While EV owners have many characteristics of early adopters, residents who are considering the purchase of an EV have higher shares of Hispanic representation and the majority are women. EV intenders [participants who are considering buying an EV soon but haven't committed to purchasing one] are also the largest group of any vehicle intention category.
- 8. Home charging access for EV intenders is a critical gap that will limit EV adoption:** EV intenders have a significantly lower home charging access rate than EV owners and soon-to-be owners. Without charging access parallel to EV

owners, intenders are unlikely to make the transition to electric vehicles, slowing the adoption of these vehicles among a critical, new generation of EV owners.

Recommendations for SCP

- Develop a comprehensive community engagement strategy with community associations. Example actions include:
 - Offer programmatic support to community organizations in the form of grants or funding.
 - Consider supporting efforts that increase organizational efficiency, such as training, or providing workshops to support those efforts.
 - Program and software toolkits could be made available at public/shared spaces for use.
 - Community recommendation: Opening up grants and funding to a variety of organizations, not just 5013(c) /nonprofits.
- Increase alternative transportation diversity with further research and pilots that focus on demographic, social, cultural and lifestyle behaviors. Example actions include:
 - Inclusive visioning workshops to engage all community segments, including priority populations.
 - Support community documentation of experiences with alternative transportation modes.
 - Conduct asset mapping to identify needed assets for alternative transportation users.
 - Community recommendation: Provide informational resources and presentation materials to community partners who want to discuss and share these topics with their communities.
- Find ways to build a community coalition around transportation using this research as a starting point. Example actions include:
 - Plan a series of data walks to raise profile of community concerns and explore research findings.
 - Use ground-truthing to validate findings.

- Conduct photo voice workshops that allow community to bring findings to life while also building on them.
- Community recommendation: SCP sponsoring a program where they explore moving around in the community without a car to demonstrate the struggles.
- Plan engagement around electric vehicles to support new demographics of EV ownership and create spaces to further explore barriers. Example actions include:
 - Tailored outreach to Hispanic communities and women, workshops addressing EV questions.
 - Installing charging stations in diverse areas, with multiple use cases.
 - Introduce shared EV programs, like car-sharing or bike-sharing.
 - Community recommendation: Demonstrate EVs in a variety of use cases, such as custom builds and larger body models to raise interest around EVs from more diverse populations.

Attachments

- Attachment 1 - Mobility and Transportation Needs Assessment Final Report, available at [this link](#) or by request to the Clerk of the Board
- Attachment 2 - Mobility and Transportation Needs Assessment Presentation

Mobility & Transportation Community Needs Assessment



1

Community Partners



2

TRANSPORTATION OVERVIEW

Sonoma County

Neighborhood Characteristic Scores (1-10)

As compared to neighborhoods in all 955 U.S. regions in the Index



% of Income Spent on Transportation

Annual VMT Cost



\$4,195

Annual VMT per Household



19,241

Annual Auto Ownership Cost:



\$12,258

Annual Transportation Cost:



\$16,499

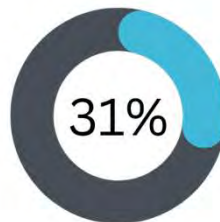
3

TRANSPORTATION OVERVIEW

Mendocino County

Neighborhood Characteristic Scores (1-10)

As compared to neighborhoods in all 955 U.S. regions in the Index



% of Income Spent on Transportation

Annual VMT Cost



\$4,724

Annual VMT per Household



21,672 miles

Annual Auto Ownership Cost:



\$11,175

Annual Transportation Cost:



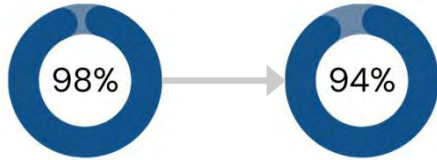
\$15,918

4

Key Finding #1

UNIVERSAL CAR DEPENDENCY WITH UNEQUAL IMPACTS

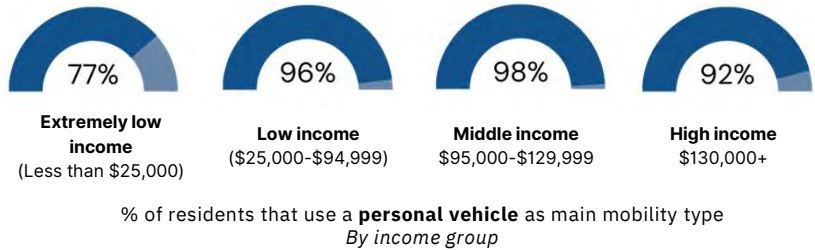
How do residents use cars to meet their transportation needs?



98% use a car on a weekly basis to meet their needs

94% rely on a car as their primary transportation mode

There is a strong reliance on cars due to limited alternatives like biking or public transit. This issue hits lower-income families hardest, with most struggling to afford a car. Short trips under 5 miles, ideal for sustainable travel, continue to be made by cars due to inadequate infrastructure.

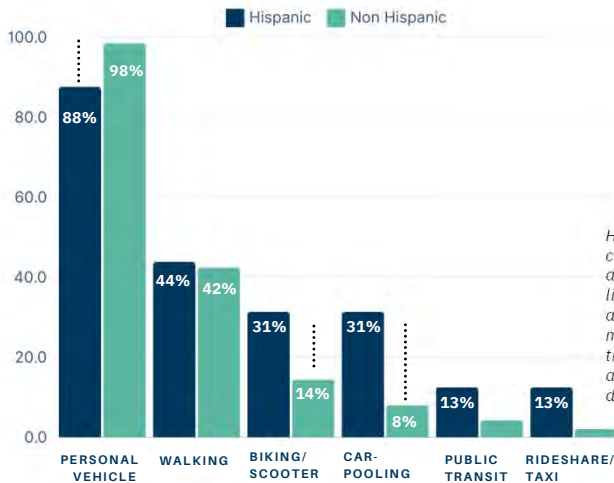


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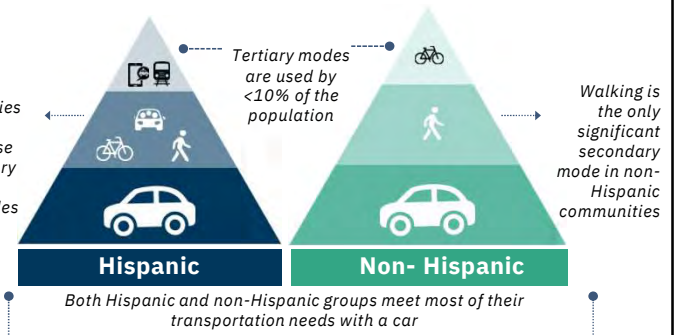
Key Finding #3

HISPANIC RESIDENTS HAVE NOTABLE DIFFERENCES IN TRANSPORTATION PATTERNS

% of Respondents that Use Each Transportation Mode Weekly or More



The alternative modes of transportation Hispanic communities use are more varied and diversified compared to non-Hispanic participants. In particular, Hispanic respondents highlighted an increased use of biking and carpooling as secondary transportation modes, which goes beyond economic needs and reflects social or cultural values.



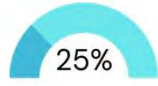
6

Key Finding #7

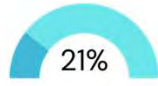
EVIDENCE SUGGESTS THAT THE NEXT GENERATION OF EV OWNERS WILL BE MORE REFLECTIVE OF WOMEN AND HISPANIC POPULATIONS

While EV owners have many characteristics of early adopters, residents who are considering the purchase of an EV have higher shares of Hispanic representation and the majority are women. EV intenders are also the largest group of any vehicle intention category.

EV INTENDERS



EV OWNERS



EV OPPOSED



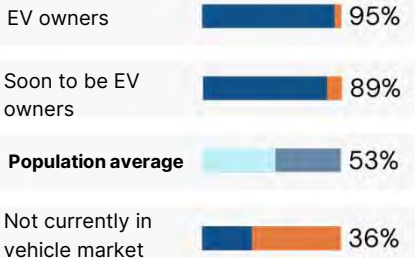
	% in High income Group	% Male	Disability rate	% Hispanic
EV intenders	35%	39%	8%	4%
EV owners	50%	75%	2%	0%
EV opposed	49%	51%	18%	9%
General population	36%	48%	12%	4%

7

Key Finding #8

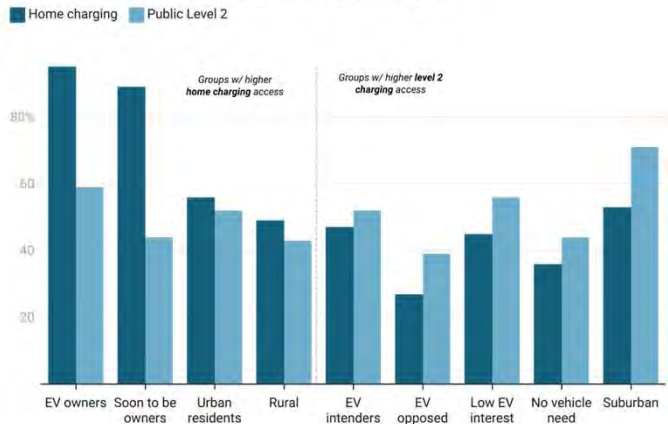
DIVIDE IN HOME CHARGING ACCESS FOR EV INTENDERS IS A CRITICAL GAP THAT WILL LIMIT EV ADOPTION

EV intenders have a significantly lower home charging access rate than EV owners and soon-to-be owners, and even had an access rate that was lower than the sample average. Without charging rates parallel to EV owners, intenders are unlikely to make the transition to electric vehicles, slowing the adoption of these vehicles among a critical, new generation of EV owners.



% that have accessible home charging
By EV ownership intention

Comparing public and private charging access by population group



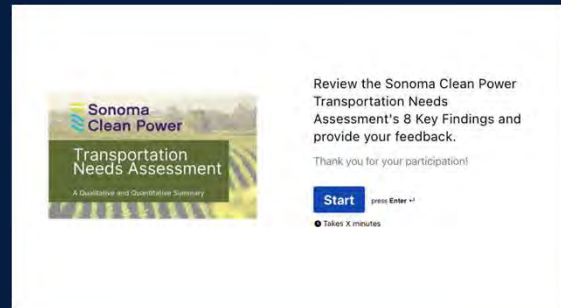
PUBLIC LEVEL 2 VS HOME CHARGING:
WHAT CHARGING TYPE IS MOST ACCESSIBLE?

8

PUBLIC COMMENT PERIOD

89
RESPONSES

The feedback form was sent to 549 research participants, including Survey Respondents, Key Informants, and Focus Group Participants.



9

WHAT ARE WAYS YOU WOULD YOU LIKE TO SEE SCP ENGAGE IN THE AREAS REVOLVING THE 8 KEY FINDINGS?

"Offer programmatic support to community organizations in the form of grants or funding - Conduct inclusive visioning workshops, designed to encourage participation by priority populations."

"SCP can create tailored outreach initiatives to reach out to communities that align with the key findings, such as women and Hispanic populations interested in electric vehicles."

"Recognize that Sonoma County is an aging population that needs to address the transportation needs of seniors who will have to give up their cars, yet can't be expected to walk or bike around town."

"Conduct inclusive visioning workshops, designed to encourage participation by priority populations."

10

Key Findings Overview

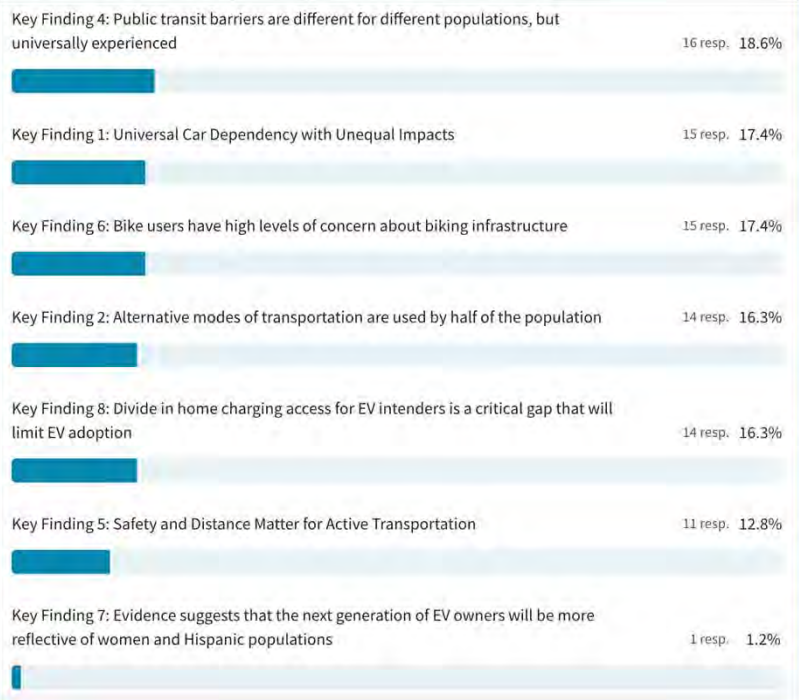
1	Universal car dependency with unequal impacts: There is a strong reliance on cars due to limited alternatives like biking or public transit. This issue hits lower-income families hardest, with most struggling to afford a car. Short trips under 5 miles, ideal for sustainable travel, continue to be made by cars due to inadequate infrastructure.
2	Alternative modes of transportation are used by half of the population: Although cars remain the predominant mode of transportation, 51% of residents make weekly trips with an alternative transportation mode. These residents come from all walks of life and all backgrounds, illustrating how alternative modes of transportation are important to a majority of residents regardless of their income, race, or ethnicity.
3	Hispanic residents have notable differences in transportation patterns: The alternative modes of transportation Hispanic communities use are more varied and diversified compared to non-Hispanic participants. In particular, Hispanic respondents highlighted an increased use of biking and carpooling as secondary transportation modes, which goes beyond economic needs and reflects social or cultural values.
4	Public transit barriers are different for different populations, but universally experienced: Public transit users come from both high income and low income backgrounds, and have different types of barriers than non-users. However, the specific barriers faced by transit users is oftentimes determined by their income.
5	Safety and distance matter for active transportation: Distance is a larger barrier to active mobility for high income and rural residents, while safety was the top concern for Hispanic respondents and those that currently bike. Given that Hispanic participants in particular rely on biking more than the general population, addressing safety concerns is not only an equity priority, but also an immediate need.
6	Bike users have high levels of concern about biking infrastructure: Over half of bikers are unsatisfied with bike infrastructure, double the rate of non-bike users. Regular bikers feeling unsafe is just the tip of the iceberg. It suggests deeper, unseen issues with bike safety that could deter others from biking and ultimately limit alternative transportation use.
7	Evidence suggests that the next generation of EV owners will be more reflective of women and Hispanic populations: While EV owners have many characteristics of early adopters, residents who are considering the purchase of an EV have higher shares of Hispanic representation and the majority are women. EV intenders are also the largest group of any vehicle intention category.
8	Divide in home charging access for EV intenders is a critical gap that will limit EV adoption: EV intenders have a significantly lower home charging access rate than EV owners and soon-to-be owners. Without charging rates parallel to EV owners, intenders are unlikely to make the transition to electric vehicles, slowing the adoption of these vehicles among a critical, new generation of EV owners.

11

WHICH OF THE 8 KEY FINDINGS, ARE YOUR TOP PRIORITIES FOR SONOMA CLEAN POWER TO FOCUS ON ADDRESSING?

19%
OF
RESPONDENTS

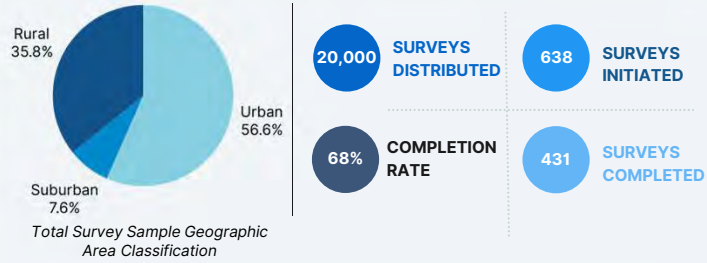
Picked Key Finding 4, as their top priority for SCP to focus on addressing. There was generally an even distribution between key findings 1-6, and 8 and notably only 1 respondent selected key finding 7 as their top priority.



12

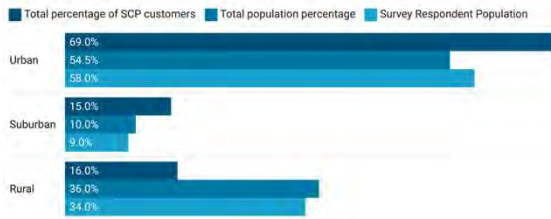
Survey Methodology

Sample Representation Overview



Population Distribution by Land Use Type

Share of population in each land use type for SCP customers, county residents, and survey sample population



High rural representation

2X

The share of rural participants in the region and in the survey was 2x larger than the rural share in SCP territory

Target Distribution of Population by Land Use Type



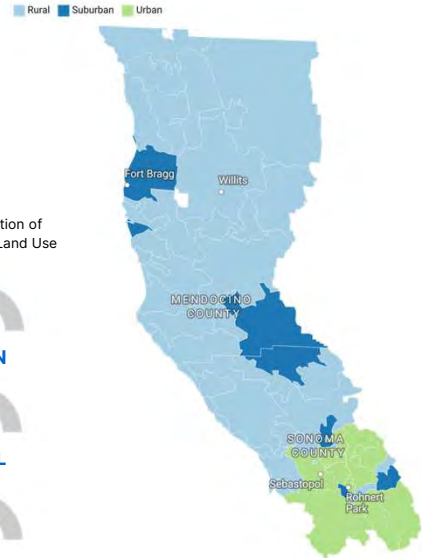
URBAN



RURAL



SUBURBAN



To: Sonoma Clean Power Authority Board of Directors

From: Ryan Tracey, Director of Planning & Analytics

Issue: Approve and Delegate Authority to the Chief Executive Officer or Designee to Finalize Terms and Execute Agreements with Princeton University for a Contract Total Not to Exceed \$350,000 and First Principles Advisory LLC for a Contract Total of \$75,000 for the Transmission Planning Under Uncertainty Project

Date: June 6, 2024

Recommended Action

Staff recommend that the Board of Directors (Board) authorize the CEO or his designee to finish negotiating terms and execute contracts with Princeton University and First Principles Advisory LLC for a project that incorporates uncertainty into statewide capacity expansion modeling. Agreement language for Princeton is not yet finalized, but the scope of work and contract total is finalized for a cost not to exceed \$350,000. The agreement for First Principle Advisory LLC is finalized with a contract total of \$75,000. The project is expected to last 18 months.

The Problem

California electricity costs are increasing rapidly, in part due to a lack of sufficient transmission capacity to connect new resources. In addition, all power providers are increasingly struggling to build new power resources for the same reason, putting California's renewable goals at risk. This issue has escalated rapidly over the past three years. The state has recently approved investment in new transmission—but only "just enough" for meeting the state's goals with a very specific set of resources and locations—many that carry significant development risk.

SCP staff are proposing a detailed study to help California regulators rethink how they plan for transmission. The study will directly demonstrate the impact of shifting from the current objective of minimizing infrastructure investment that supports a single future state (which is highly uncertain) to a new goal of identifying

infrastructure that de-risks the state’s decarbonization goals and improves affordability over a spectrum of future resource portfolios. SCP expects the results of the study will provide an investment case for strategic transmission investments that address many of the constraints power providers are currently facing in developing new clean resources.

Background: Current Transmission Planning Process

SCP is facing increasing difficulty in building new resources, particularly local projects including the pilot projects in the Geothermal Opportunity Zone (GeoZone), due to constraints on the grid. Over the past year, SCP has expanded its engagement in the California Public Utilities Commission (CPUC) Integrated Resource Plan (IRP) proceeding and the California Independent System Operator (CAISO) transmission planning process (TPP) to advocate for infrastructure investments that support deployment of clean energy resources that can improve reliability and affordability. Through this engagement, staff has recognized that a key constraint in the state’s transmission planning process is that it is driven by cost-optimization to deliver “just enough” capacity under a very specific set of assumptions with limited robustness when tested for uncertainty and risk.

Under the existing process, the CPUC develops Preferred System Plan (PSP) each year with assumptions on the cost, location, availability, and timing for resources. As an example, the last PSP assumes up to 14 GW of solar was available in the Imperial Valley region with a build limit of 3 GW per year at a cost of \$1,538 per kilowatt of capacity¹. Similarly specific assumptions are made for each candidate technology, as well as assumptions on load growth, advanced technologies, plant retirements, and fuel cost. The CPUC then uses the RESOLVE capacity expansion model to select the set of resources and transmission upgrade requirements that deliver the desired reliability and emissions reductions at “least cost”. However, if any of the underlying assumptions is invalid (e.g. load grows faster than forecasted, less solar can be developed than assumed, offshore wind costs more, etc.), the resulting portfolio could be far from “least cost”. The current deterministic process is particularly constraining because the RESOLVE results are then used in a “busbar mapping” exercise, where the CPUC assigns resources to substations with available capacity, and then the CAISO identifies additional opportunities in the TPP to reduce cost

¹ Documentation of the full set of assumptions in the last PSP are available here: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2023-irp-cycle-events-and-materials/inputs-assumptions-2022-2023_final_document_10052023.pdf

through remedial action schemes, maintenance, and operational strategies. The result is that the transmission approved by CAISO is very limited in scope and provides no flexibility to adapt if reality diverges from the set of assumptions underlying the PSP.

SCP staff believe the current process of minimizing the initial cost of building transmission projects is already having the effect of driving up overall energy costs due to the increasing scarcity of viable technologies and locations. Staff also believe the current process increases the risk of delays in achieving California's climate goals and increases the risk of elevated transmission and generation costs later. This work is designed to test that hypothesis and create a tool that can help lower these risks.

The final proposal from the CAISO on proposed reforms to the interconnection process raises the stakes of the PSP and TPP. Starting with the current interconnection cluster, the CAISO will only complete studies on projects in areas with available or planned transmission capacity. In a test run of the process, the CAISO found that of 508 interconnection requests in Cluster 15, 308 are in areas with no planned transmission capacity and ineligible to proceed and an additional 88 would be eliminated in a scoring process that limits accepted requests to only 150% of planned capacity². SCP has been an active participant in the interconnection reform process and is supportive of the CAISO's recommendations to improve the efficiency of the interconnection queue—but if the IRP and TPP process do not drive more infrastructure investment to enable more interconnection requests, SCP is going to have very little optionality in procuring resources which will inevitably result in delays in driving emissions reductions and increased cost.

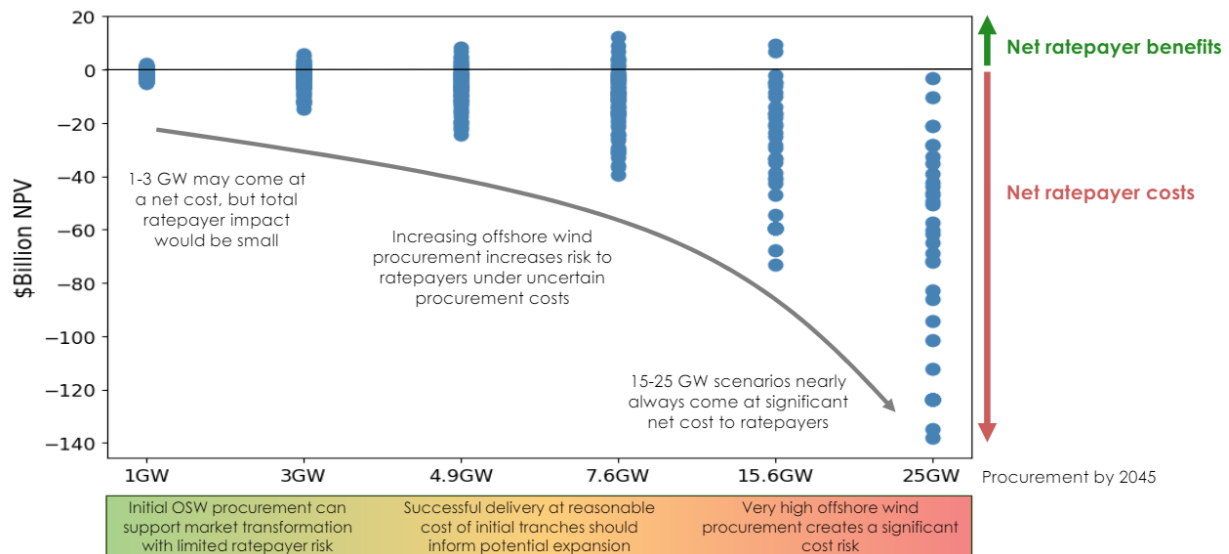
Background: Decision-making Under Uncertainty

Decision-making under uncertainty (DMUU) is an approach to system optimization that explicitly models uncertainty in assumptions and enables decisions to be driven by reducing risk and improving robustness against a variety of uncertain outcomes. Staff believes applying DMUU to California's resource and transmission planning process will lead to selection of a more diverse portfolio and increased infrastructure investment, given the model will appropriately risk the hazard of over-concentrating

² Page 41 of Track 2 Final Proposal of 2023 Interconnection Process Enhancements available here: <https://www.caiso.com/InitiativeDocuments/FinalProposal-InterconnectionProcessEnhancements2023Track2.pdf>

the dependence on a specific resource type or pre-existing transmission capacity.

At the end of April, the CPUC provided an excellent example of how modeling uncertainty can inform the robustness of a decision. In a ruling contemplating the use of the CPUC’s new central procurement authority, the CPUC tested the range of outcomes for different concentrations of offshore wind. The analysis, illustrated in the CPUC’s figure below, showed that high offshore wind procurement beyond 3 GW exposes ratepayers to considerable cost risk (each blue dot is a different set of assumptions on cost, alternative resources, etc.)³. This type of observation is only possible by modeling uncertainty—a deterministic model would not have revealed the asymmetric distribution of costs and benefits as concentration grows.



In the face of uncertainty, many stakeholders are advocating for inaction. This was evident in the latest meeting on the Draft 2023-24 TPP, where comments from a variety of stakeholders voiced concern with moving forward with investment in transmission for Humboldt offshore wind given the level of uncertainty⁴. Without selecting a portfolio that is robust against uncertainty, these types of concerns will continue to arise.

Given the climate stakes, inaction should not be an option.

The opportunity exists to apply DMUU to not just one resource decision, but the

³ Page 20 of CPUC ALJ Ruling on Centralized Procurement of Specified Long Lead-time Resources available here: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M530/K323/530323853.PDF>

⁴ <https://stakeholdercenter.caiso.com/Comments/AllComments/25e1d041-7a4b-4268-b14f-56ab9fc78149>

entire portfolio of resources and transmission upgrades. A DMUU-derived portfolio will support the upfront approval of more infrastructure that can be leveraged by a diverse set of resources and avoid overconcentrating the state’s climate and affordability goals on a single view of the future.

SCP has used the concept of “least regrets” planning to advocate for specific transmission upgrades in the recent TPP and PSP processes. Although many stakeholders support SCP’s advocacy position, it has become clear that it is necessary to build a working model that demonstrates the value of DMUU and its impact on resource and transmission decisions to gain traction with the CPUC and CAISO.

SCP does not currently have any direct experience with capacity expansion modeling for the state nor with applying DMUU techniques. SCP’s Ascend software has been a critical tool for staff to value different resource types, manage risk in SCP’s portfolio, and optimize SCP’s own IRP, but the Ascend platform assumes a single CAISO supply stack and is not an appropriate tool for statewide resource planning. Accordingly, SCP needs outside expertise to build a DMUU-capable model that can be used for advocacy. For those needs, staff identified Princeton University’s ZERO Lab as an ideal partner.

Princeton University ZERO Lab

Princeton University’s Zero-carbon Energy Systems Research and Optimization Laboratory (ZERO Lab) under Professor Jesse Jenkins is renowned for their energy system modeling. Under Jenkins, the ZERO Lab released the Net-Zero America study Rapid Energy Policy Evaluation and Analysis Toolkit (REPEAT)—which has been incredibly influential in guiding federal policymaking.

In September 2022, Jenkins released a report using REPEAT that demonstrated over 80% of the emissions reductions enabled by the Inflation Reduction Act were at risk if the rate of transmission expansion is constrained to its current pace⁵.

The Princeton ZERO Lab and the Massachusetts Institute of Technology co-developed and maintain a capacity expansion model called [GenX](#) that provides similar capabilities to the CPUC’s RESOLVE model. GenX is designed with modularity that supports adding capabilities such as DMUU. Unlike RESOLVE, GenX is open

⁵ https://repeatproject.org/docs/REPEAT_IRA_Transmission_2022-09-22.pdf

source with a growing user community that can collaborate on updating and improving models beyond their initial use.

The ZERO Lab is uniquely positioned to apply DMUU. In 2022, Neha Patankar at Princeton's ZERO Lab published a paper on applying robust optimization—a DMUU technique—to cross-sector decarbonization modeling in the United States⁶. In her study, Patankar demonstrated that applying DMUU to decarbonization decisions could reduce system costs by 12% and uncertainty by 8% relative to a strategy that ignores uncertainty. Patankar is now a professor at Binghamton University in New York but is subcontracted with Princeton to provide DMUU support.

Princeton has proposed PhD candidate and graduate researcher Gabriel Mantegna as the project manager for SCP's DMUU modeling project. Before joining the ZERO Lab in Fall 2022, Mantegna worked over three years as a consultant at Energy and Environmental Economics (E3) in San Francisco—the primary technical consultant state agencies (including the CPUC) use for energy modeling. In his role at E3, Mantegna led modeling for the California Air Resources Board on evaluating scenarios for the state to reach its 2045 emissions targets. Mantegna is very familiar with RESOLVE and California state planning process.

Project Scope

Princeton's ZERO Lab and SCP have negotiated a scope of work that is included as Attachment 1 to this item. Princeton's first task will be to develop a baseline deterministic model in GenX that will align with the CPUC's RESOLVE model. The initial goal is to develop outputs that are consistent with the deterministic output of the CPUC's modeling to build the credibility of the modeling results and demonstrate that different optimization results from applying DMUU later in the project are not the result of modeling approaches.

A key step in building the deterministic modeling will be developing an approach to modeling system reliability, which the CPUC currently accomplishes using a separate proprietary production cost model called SERVM. Princeton will utilize the National Renewable Energy Laboratory's open-source Sienna model for this task—which aligns with the goal of building an analysis that can be completely performed and expanded upon using open-source tools. Princeton expects to complete a deterministic model

⁶ Patankar's paper "Using robust optimization to inform US deep decarbonization planning" can be accessed here: <https://www.sciencedirect.com/science/article/pii/S2211467X22000888>

including reliability functionality by Fall 2024.

Using the deterministic model, Princeton will then perform a sensitivity analysis to identify which uncertainties drive decisions on resource selection, natural gas retirement, and transmission investments. Attachment 1 includes a full list of uncertainties that Princeton will study including ranges in expected resource costs, load growth, offshore wind viability, and much more. The most influential uncertainties will be explicitly modeled in the DMUU model.

By the coming Winter, Princeton expects to have developed a formulation for DMUU and completed an initial demonstration of how DMUU leads to different state planning decisions. The first half of 2025 is allotted to iterating on modeling based on SCP feedback and ultimately delivering a peer-reviewed paper, public-facing report, and an open-source DMUU model that can be used by SCP and other stakeholders for advocacy.

Princeton's entire scope of work will cost no more than \$350,000 and will cover support from Mantegna, Jenkins, and other experienced researchers at the Princeton ZERO Lab. Princeton is also expecting to subcontract support from Patankar for developing a DMUU formulation and budgeted at least one in-person trip at the end of the project to host a summit with stakeholders to review findings.

Staff expects to complete negotiating final contract language very soon. Given the remaining negotiation is limited to legal terms and scope of work and budget and finalized, and interest in progressing the project, staff are asking the Board to delegate authority to the CEO to finalize terms of the agreement.

CCA Partnership

SCP is in advanced discussions with at least two other CCAs in forming a partnership to help finance this project. Partnering with other CCAs not only reduces the cost to SCP, but also would provide a broader perspective to inform the project's direction, enhance the advocacy of the resulting project, and catalyze a community of practice amongst CCAs on energy system modeling. SCP's expectation is that partner CCAs will contribute at least \$100,000 each to the project's total cost. To minimize the administrative burden, SCP will directly contract with Princeton and handle cost sharing and participant rights through separate partnership agreements with participating CCAs. Given the importance of the project, staff are asking the Board to move forward with the project before CCA partnership is finalized.

Maximizing Impact

Staff recognizes that the cost of the proposed project is substantial, particularly with CCA partnership not yet finalized. Accordingly, staff is very committed to maximizing the impact of the project for SCP. Steps to maximize impact include:

- SCP and Princeton hosted a meeting with the CPUC IRP team on May 2nd to discuss SCP's motivation, the project scope, and receive feedback on early project design decisions to improve CPUC buy-in. Staff is working on organizing a similar meeting with the CAISO transmission planning team and plans on maintaining engagement with both entities as the project progresses.
- Princeton ZERO Lab was selected as a partner given their strong reputation, track record of delivering novel and trusted modeling results, and the influence of Jenkins in energy policy. The project's paper and public report is expected to have much higher visibility coming from the Princeton ZERO Lab than a different institution.
- The project scope includes significant upfront work to align modeling with the CPUC's RESOLVE model and appropriately represent the existing fleet of resources and transmission constraints in California, so that the project is not an academic exercise but rather a reliable model that can be immediately used to inform real world decisions on planning California's grid.
- SCP has required that Princeton complete the project using open-source tools that can be leveraged for SCP long-term to inform advocacy and optimize SCP's portfolio and procurement decisions. Using open-source tools and publicly sharing input data also improves accessibility to other stakeholders that can built upon Princeton's work in guiding more robust energy portfolio decisions for California.
- SCP expects the model to provide the investment case for more upfront infrastructure investment, which may be difficult to message given the current energy affordability crisis. SCP is starting to explore partnerships with different thought-leaders on an effective advocacy approach and alternatives for financing new infrastructure. Ultimately, SCP is confident that a DMUU model will lead to a lower cost energy system and more achievable emissions reductions for Californians—but partnering in advocacy will be important for carrying model learnings to drive change at the CPUC, CAISO, and state legislature.

- SCP has identified a consultant with expertise in energy system modeling, experience with CCA procurement strategies, and strong familiarity with open-source tools and DMUU to serve as an owner’s representative during the project. This role is discussed in more detail below but is critical to bridge the current knowledge gap at SCP and validate that Princeton’s project continues to progress towards meeting SCP’s goals and delivers a model that can be used by CCA staff.

Owner’s Representative - First Principles Advisory LLC

SCP Staff do not have any direct experience with capacity expansion modeling. Although staff is intimately familiar with the IRP and TPP process, input assumptions, and results from CPUC modeling, staff does not have the expertise to inform key modeling design decisions that Princeton is expected to encounter during the project or the ability to validate that the resulting model will be useable for advocacy and portfolio optimization following the project’s conclusion. Accordingly, staff has identified the need to contract with an owner’s representative that can provide expertise from the perspective of SCP, validate model functionality and results, and mentor SCP staff to develop internal expertise in modeling.

Staff has identified Jim Himelic at First Principles Advisory LLC as the recommended resource for providing owner’s representative services for the project. Himelic has over fifteen years of experience in the electric power sector, including trading analytic roles at Xcel Energy, production cost modeling at Pacific Gas & Electric (PG&E), and portfolio and risk management for MCE and Central Coast Community Energy (3CE). Himelic started First Principles Advisory LLC in 2021 and currently provides analytic and modeling services to his clients, which includes several CCAs. Himelic is invested in propagating the use of open-source models like GenX and Sienna and has an extensive network of researchers and practitioners.

Staff has set a budget of \$75,000 for owner’s rep services for a total maximum project cost of \$425,000. The finalized contract with First Principles Advisory LLC is included as Attachment 2 to this item.

Community Advisory Committee Review

This project was presented to the Community Advisory Committee (Committee) in their May 16th meeting. The Committee unanimously recommended the Board move forward with the contracts with Princeton University and First Principles Advisory LLC.

There are two important updates following review by the Committee: the contract with First Principles Advisory has been finalized (the Committee only reviewed a total cost and scope of work) and the maximum contract total for Princeton has increased to \$350,000 from \$325,000.

During the Committee discussion, the committee expressed their interest in the proposed partnerships with other CCAs to mitigate the project cost. The Committee also asked for background on the development of the list of sensitivities. Staff shared that the sensitivities were derived from the CPUC's own sensitivity studies as well as discussion between partner CCAs, Princeton, and First Principles. The Committee also asked for a recap of staff's meeting with the CPUC, for which staff shared that a primary CPUC concern was the potential difficulty in justifying additional infrastructure investment to de-risk a portfolio across uncertainties given today's affordability concerns. The Committee also expressed strong endorsement of the credentials for Princeton's ZERO Lab as a project partner given their reputation and shared their view that the project is a worthwhile investment given the opportunity to de-risk grid decarbonization and improve affordability long-term.

Fiscal Impact

The total project cost, including the contract with Princeton's ZERO Lab and First Principles Advisory LLC, will be \$425,000 or less. The net cost to SCP will be between \$225,000 and \$425,000 depending on whether SCP can secure CCA partners.

The 2024-25 fiscal year budget approved on May 2nd included \$210,000 of consulting services for the Planning & Analytics department related to transmission or supporting the GeoZone. Depending on the success of recruiting CCA partners and the pace of the project, staff may need to ask for a budget adjustment to accommodate the project.

SCP is not required by law or policy to competitively bid these services. In addition, while SCP generally favors some competitive process for these types of procurements, the unique nature of the services and qualifications of Princeton's ZERO Lab and First Principles Advisory LLC justify a direct contract. A competitive process will not provide an advantage to SCP.

Attachments

- Attachment 1 -Scope of Work from Princeton for Incorporating Uncertainty into California's Generation and Transmission Planning Process, available at [this link](#) or by request to the Clerk of the Board
- Attachment 2 -Professional Services Agreement with First Principles Advisory LLC, available at [this link](#) or by request to the Clerk of the Board

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Staff Report - Item 10

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: June 6, 2024

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to secure reliable and affordable clean energy for customers by building 600 megawatts of geothermal power capacity in Sonoma and Mendocino Counties. This will enable 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>.

Enhanced Geothermal System (EGS) Awareness

Today, California relies heavily on natural gas fired power plants to keep the lights on. Very few power sources are truly available to run at any hour of the year, and the state has grown increasingly dependent on natural gas power plants for reliability even as it has built out renewable energy sources.

This fact is important because a majority of California's year-round reliability resources exist because of a technology called hydraulic fracturing or "fracking" for short. The oil and gas industry has widely deployed this technology in the United States. SCP has identified a goal of taking some of the technical know-how from the

oil and gas industry and greatly reducing the social and environmental impacts by using a similar technique called 'Enhanced Geothermal Systems' or EGS to produce low carbon geothermal energy and year-round reliability instead of fossil fuels. If deployed at scale in California, it would allow our state to end its dependency on natural gas and the kinds of fracking that create risks of groundwater pollution and other hazards.

To this end, SCP asked for proposals from across the geothermal industry and ultimately selected three partners, including one that is focused on expanding the use of EGS technology, Chevron New Energies.

Chevron New Energies will be the first GeoZone partner ready to engage in project-specific community outreach. The Chevron New Energies project is expected to deploy EGS technology to enable commercial power generation beyond the current extent of the Geysers field. Chevron is continuing to negotiate a grant award for the project with the Department of Energy (DOE) and plans on leveraging many of the lessons learned from the DOE's own EGS project in Utah.

EGS creates an underground flow path in deep hard rock that allows circulation of fluid to collect underground heat to generate power. EGS creates the flow path by borrowing from the hydraulic fracturing technology in the oil and gas industry, but avoiding the environmental risks that can exist in oil and gas operations. SCP is aware that the hydraulic fracturing process in the oil and gas industry is associated with many adverse environmental and social impacts and the local community may be concerned with its application for EGS in the GeoZone, even if it has a very different risk profile. Accordingly, SCP is committed to providing transparency on the risks and benefits of EGS and any other technologies proposed in the GeoZone as early as possible and working with the community to build awareness and facilitate discussion.

As a first step in building local awareness on EGS in the GeoZone, SCP has created a two-page flyer that is attached to this item, though staff understand much more detail will be needed in the coming months.

GeoZone Project Updates

Eavor has completed its feasibility study of applying its Eavor-loop technology in the GeoZone and validated its strategic interest in the project. Eavor is planning on increasing its in-person presence to progress site control opportunities.

Chevron New Energies is currently working on developing a comprehensive community engagement strategy for their GeoZone project. Meanwhile, the Chevron team is completing the technical work needed to inform exploration well design and permitting.

Cyrq Energy is engaging potential vendors of thermal energy storage systems. The California Energy Commission signaled that they would require a high level of technical readiness when selecting recipients for the Long-Duration Energy Storage grant expected later this year, which has increased the importance of selecting a mature technology for deployment in the GeoZone. Discussions on interconnection, commerciality, and site hosting considerations are occurring in parallel.

Permitting

SCP has been working with Permit Sonoma on scoping a project to leverage California Energy Commission funding to complete geospatial analysis and stakeholder engagement to inform a re-zoning project to better target geothermal and other renewable development with compatible land uses. Meanwhile, SCP is continuing to explore legislative opportunities to address the resource constraints with the current permitting process for geothermal exploration in California—which relies on the California Geologic Energy Management Division as lead agency.

Community Advisory Committee Discussion

The Community Advisory Committee discussed the contents of the EGS flyer in their May 16th meeting. During the discussion, the Committee expressed appreciation for the opportunity enabled by EGS in deploying local clean firm capacity but also noted concerns over its derivation from an oil and gas technique having significant environmental risks. The Committee asked specific questions on the integrity of steel casing that staff has shared with its partners. The Committee also noted the importance of understanding the societal impacts of EGS, learning from existing deployments and their adjacent communities, and improving messaging to facilitate community acceptance.

Attachments

- Attachment 1 - “Enhanced Geothermal Systems (EGS) in the GeoZone” Flyer

Enhanced Geothermal Systems (EGS) in Sonoma Clean Power's GeoZone

As the public power producer for nearly all residents and businesses across Sonoma and Mendocino Counties, Sonoma Clean Power formed the Geothermal Opportunity Zone (GeoZone) to **build 600 MW of new reliable renewable energy** to pair with local solar and energy storage. The goal is to affordably meet our region's energy needs with 100% renewable energy every hour of the year.

Why more geothermal?

Despite rapid growth in renewable energy, California has been unable to retire most of its dirtiest natural gas power plants. We still need them to keep the lights on when the sun isn't shining, wind isn't blowing, and batteries are empty—at night and through much of the winter. Geothermal provides the around-the-clock reliable power needed to support solar, wind, hydropower and battery storage and eliminate our dependence on fossil fuel sources.

Eventually, California is aiming to construct offshore wind to help fill some of these same needs, but it would be risky to depend on the optimistic timeline to construct it and costs will need to fall significantly for it to become affordable. Similarly, depending on scaling up batteries to a level that provides multi-day energy storage is neither affordable nor a good use of scarce lithium metal.

Our region is already home to a world-class geothermal resource (the Geysers), but the existing output isn't enough to support the clean energy transition. Expanding local geothermal capacity allows our communities to play a vital role in cleaning up California's electric grid and ensure that our region gets our share of the high-quality jobs and tax revenues.

New more affordable technology

A new technique called "Enhanced Geothermal Systems", or "EGS", enables geothermal energy production in more locations beyond existing geothermal fields, and allows greater flexibility in siting projects in better locations. The use of geologic and drilling expertise from the oil and gas industry is key to making this type of renewable energy a reality and weaning off of those fossil fuels.

An overview of EGS

This fact sheet introduces the basics of EGS and does NOT answer any specific questions about GeoZone projects. As specific projects are proposed in the GeoZone, much more detailed information will be supplied from the project developers.

Underground heat near the Earth's surface exists throughout most of the Western U.S. However, it is not common to find the type of rock formations that enable heat to be extracted with conventional methods.

EGS creates pathways for fluid to move underground similar to the natural pathways found in traditional geothermal fields by creating fractures in deep hard rock far below the earth's

surface. Water is then pumped through the fractures, heated by the rock, and used to drive an electric turbine at the surface.

Although EGS is a new technology, it is rapidly maturing. This is largely due to improvements in horizontal drilling and hydraulic fracturing technologies from the oil and gas industry.

In 2023, the U.S. Department of Energy's Frontier Observatory for Research in Geothermal Energy (FORGE) project proved the technology's potential for scaling up advanced geothermal technology—both practically and financially.

Environmental risks from hydraulic fracturing

California's electric power system heavily depends on fracking for natural gas today because a majority of the resources that can run 24-hours per day are natural gas-fired power plants. This unpleasant fact even applies to most utilities' so-called "100% renewable" power service because of the way California allows power providers to oversupply solar and wind and then rely on natural gas for reliability at night and through the winter.

The negative impacts of the natural gas industry are also disproportionately on poorer communities and on Latino, Black and Indigenous neighborhoods.

The U.S. Department of Energy has identified a number of ways that shifting from using natural gas fracking technology to better deploying it in the geothermal industry can have environmental and social benefits.

Sonoma Clean Power also fully understands that fracking has a bad reputation, and that – even with improvements – the public has a right to know a lot more about how it would be used differently for projects in the GeoZone.

First, all GeoZone projects will be evaluated through a California Environmental Quality Act (CEQA) process and undergo a detailed environmental analysis. In addition, SCP commits to the timely sharing of any information or data we gather on potential environmental risks and benefits.

The principal concern associated with oil and gas fracking is its potential to contaminate groundwater.

To provide clarity on the environmental risks of hydraulic fracturing for EGS relative to oil and gas development, the U.S. Department of Energy¹ shared the following important distinctions:

Fluid Composition

The Department of Energy's report notes that EGS is a chemically distinct process with fluids that can contain fewer additives than those used for oil and gas. Also, the hydraulic fractures for EGS do not occur in rocks bearing hydrocarbons, hence removing the risk of hydrocarbon contamination of shallow freshwater.

¹ US Department of Energy. *Pathways to Commercial Liftoff: Next-Generation Geothermal Power*, 2024. https://liftoff.energy.gov/wp-content/uploads/2024/03/LIFTOFF_DOE_NextGen_Geothermal_v14.pdf

Well Casing

EGS wells are fully encased with steel, from the bottom all the way up to the surface. The wells are also completely sealed, which is not always the case for oil and gas wells.

Reservoir Depth and Type

EGS fractures are made in deep hard rock disconnected hydrologically from groundwater, whereas oil and gas development can occur in shallower sedimentary rock, closer to groundwater.

Fluid Circulation

Whereas fractured oil and gas wells must dispose of excess fluids to operate, EGS fluids are recirculated and completely self-contained with no exposure to the atmosphere or drinking water.

Will EGS increase seismicity felt in nearby communities?

Any movement of fluid through the subsurface, including the existing Geysers operation and EGS, can change rock stress and temperatures that risk causing small earthquakes or “inducing seismicity”.

Induced seismicity risk can be mitigated through balancing underground fluid withdrawal and injection—which is inherent to the self-contained design of EGS and differs from oil and gas development.

The risk can also be managed through seismic monitoring, identifying natural and project-specific hazards, and developing a risk-based mitigation plan. The Department of Energy report notes that their FORGE project has followed this approach and has not experienced any community felt seismicity.

How is EGS being used in the GeoZone?

One of SCP’s GeoZone partners, Chevron New Energies, is planning a pilot EGS project. Chevron New Energies was selected as one of three partners from a competitive solicitation SCP completed in 2022, which evaluated industry proposals to apply new technology and capital to expand local geothermal capacity with commercial scalability.

As part of their cooperation agreement with SCP, Chevron New Energies will develop up to 20 MW in a demonstration project before deciding whether to proceed with a larger system.

In early 2024, Chevron New Energies’ GeoZone project was selected to negotiate a grant award from the Department of Energy’s Geothermal Technology Office which would help fund early demonstration activities.

Contact SCP

Email: community@sonomacleanpower.org

Website: sonomacleanpower.org/geozone



Staff Report - Item 11

To: Sonoma Clean Power Authority Board of Directors
From: Rebecca Simonson, Director of Programs
Issue: Receive and Provide Feedback on Funding Opportunity for GridSavvy Rewards
Date: June 6, 2024

Recommended Action

Receive and provide feedback on a grant funding opportunity to expand GridSavvy Rewards and target low-income customers and disadvantaged communities.

Key Feedback Questions

In our grant application, does the Board agree that a focus on low-income is consistent with our overall equity work?

Is this an area where the Board generally agrees SCP should continue to invest program dollars in addition to grant proceeds?

Background

The California Energy Commission (CEC) has issued a Grant Funding Opportunity for Virtual Power Plant Approaches for Demand Flexibility (VPP-FLEX). The full solicitation is provided as Attachment 1. The purpose of the solicitation is to fund demonstrations of community-based virtual power plant (VPP) approaches and demonstration of innovative energy management systems (EMS) in commercial buildings with the goal of increasing demand flexibility. The solicitation divides project funding into two groups as follows:

Group 1: Virtual Power Plants: Demonstrations that showcase community-based demand flexibility programs as a long-term (10 or more years) grid resource, and

Group 2: Commercial Building Energy Management in Low-income or Disadvantaged Communities.

SCP intends to apply under Group 1 for \$5 million. This group aligns with current and already planned efforts to expand GridSavvy and target low-income customers and those living in disadvantaged communities. This funding opportunity requires a minimum 20% match to be committed by SCP (equal to \$1 million).

Discussion

SCP's proposed project descriptions is as follows:

This project aims to enhance and broaden GridSavvy Rewards, Sonoma Clean Power's (SCP) demand response program, with a specific focus on low-income and disadvantaged communities (DACs). By consolidating various distributed energy resources (DERS) like electric vehicles, smart thermostats, water heaters, battery storage systems, and smart panels onto a unified platform, GridSavvy aims to simplify load flexibility for consumers.

SCP's GridSavvy Rewards is an existing program that utilizes a DER Management System (DERMS). The program is comprised of both a smart device option which requires devices to be installed and connected and a behavioral demand response option where customers can choose any means to shift load without the need for smart devices. The smart device option has been offered since 2018 and the behavioral option has been offered since 2022. Participation from low-income and disadvantaged communities is high for the behavioral option but remains very limited for the smart device option due to factors such as lack of awareness, time, money, and empowerment, especially among renters. To address these barriers, this project will strategically target the deployment of smart devices for low-income customers, and those residing in DACs, multi-family, and affordable housing, and will prioritize simplicity, affordability, and accessibility in program design and outreach.

One key aspect of the project involves demonstrating smart panel installations in DACs and multi-family complexes, where the risk of bearing stranded costs related to natural gas is high, exacerbated by overloaded distribution circuits in areas like Roseland and Bellevue in Santa Rosa. Enabling load flexibility is crucial to aid in household decarbonization for these communities. SCP proposes the installation of smart panels integrated with DERS to provide the necessary load flexibility, thereby avoiding extensive energy infrastructure upgrades and enhancing the feasibility of electrification efforts, with a focus on homes with hazardous panels.

Additionally, the project will facilitate the installation of smart thermostats in low-income households and small businesses with central air conditioning, as well as integrating existing customer sited DERs into the GridSavvy Rewards program, offering a direct method to optimize energy usage. Engaging with local small businesses will expand the program's reach into commercial and industrial sectors, broadening its impact. Through these coordinated efforts, GridSavvy aims to make significant progress in load flexibility by aggregating customer-sited DERS into a virtual power plant.

Attachments

- Attachment 1 - California Energy Commission Grant Funding Opportunity GFO-23-309, available at [this link](#) or by request to the Clerk of the Board