



**AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 7, 2024, 9:00 A.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE NOVEMBER 7, 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 October 3, 2024, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Approve the Board of Directors Meeting Dates for the 2025 Calendar Year (Staff Recommendation: Approve) **pg. 25**
3. Approve the Updated Financial Policy B.5 - Investments (Staff Recommendation: Approve) **pg. 29**
4. Approve Resolution 2024-04 Attesting to the Accuracy of Sonoma Clean Power Authority's 2023 Power Source Disclosure Annual Reports for CleanStart, EverGreen Products, and the 2023 Power Content Label (Staff Recommendation: Approve) **pg. 33**
5. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 35**
6. Approve Resolution 2024-05 Authorizing Investment of Monies in the Local Agency Investment Fund (Staff Recommendation: Approve) **pg. 39**

BOARD OF DIRECTORS REGULAR CALENDAR

7. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 41**
8. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate (Staff Recommendation: Approve) **pg. 67**
9. Receive Update on Sonoma Clean Power Authority's Tribal Engagement Efforts (Staff Recommendation: Receive and File) **pg. 71**
10. Receive Presentation and Provide Input on Guidelines to Inform Drafting a Future Policy on Selecting Energy Projects (Staff Recommendation: Receive and File) **pg. 79**

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, OCTOBER 3, 2024
9:00 A.M.**

CALL TO ORDER

(9:06 a.m. - Video Time Stamp: 00:02:18)

Vice Chair Barnacle called the meeting to order.

Board Members present: Chair Hopkins, Vice Chair Barnacle, Directors Lands, Elward, Zollman, Farrar-Rivas, Strong, Gjerde and Alternate Director Ford. Directors Rogers and Fudge were absent with prior notice.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Garth Salisbury, Chief Financial Officer; Miles Horton, Legislative Policy & Community Engagement Manager; Erica Torgerson, Managing Director of Customer Service; and Josh Nelson, Special Counsel.

BOARD OF DIRECTORS CONSENT CALENDAR

(9:07 a.m. - Video Time Stamp: 00:03:24)

1. Approve October 3, 2024, Draft Board of Directors Meeting Minutes
2. Approve Resolution 2024-01 Naming a Sonoma Clean Power Authority Treasurer
3. Approve Resolution 2024-02 to Join the California Community Choice Financing Authority as an Associate Member and Subsequently to Apply to be a Founding Member
4. Approve the Proposed Revisions to Financial Policy B.2 - Financial Reserves, and Approve the Deferral of Funds into the Rate Stabilization Fund
5. Approve the Proposed Updated Financial Policy B.5 - Investments
6. Approve the Amendment to Sonoma Clean Power's A.3 - Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collection and A.4 - Information Technology Security Policy
7. Receive Geothermal Opportunity Zone Update

8. Approve Continued Use of Updated AG-5-B and AG-5-E Rates Effective October 1, 2024
9. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate
10. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate

Item 5 was pulled to the November 7, 2024, Board of Directors Meeting.

Miles Horton, Legislative Policy & Community Engagement Manager, stated that Governor Newsom signed AB 1359 (Papan). This bill modifies an existing law specifying that the California Division of Geologic Energy Management must serve as lead agency under the California Environmental Quality Act for all geothermal exploration projects. Chair Hopkins and Director Farrar-Rivas thanked and congratulated SCP.

Public Comment: None

Motion to approve the October 3, 2024, Board of Directors Consent Calendar by Director Lands

Second: Director Barnacle

AYES: Lands, Ford, Barnacle, Elward, Zollman, Farrar-Rivas, Strong, Gjerde, Hopkins

ABSENT: Rogers, Fudge

BOARD OF DIRECTORS REGULAR CALENDAR

11. Approve a Five-Year Contract with Sacramento Municipal Utility District for Data Management, Billing, and Contact Center Services

(9:12 a.m. - Video Time Stamp: 00:08:47)

Erica Torgerson, Managing Director of Customer Service, thanked staff for their work on this item and discussed the Sacramento Municipal Utility District (SMUD) and its history. Director Torgerson also discussed SMUD's customer satisfaction ratings, SCP's history using Calpine Energy Solutions' billing, data management services, and call center software. Geof Syphers, CEO, discussed SCP's internal call center and the great work that they do. Managing Director

Torgerson explained why SCP is making the change from Calpine to SMUD and stated this contract is not the first time that SCP has worked with SMUD, and that SCP has been very happy with their work in the past. Managing Director Torgerson said that many CCAs are already SMUD clients, and she recommended approval.

Director Zollman stated that diversity is important as well as bilingual services. Managing Director Torgerson stated that all of SCP's Customer Service Representatives are bilingual, as well as SMUD offering bilingual services. Director Farrar-Rivas asked how long the process of implementation would take and Managing Director Torgerson said that there would be a 6 to 9 month lead up and a 1 month change over. CEO Syphers added that the complexity of billing is what makes the timeline so long.

Public Comment: Crispin Hollinshead and Spencer Lipp approved of the Contract with SMUD in the attached public comments.

Motion to approve a five-year contract with Sacramento Municipal Utility District for data management, billing, and contact center services by Vice Chair Barnacle

Second: Director Elward

AYES: Lands, Ford, Barnacle, Elward, Zollman, Farrar-Rivas, Strong, Gjerde, Hopkins

ABSENT: Rogers, Fudge

12. Approve Proposed Resolution 2024-03 which Authorizes the Execution and Delivery of a Clean Energy Purchase Contract and Other Documents in Connection with the Issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds

(9:30 a.m. - Video Time Stamp: 00:26:34)

CEO Syphers introduced this item by discussing California Community Choice Financing Authority Clean Energy Project Revenue Bonds (Prepay), introduced Garth Salisbury, CFO, and explained that the reason SCP needed to move quickly was because of the potential falling interest rate market and the fact that other CCAs were also moving on implementing prepay. CFO Salisbury introduced himself and gave a presentation on Prepay.

Chair Hopkins added that this will allow SCP to do more. Director Zollman stated that he was confused because SCP is not a security, CFO Salisbury agreed that it is confusing and explained how the transactions work by stating they are prepayment so after the issuance the bond proceeds go to the supplier, and CEO Syphers added that there is a special provision in tax law that specifically allows public agencies to utilize prepayment. Alternate Director Ford asked if the future savings were related to future energy prices, and CEO Syphers explained how this particular transaction would sustain savings for the term of the first bond because it is connected to the fixed-price contracts. Director Farrar-Rivas asked who else besides Goldman Sachs issues prepay and what are the issuance costs. CFO Salisbury answered that SCP had done a request for proposals and the two others were the Royal Bank of Canada and Morgan Stanley. He further explained that they all have high credit ratings, and the issuers will receive a percentage of the issuance cost as well as fixed fees. Director Elward asked what happens if the market crashes, and CFO Salisbury responded that prepay is interest rate sensitive and not tied to the stock market, adding that prepay does better when interest rates are high. Director Gjerde asked who the end buyer was, and CFO Salisbury answered that there is a lot of flexibility. Director Farrar-Rivas asked about succession planning, especially if CFO Salisbury wasn't here to manage these sorts of transactions. CEO Syphers responded that both Chris Golik, Revenue Manager, and he attended the prepayment meetings as well. CFO Salisbury added that other CCAs are getting educated on the process as well.

Public Comment: None

Motion to approve proposed Resolution 2024-03 which authorizes the execution and delivery of a clean energy purchase contract and other documents in connection with the issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds by Vice Chair Barnacle

Second: Director Farrar-Rivas

AYES: Lands, Ford, Barnacle, Elward, Zollman, Farrar-Rivas, Strong, Gjerde, Hopkins

ABSENT: Rogers, Fudge

13.Reduce Agency Expenses by an Estimated \$46 Million for the Six-Year Period from 2025 through 2030 by Accepting an Allocation of Energy from the Diablo Canyon Nuclear Power Plant

(10:08 a.m. - Video Time Stamp: 01:04:53)

CEO Syphers gave background on why the Diablo Canyon Nuclear Power Plant was ordered to extend operations by Governor Newsom due grid reliability concerns following the severe heat event of 2022. Chair Hopkins stated that it was unfortunate that the State of California has put SCP in the position of having to accept an allocation from the Diablo Canyon Nuclear Power Plant (Diablo Canyon) and then asked CEO Syphers to discuss options on taking the allocation. CEO Syphers discussed the requirements and explained the options for the Diablo Canyon allocation of energy, and he recommended the Board support taking the allocation, but he acknowledged that it is a hard decision.

Vice Chair Barnacle stated that this request is unfortunate, he expressed skepticism that Diablo Canyon would close in 2030, and he expressed a need for SCP to look at more baseload renewables and find solutions to closing Diablo Canyon. CEO Syphers agreed that SCP needs to help the state find a pathway to finance transmission lines, work on the planning and permitting process, invest in battery technology, and make transmission more robust to uncertainty. Director Zollman stated that this decision is distressing and would like bullet points to better explain to his constituency. Director Elward would like clear information so she can explain it to her Council and constituency. Director Farrar-Rivas stated that it is important for SCP to have a plan, but she said that customers are also supportive of cost savings, and she added that SCP should discuss next generation nuclear. Alternate Director Ford asked how nuclear is presented on the power content label and Managing Director Torgerson stated that additional language can be added but nuclear must be shown. Director Barnacle asked what other agencies are doing and CEO Syphers stated that Ava, MCE, Silicon Valley, and Peninsula Clean Energy have all accepted the allocation, and Redwood Coast Energy Authority has yet to take a position. Vice Chair Barnacle then asked if a multi-CCA letter could be drafted pushing for the closure of Diablo Canyon. Chair Hopkins expressed an interest in advocating for decommissioning Diablo Canyon, pushing for advocacy on GeoZone, and she requested staff draft a resolution calling for Diablo Canyon's closure by 2030.

Public Comment: David Hahn, Diego Garcia, Geoffery Leonard, Jane Palmer, JP Como, Ryan Pickering, Crispin Hollinshead, and Patricia Amaya all expressed support for taking the energy allocation from Diablo Canyon, their comments are attached to these minutes. Tom Conlon discussed the Power Content Label, and his comment is attached.

Motion to reduce agency expenses by an estimated \$46 Million for the six-year period from 2025 through 2030 by accepting an allocation of energy from the Diablo Canyon Nuclear Power Plant with an amendment to review SCP's policy platform and place wording int it to work towards closing Diablo Canyon and direction to staff to draft a resolution requesting the closure by Vice Chair Barnacle

Second: Director Lands

AYES: Lands, Ford, Barnacle, Elward, Zollman, Farrar-Rivas, Strong, Gjerde, Hopkins

ABSENT: Rogers, Fudge

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

(10:54 a.m. - Video Time Stamp: 01:50:42)

Director Farrar-Rivas announced that the City of Sonoma Public Works Department just bought 2 EVs and a charging station. Alternate Director Ford announced that Cotati was building a Tesla supercharger hub. Vice Chair Barnacle stated that transit ridership had increased 60% in Petaluma and announced the Luma Go ridership program. Chair Hopkins announced Clean Air Day, the Week Without Driving, and the Russian River Pride Parade.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(10:57 a.m. - Video Time Stamp: 01:53:21)

Public Comment: Tom Conlon discussed SCP's Energy Reserves and excess funds, and his comment is attached to these minutes.

ADJOURN

(11:00 a.m. - Video Time Stamp: 01:56:39)

The meeting was adjourned by unanimous consent.

Item 11

From: Crispin B. Hollinshead

Date: Monday, September 30, 2024 at 4:20 PM

To: Geof Syphers

Subject: Re: SMUD Contract

For what it's worth, this looks fine to me. Despite a slight fee increase, I appreciate that SMUD has a long history of service to public power, not primarily fiscal return.

Cheers.

From: Spencer Lipp

Date: 1 October 2024 at 8:49:55 AM PDT

To: Geof Syphers

Subject: Re: SMUD Contract

Hi Geof,

I have no concerns about this item. In my experience, SMUD is well regarded across the state for these services. The marginal premium in cost is not a factor to me in making sure SCP has reliable services in this area.

Thanks,

Spencer

Dear Community Advisory Committee and Board of Directors,

My name is Dave Hahn and I'm happy to be an Evergreen customer of SCP. I'm writing today to strongly encourage you to accept the financial benefit of the proposed Diablo Canyon GHG-free allocation.

I'm not an advocate for nuclear energy. In fact, I'd like to see the day when California transitions off nuclear energy and to purely renewable sources. But, according to the [LA Times](#), the Diablo Canyon plant was already extended through 2030 and we'll all have to pay for it. Some of my friends and neighbors are already having a hard time making ends meet. If we are all going to be forced to pay for this plant's extension, I respectfully ask that you please use whatever we get in return to lower bills as much as possible.

Thank you,

Dave Hahn

14Sep24

Comments on Diablo Canyon for SCP
by Crispin B. Hollinshead

While it is accurate that a normally functioning nuclear reactor does not emit any greenhouse gases, there is great concern about what happens when a reactor fails. Greenhouse gases last for a few centuries, but radioactive contamination lasts for thousands of centuries.

It is known there are three seismic faults within three miles of the Diablo Canyon plant, including one running right through the site, each capable of a magnitude 7 event. The two reactors have been operating for about 40 years (their original design life), without any upgrades, and it is known that prolonged radiation embrittles metal, increasing risk of failure.

PG&E tested for embrittlement in 2006, but refuses to make the results public, claiming "proprietary information", and has postponed any further testing. The company is not liable for any radiation damages, or clean up costs, by long standing federal legislation. 13 years after Fukushima, real clean-up has yet to begin. Costs there are estimated at over a trillion dollar, and will take 4 decades. This is considered optimistic by some, as clean up on this scale has never been accomplished before.

Even though nuclear power is the most expensive power being produced, SCP is asked to accept power from the extended life of Diablo Canyon nuclear plant, or pay an additional price. It is clear this choice is not negotiable, but we should not just give them money and just "trust them". We can ask for something in return. At the very least, demand all existing embrittlement information be made public, and testing of the current reactor condition be performed.

From: Diego Garcia

To: Clerk of BOD

Subject: Diablo Canyon

Date: Wednesday, September 18, 2024 8:04:57 PM

This is for board and committee

Please accept the power plant deal I don't want to pay more than I have to.

Diego Garcia.

From Santa Rosa

Geoffrey Leonard

To the Board of Directors and members of the Community Advisory Committee of Sonoma Clean Power:

I am a resident of Glen Ellen and a customer of Sonoma Clean Power. I am writing to express my support for the Board to reduce agency expenses by accepting an allocation of energy from the Diablo Canyon Nuclear Power Plant. I agree with the recommendation of the Staff and believe that this action should be taken to provide cost savings to SCP customers.

Regards,

Geoffrey Leonard

From: Jane Palmer

To: Clerk of BOD

Subject: Accept Allocation

Date: Wednesday, September 18, 2024 9:46:18 PM

Dear Sonoma Clean Power Community Advisory Committee,

Thank you for the opportunity to provide input. I have been a happy customer of SCP since you launched. I strongly urge you to recommend that the Board accept the \$46 million allocation of carbon-free energy from Diablo Canyon. With the extension of the plant through 2030, we're all already paying for it, and with the current high cost of living and rising energy bills, it's important to seize every opportunity to reduce costs for customers. Accepting this allocation would provide significant financial relief, helping to lower energy bills over the next six years.

Thank you very much,

Jane Palmer

For Consideration at the October 3, 2024, Sonoma Clean Power Board
Meeting

To: Sonoma Clean Power Authority Board of Directors

From: Joseph P. Como, Former Member, Sonoma Clean Power Community Advisory Committee and Retired Director of the Public Advocates Office at the California Public Utilities Commission (CPUC).

CC: Geof Syphers, Chief Executive Officer

Issue: Accepting an Allocation of Energy from the Diablo Canyon Nuclear Power Plant

Date: September 25, 2024

I respectfully recommend that Sonoma Clean Power (SCP) Board of Directors accept the allocation of power from the Diablo Canyon Nuclear Power Plant (Diablo Canyon). Unfortunately, SCP is being forced to pay for its allocation from Diablo Canyon whether or not it uses the energy. Given this, SCP must take the energy, because the alternative—paying for unused energy and then purchasing additional energy—would be even more unreasonable. Paying twice for energy is far worse than simply accepting the allocation. Simply put, SCP is being forced into a "Devil's Bargain" by the CPUC – a choice between a bad decision and a worse decision. Fortunately, nuclear energy is carbon-free, and while SCP will have to show "nuclear" in its energy mix, it can be clearly explained that SCP had no other choice.

Analysis

The State mandated that the cost of supporting Diablo Canyon be shared by all ratepayers, including Community Choice Aggregation (CCA) customers like those of SCP. SCP is legally required to contribute to the continued operation of a nuclear power plant, despite its long-standing policy against pursuing nuclear energy for its customers.

Unfortunately, the CPUC is not allowing SCP to apply the value of its Diablo Canyon allocation toward alternative power sources that align better with SCP's purchasing principles. SCP is left with only two options: either pay for Diablo Canyon without taking the allocation, or pay for Diablo Canyon and accept the allocation—a true "Devil's Bargain." As a former member of your Community Advisory Committee and a long-time customer advocate, I am dismayed that SCP has been placed in this position. However, the cost impact on customers if the energy allocation from Diablo Canyon is not accepted is too significant for them to bear.

Although I am recommending that SCP accept the allocation, I hope SCP will continue to resist excessive oversight from the State. I was among those who witnessed and understood the purpose of AB117¹: to grant local governments the autonomy to purchase and sell electricity to their constituents. The assumption and intent were that local government officials would be directly accountable to their constituents—the new CCA customers. This close, direct relationship was meant to make it unnecessary for the CPUC to have much jurisdiction over CCA operations. In fact, AB117 outlines only specific areas of CPUC jurisdiction over CCAs. This was the framework under which I, along with others, participated in rulemaking for CCAs. In my role as the State's representative for public utility customers (as director of the Public Advocates Office), I advocated for limited CPUC oversight of CCAs because I believed CCAs would create healthy competition for the corporate utility companies in California, and therefore benefit all utility customers. It's unfortunate that State lawmakers don't seem to share this long-term vision of competitive energy markets and continue to hinder CCA operations.

But despite the State's excessive control, SCP has proven that local governments can operate effectively, earning a strong reputation for excellent customer service and sound financial management. In this case, I strongly believe that SCP should accept the allocation of energy from Diablo Canyon.

¹ Assembly Bill 117 (AB 117) was enacted in 2002 to establish Community Choice Aggregation (CCA) in California. CCA is a program that allows cities and counties to buy or generate electricity for their residents and businesses.

Dear Sonoma Clean Power Board members,

My name is Patricia Amaya and I live in Sonoma. I teach special needs students at Sonoma Valley High School. I have very limited funds as a teacher in Sonoma County. Between rent and groceries, I can barely afford to live here. I was able to take advantage of SCP's eBike program and that is what I use for transportation. Thank you for helping me! Sonoma County residents are hurting financially. Maybe not all, but those that provide the services that our county needs most, are really struggling. PLEASE please accept the nuclear energy that we are already paying for. Please save your customers money by not having to go out and pay for additional clean energy. I cannot afford higher electricity bills. I hope you understand how important affordability is to your customers like me.

Thank you for your consideration,

Patricia Amaya

City of Sonoma resident

Dear Sonoma Clean Power Board Members,

My name is Ryan Pickering, and I have been a solar installer Sonoma County for the last 6 years. I am writing to express my strong support for Sonoma Clean Power's acceptance of nuclear energy into its standard offering. This decision offers a key opportunity to lower the cost of clean energy for all customers while positioning Sonoma Clean Power as one of the cleanest CCAs in California.

Having worked in solar energy for my entire career, I have been deeply committed to advancing our clean energy future. For much of my life, I was opposed to nuclear energy. However, after deepening my understanding of our electricity grid, I now see that nuclear energy plays an essential baseload role in ensuring sustainability, affordability, and reliability, while complementing renewable energy sources with inertia and spinning reserve.

Air pollution continues to disproportionately affect low-income and marginalized communities, contributing to higher rates of respiratory illness. By incorporating nuclear energy into Sonoma Clean Power's portfolio, we can significantly reduce reliance on out-of-state, carbon-intensive electricity imports, lower emissions, and enhance transparency within our energy mix—all without adding costs for ratepayers.

This decision also preserves the option for customers to opt for a 100% renewable plan, but for most customers, integrating nuclear energy offers millions in savings over the coming years.

I would like to note that both AVA Energy, Peninsula Clean Energy and Marin Clean Energy recently voted to accept nuclear energy into their standard offerings. Sonoma Clean Power now has the opportunity to join these forward-thinking CCAs in leading California toward a cleaner and more affordable energy future.

I urge the Board to accept nuclear energy into Sonoma Clean Power's standard offering, making clean energy accessible and equitable for all.

-Ryan Pickering

Dear SCP Board & Staff: ù

I have a question and a comment on Item 13: ù

Question: How much has SCP paid in the past for Diablo Canyon power, which we had to do ù anyway, without having it appear on our Power Content Label? ù

Comment: ù

Checkmate: \$46 Million is a lot of money! ù

But in the interests of full disclosure, and Truth-in-Advertising... ù

Since you appear poised to explicitly enter the business of distributing nuclear power, are you also ù planning to follow the lead of MCE, and remove the word "Clean" from your agency's name? ù

As an entity now regularly doing business with the likes of Chevron, Goldman Sachs, multiple ù biomass combustion facilities, PG&E's Diablo Canyon, and other objectively DIRTY entities, it strikes me as DOUBLESPEAK to continue calling yourselves "CLEAN". ù

To do otherwise seems to me to play into our Governor's expanding lie, evidently shared by most members of the state's uncontested Democratic Party, that we can greenwash our way to energy affordability and climate stabilization without having to face any real or political consequences for our increasingly Orwellian behavior.

Respectfully Submitted,

- Tom Colon

Dear SCP Board & Staff: ù

I have another comment, this time on Item 04: ù

Did this item really just pass on your Consent Calendar today, without comment?

I am struck by your Staff's brazen and apparently successful effort to stop returning to your customers excess funds collected over and above your Target Reserve.

Specifically, the text you just voted to strike said:

Excess Reserves: Any reserve balances in excess of the Target Reserves must be returned to customers through lower rates or program incentives in the following year.

Staff replaced it with this:

Rate Stabilization: Any excess revenues above the Target Reserve balance shall be deferred to stabilize rates in subsequent years.

This appears to have created an open door to collect excess reserves entirely at STAFF's discretion, potentially far beyond your previously Board-established RESERVE Target.

Under your previous policy, this money would otherwise have gone BACK TO YOUR CUSTOMERS, making their electricity bills more affordable, and making decarbonization projects more accessible, particularly to your most vulnerable customers.

This strikes me as a major policy change, and one that will have a direct impact on your customers, so I was quite surprised that it was approved without any further opportunity for Board input.

Respectfully Submitted,

- Tom Conlon

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Staff Report - Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Darin Bartow, Clerk of the Board
Stephanie Reynolds, Director of Internal Operations

Issue: Approve the Board of Directors Meeting Dates for the 2025 Calendar Year

Date: November 7, 2024

Recommendation

Approve the Board of Directors Meeting Dates for the 2025 Calendar Year.

Background

Section 54954(a) of the California Government Code states that legislative bodies shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings. The Board of Directors adopted Resolution No. 2022-02 on July 7, 2022, establishing a time and place for regular meetings of the Board of Directors. While the September meeting has been cancelled in years past, due to a heavy legislative schedule, the date is set as a placeholder.

Discussion

The proposed schedule is included as an attachment.

Attachments

- SCP Resolution No. 2022-02
- Proposed 2025 SCPA Board of Directors Meeting Schedule

RESOLUTION NO. 2022 - 02

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER
AUTHORITY SETTING A TIME AND PLACE FOR REGULAR MEETINGS**

WHEREAS, section 54954(a) of the California Government Code states that legislative bodies shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings; and

WHEREAS, Section 4.8 of the Third Amended and Restated Joint Powers Agreement Relating to and Creating the Sonoma Clean Power Authority dated October 13, 2016 provides that the date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board of Directors; and

WHEREAS, the Board of Directors did duly pass and adopt Resolution Nos. 2018-03 and 2021-07, which established the time and place for regular meetings of the Board of Directors at the Sonoma Clean Power Authority; and

WHEREAS, the Board of Directors now wishes to amend the time of its regular meetings so that they will be held on the first Thursday of each month at 9:00 a.m. at the Sonoma Clean Power Authority Headquarters.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Sonoma Clean Power Authority:

- Section 1. That the foregoing recitals are true and correct and a substantive part of this Resolution.
- Section 2. Commencing in August 1, 2022, the date, hour, and place for regular meetings of the Board of Directors as follows:
Date & Hour: First Thursday of each month at 9:00 AM.
Place: Sonoma Clean Power Headquarters, 431 E Street, Santa Rosa CA, 95404
- Section 3. That Resolution No. 2021-07 is hereby repealed in its entirety.
- Section 4. That the provisions of this Resolution shall become effective upon adoption.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

DULY ADOPTED this 7th day of July 2022

JURISDICTION	NAME	AYE	NO	ABSTAIN/ ABSENT
Cloverdale	Director Bagby	x		
Cotati	Director Landman			x
Fort Bragg	Director Peters	x		
Petaluma	Director King	x		
Rohnert Park	Director Elward	x		
Santa Rosa	Director Rogers	x		
Sebastopol	Director Slayter	x		
Sonoma	Director Felder	x		
Windsor	Director Fudge	x		
County of Mendocino	Director Gjerde	x		
County of Sonoma	Director Hopkins	x		

In alphabetical order by jurisdiction



David King, Chair, Sonoma Clean Power

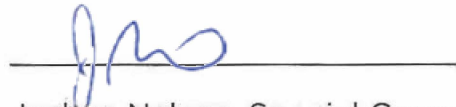
Authority

Attest:



Darin Bartow, Clerk of the Board

APPROVED AS TO FORM:



Joshua Nelson, Special Counsel,
Sonoma Clean Power Authority



**Sonoma Clean Power Authority
Board of Directors
Schedule of Meetings
January - December 2025
9:00 a.m. - 12:00 p.m.**

(The SCPA normally meets on the 1st Thursday of each month)

January 9, 2025 (2nd Thursday due to the New Year's Holiday)

February 6, 2025

March 6, 2025

April 3, 2025

May 8, 2025 (2nd Thursday due to CalCCA Conference)

June 5, 2025

July 3, 2025

August 7, 2025

September 4, 2025 (Tentative)

October 2, 2025

November 6, 2025

December 4, 2025



Staff Report - Item 03

To: Sonoma Clean Power Authority Board of Directors

**From: Garth Salisbury, Chief Financial Officer
Chris Golik, Revenue Manager**

Issue: Approve the Updated Financial Policy B.5 - Investments

Date: November 7, 2024

Recommendation

Approve the Updated Financial Policy B.5 - Investments, to be in compliance with the California Government Code, further limit the permitted investments, improve investment diversification, risk management and add reporting requirements to the Board.

Background

SCP has been accumulating reserves to strengthen the organization financially, to allow us to negotiate better, more cost-effective contracts with our counterparties and to ensure our ability to weather volatile energy markets while maintaining customer rates competitive with PG&E's. As an example, by effectively leveraging our strong "A" credit rating from Standard and Poor's, at the end of September SCP had no collateral held by outside counterparties. Conversely, SCP maintains over \$58 million in collateral in the form of cash and letters of credit from our counterparties.

In fiscal year 2023/24, SCP met its Reserve Policy goal of 280 days cash on hand and embarked on a program to incorporate a professional investment advisor to manage a portion of our financial reserves to maximize value for ratepayers. Staff recently completed an RFP for Investment Advisors and selected Chandler Asset Management (Chandler) to manage approximately 30-40% of our funds. Chandler professionally manages the financial assets of several CCAs in California and does so in alignment with the CCA's goals and prohibitions on certain types of investments. SCP's Investment Policy limits investments to high grade US government bills, notes and bonds, bank Certificate of Deposits, corporate and asset backed bonds with a

maximum maturity of five years. Chandler will manage 30-40% of the SCP investment portfolio that we do not expect to access over the next 5-7 years. The remaining 60-70% will continue to be managed by staff in liquid short term collateralized and FDIC insured money market funds and intermediate 1-2 year collateralized, and FDIC insured CDs.

Community Advisory Committee Review

These proposed amendments to the SCP Investment Policy were recommended for approval to the Board of Directors at the October 17, 2024, meeting of the Community Advisory Committee.

Timing Considerations

To address the highest inflation rates in over forty years, the Federal Open Market Committee of the Federal Reserve Bank (the Fed) began increasing interest rates in 2022, increasing them by over 5.25% over a period of 16 months. These increases resulted in the highest interest rates in fifteen years and had the effect of slowing the US economy and reducing consumer demand for goods and services, thus dramatically reducing inflation.

With inflation seemingly in control, the Fed began reducing interest rates at its last meeting on September 18th by 0.5% (½ of 1%) to stimulate the economy to avoid a recession. SCP expects the Fed to continue to reduce interest rates over the remainder of the year and likely into 2025. Indeed, the financial markets have been anticipating these reductions for several months and interest rates have declined by over 1% since the peaks of earlier this year. To capture these higher interest rates with a portion of our portfolio that does not need to be liquid or short term in nature, staff intend to have Chandler professionally manage that portion of our portfolio and to begin investing immediately before interest rates decline further.

Discussion

In conjunction with the SCP CFO and finance staff, Chandler has reviewed our Investment Policy to suggest amendments to 1) modernize the Policy to bring it in line with the current Government Code in California, 2) further limit some types of permitted investments, 3) require higher credit ratings on some of the investment categories, 4) require further issuer diversification and 5) to enhance the periodic reporting requirements of our portfolio to our stakeholders. The suggested changes to our Investment Policy are included in redline form (Attachment 1).

Fiscal Impact

Staff do not expect a near-term fiscal impact from retaining Chandler to manage a portion of our funds or from the suggested amendments to the Investment Policy. However, in an environment of decreasing interest rates, staff expects that the professional management of a portion of SCP's reserves will result in enhanced interest earnings over the course of the next three to five years.

Attachments

- Attachment 1 - SCP Financial Policy B.5 - Investments (Redline) available at [this link](#), or by request to the Clerk of the Board

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Staff Report - Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Brian Goldman, Principal Compliance Analyst

Issue: Approve Resolution 2024-04 Attesting to the Accuracy of Sonoma Clean Power Authority's 2023 Power Source Disclosure Annual Reports for CleanStart, EverGreen Products, and the 2023 Power Content Label

Date: November 7, 2024

Recommendation

Staff recommend the Sonoma Clean Power Authority (SCP) Board of Directors adopt a resolution approving the 2023 Power Source Disclosure Annual Reports for SCP's CleanStart and EverGreen products (PSD Annual Reports) and SCP's 2023 Power Content Label, and attest to their veracity. The resolution is attached to this staff report as Attachment 1, the 2023 PSD Annual Reports are attached to the resolution as Exhibit 1 and Exhibit 2, and the 2023 Power Content Label is attached as Exhibit 3.

Background

The California Public Utilities Code requires all retail sellers of electric energy, including SCP, to disclose "accurate, reliable, and simple-to-understand information on the sources of energy"¹ that are delivered to their respective customers each year. SCP submitted its 2023 PSD Annual Reports on June 3, 2024. The PSD Annual Reports include SCP's specified power purchases, resales, and self-consumption of energy by fuel type. Information from SCP's 2023 PSD Annual Reports is included in SCP's 2023 Power Content Label. The Power Content Label is mailed to SCP customers and posted on both SCP's and the California Energy Commission's (CEC) websites.

¹ PUC § 398.1(a).

Discussion

Staff recommend that the Board adopt a resolution approving SCP's 2023 PSD Annual Reports for SCP's CleanStart and EverGreen products, and attest to the veracity of the data in the PSD Annual Reports and the Power Content Label. Adoption of the attached resolution as recommended by staff enables SCP to comply with the CEC regulation implementing SB 1305.²

During the 2023 calendar year, SCPA provided CleanStart customers with an energy supply including 51.2% renewable energy from geothermal (17.8%), biomass and biowaste (9.4%), eligible hydroelectric (0.7%), solar (8.1%), and wind (15.1%). For EverGreen customers, SCPA provided 100% renewable energy to participating customers including 88.1% purchased from geothermal sources and 11.9% purchased from solar sources. For comparison, California's total renewable energy ratio is 36.9%.

Since 2020, retail sellers must include greenhouse gas (GHG) data for generation and procurement in the PSD Annual Reports and on the Power Content Label.³ SCP reports that it produces a GHG Emissions Intensity of 138 pounds CO₂e/megawatt hour (lbs CO₂e/MWh) for its CleanStart product, and just 68 lbs CO₂e/MWh for its EverGreen product, compared to the 2023 California Utility Average of 373 lbs CO₂e/MWh.

Fiscal Impact

Adoption of the Resolution will not result in any financial impact to SCP.

Attachments

- Attachment 1 – Resolution 2024-04 Approving SCP 2023 Power Source Disclosure Annual Reports for CleanStart, EverGreen Products, and Approving and Attesting to the Veracity of SCP's Power Content Label available at [this link](#), or by request from the Clerk of the Board

² 20 CCR § 1390-1394.

³ Modification of Regulations Governing the Power Source Disclosure Program, May 4, 2020, p. 15.



Staff Report - Item 05

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: November 7, 2024

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to secure affordable, reliable clean energy for our customers by building 600 megawatts of new 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>.

2025 Legislative Opportunities

SCP is in the early stages of building a comprehensive legislative package for 2025 to address additional barriers to next-generation geothermal investment in California. SCP has been meeting with geothermal developers and NGOs to collect feedback on legislative priorities and is working with Geothermal Rising on organizing a potential Sacramento advocacy day for geothermal. Legislative Policy & Community Engagement Manager Miles Horton also had the opportunity to meet with the Department of Energy's Geothermal Technology Office in Washington D.C. in early October to discuss, amongst other subjects, regulatory constraints to growing geothermal development.

The U.S. House of Representatives passed several important bills in late September for addressing permitting constraints for geothermal development on federal land: [H.R. 6474](#) (expands a categorical exclusion for oil and gas to apply to geothermal), [H.R. 7370](#) (sets a 60-day deadline for processing applications for geothermal leasing), and [H.R. 7422](#) (allows Department of Interior to collect permitting fees that are used for expanding agency capacity). Congressman Mike Thompson supported all three bills. It is unlikely that the bills will have a direct impact of SCP's GeoZone, as most of the Geysers' region is on private land, but the federal legislation provides a useful template of opportunities for state permitting and will improve the availability of geothermal resources outside the GeoZone. The legislation still needs to be passed by the U.S. Senate and may end-up being incorporated into the ongoing negotiations on the Manchin and Barrasso bipartisan energy permitting reform bill.

In late October, the Bureau of Land Management (BLM) [announced a proposal to add a categorical exclusion for geothermal exploration on federal lands](#). The proposal would allow geothermal exploration that does not exceed 20 acres of total surface disturbance to be excluded from the requirement to perform an environmental assessment for the National Environmental Policy Act (NEPA). The proposed change could significantly reduce the schedule and cost risk associated with developing geothermal projects on federal lands. Unlike the legislation described above, the agency-led categorical exclusion would be at-risk for being undone by future administrations, whereas a legislative categorical exclusion would endure.

Geothermal in CPUC Statewide Planning

At the end of August, the California Public Utilities Commission (CPUC) announced [their decision](#) to direct the Department of Water Resources to procure up to 1 GW of geothermal resources on behalf of load-serving entities—along with 7.6 GW of offshore wind, 1 GW of multi-day long-duration energy storage, and 1 GW of 12-hour long-duration energy storage. The CPUC selected the technologies for procurement based on their ability to drive market transformation and significantly contribute to the state's GHG reduction goals. In many ways, the CPUC decision is taking a GeoZone-type approach at the state level. SCP is working on assessing synergies with the ordered procurement and GeoZone development.

The CPUC [released its latest planning portfolio](#) to guide statewide transmission planning in mid-September. The CPUC adopted higher cost assumptions for geothermal resources and additional transmission constraints that ultimately led to less geothermal being included in the portfolio (1.6 GW vs. 2.1 GW in the previous portfolio). [SCP](#)

[submitted comments](#) asking the CPUC to be less restrictive in modeling transmission, taking a more methodical approach to representing geothermal costs, increasing in-state resource development and incorporating modeling for next-generation technologies. SCP will continue to participate in CPUC proceedings to advocate for modeling that supports transmission capacity to enable interconnection of GeoZone resources.

Regional Geothermal Planning Project

SCP has convened several meetings with the planning staff of Sonoma County, Mendocino County, and Lake County to discuss a regional project to increase planning and permitting capacity for geothermal development. Although Lake County is not part of the GeoZone, they share many of the same considerations in siting geothermal exploration and development and are likely to see a large increase in development interest. The regional group is expected to decide whether to pursue a California Energy Commission grant for the project next month.

CAISO Interconnection Reforms

On September 30th, the [Federal Energy Regulatory Commission \(FERC\) approved the California Independent System Operator's \(CAISO\) reforms](#) to its interconnection process. The CAISO reforms included several provisions for which SCP heavily advocated, including prioritization of projects that are selected as needed by load-serving entities and projects that are long-lead resources needed by the system. SCP sees both provisions as necessary to allow resources like GeoZone projects to compete for interconnection capacity with simpler and more nimble projects like battery energy storage. The reforms were heavily fought against by the solar and storage development community, but FERC ultimately agreed with the logic of CAISO and load-serving entities that the provisions are fair and necessary.

GeoZone Project Updates

There have been no major updates to report on GeoZone projects since the October Board meeting. Chevron New Energies is expecting to finalize negotiations on their Department of Energy grant by the end of the year and is working on its exploration well permitting strategy now that Assembly Bill 1359 enables Chevron to work directly with Sonoma County. Eavor is continuing to explore site control opportunities, and the Cyrq thermal energy storage program is awaiting results from its abstract submission to a recent California Energy Commission grant, as well as an abstract submitted to a

Department of Energy Long Duration Energy Storage grant.

Stakeholder Engagement

SCP staff have been facilitating a series of lunch meetings with key local labor organizations, including the North Bay Building Trades, North Bay Labor Council, and others, to brief them on the GeoZone and forge stronger relationships as these projects move forward.

Community Advisory Committee Review

Staff included the GeoZone update as a regular calendar item in the October Committee meeting. During the meeting, the Committee asked staff detailed questions on the California Environmental Quality Act (CEQA). Staff shared how CEQA permitting for exploration wells is a particular challenge for geothermal investment in California, given that exploration wells are necessary to assess project viability and CEQA in its current form can add significant schedule and cost risk. CEO Geof Syphers also shared the staff's position that any reform to the current permitting risk must be done without any reduction to environmental protections. The Committee also discussed how transmission and interconnection are a parallel challenge for geothermal development.

The Committee asked for staff to walk through the role of hydraulic fracturing in next-generation geothermal development. Staff reviewed its learnings from the [Department of Energy's Pathways to Commercial Liftoff: Next-Generation Geothermal Power report](#) released earlier this year: although hydraulic fracturing for geothermal development uses similar techniques and equipment as oil and gas, the application of the technology in deep hard rock, well design with steel casing and fully cemented annulus, targeting of rock formations with no hydrocarbons, and reinjection of produced fluids present a significantly reduced environmental risk profile. Staff committed to providing a more comprehensive review of the technology in the coming months.



Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directors
From: Garth Salisbury, Chief Financial Officer & Treasurer
Issue: Approve Resolution 2024-05 Authorizing Investment of Monies in the Local Agency Investment Fund
Date: November 7, 2024

Recommendation

Staff recommends the Board of Directors approve proposed Resolution No. 2024-05 (Attachment 1), authorizing investment of monies in the Local Agency Investment Fund (LAIF). This resolution adds SCP's Chief Financial Officer & Treasurer, Garth Salisbury, as an authorized individual on SCP's account with LAIF.

Background

SCP's Board of Directors previously approved Resolution No. 2023-03 at their meeting on July 6, 2023, which authorized investment of monies in LAIF.

SCP's investment policy states that the agency's investment goals are safety of principal, liquidity, and return on investment. The investment policy also specifies authorized investments, and expressly allows investment in the California State Treasury's Local Agency Investment Fund.

LAIF was created by statute and began in 1977 as an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio, which invests billions of dollars, using the investment expertise of the State Treasurer's Office professional investment staff.

LAIF has grown from 293 participants and \$468 million in 1977 to 2,340 participants and \$19.6 billion at the end of September 2024.

Discussion

Resolution No. 2024-05 updates the list of authorized individuals on SCP's account with LAIF. Specifically, it adds Garth Salisbury, Chief Financial Officer & Treasurer, and removes Erica Torgerson, Managing Director of Customer Service.

LAIF provides local agencies with a way to invest cash held in the treasury pool that may be withdrawn as needed on a same-day basis to meet an agency's cash flow needs, while realizing a diversified market rate of return in interest earnings. Consistent with SCP's investment goals, the investment policy of the State Treasurer's Office places the goals of safety, liquidity, and yield above all others.

Attachments

- Attachment A - Draft Resolution No. 2024-05 Authorizing Investment of Monies in the Local Agency Investment Fund available at [this link](#), or by request to the Clerk of the Board



Staff Report - Item 07

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: November 7, 2024

CAPITAL PROJECTS AND ENGINEERING

The Board has directed staff to investigate local resource investment opportunities by setting aside a portion of our excess collections over reserves to help fund these projects. In addition, SCP is continuing to commission the advanced microgrid at the Business Office and has a planned renovation of the building at 421 E Street in Santa Rosa. SCP also has a growing need for engineering expertise to support commercial and agricultural customers with more complex energy projects.

To guide this work, SCP has formed a new department called Capital Projects and Engineering, headed up by Rebecca Simonson as the Director. Ms. Simonson is a professional mechanical engineer with experience in commercial property construction, public construction projects, and procurement.

Filling in as the Interim Director of Programs is Senior Program Manager, Felicia Smith.

PUBLIC RELATIONS AND MARKETING

The following is an update on the marketing outreach efforts for two customer offerings we're promoting through the end of the year (also detailed under the Programs Updates), with a particular focus on helping customers prepare for the colder months, which can lead to higher bills.

ENERGY SAVINGS BOX

We're driving awareness of the pilot program, encouraging eligible customers to request a free Energy Savings Box valued at \$100.

Promotional efforts include targeted email blasts to several segments including renters, targeted digital and social ads including an emphasis on Fort Bragg and Willits. We are also partnering with Redwood Empire Food Bank to table at two of their food distribution sites located within Empower communities, as well as communicating in their Partner Newsletter.

ALERTS THROUGH GRIDSAVVY EMAIL BLAST

This effort closes out the demand response season with digital, print, social and outdoor ads, promoting the \$25 incentive for enrolling and participating in energy savings events when called by SCP, in an effort to help reduce strain on the electric grid and reduce the use of fossil fuels.

A separate email was sent advising customers that the Thermostat Rebate offer ended on October 7th.

UPCOMING HOLIDAY PROGRAMS & EFFORTS

Once again, SCP's fourth quarter focus will raise awareness and funds for local food banks in our service territory, including donations to several food banks and media encouraging the community to aid in fighting local food insecurity (print, digital, outdoor, social, and more).

Additionally, SCP is supporting the following holiday programs:

- Lighting of the Sonoma Plaza - Nov. 23rd 5 - 8 PM
- Center for Volunteerism and Non-Profit Leadership (CVNL) Secret Santa Program
 - Angel tags available the Customer Center to fulfill a local child's request
 - Adopt a Family
- Ukiah Valley Christmas Effort to fulfill a child or senior citizen's holiday wish
- Event Sponsor Charlie Brown Grove, Windsor 12/5 - 12/31

- Redwood Empire Food Bank canned food collection at SCP's Customer Center
- FREE Outdoor Holiday Skating Shows at Snoopy's Home Ice December 6 - 8 (time TBA)
- Fort Bragg Lighted Truck Parade (date TBA)
- Rohnert Park Holiday Lights Celebration 12/7
- Mendocino Coast Botanical Gardens Festival of Lights 11/29 - 12/22

Outside of the many holiday and winter events, here is a snapshot of other upcoming community outreach efforts by our team:

COMMUNITY EVENTS & SPONSORSHIPS

- 11/02 - Mending Indigenous Spirits | Market & Wellness Gathering | Forestville
- 11/02 - Elsie Allen High School Foundation | Fiesta
- 11/08 - Community Child Care Council of Sonoma County - Champions for Children
- 11/10 - North Bay Jobs with Justice Fall Fundraiser
- 11/20 - Food For Thought Volunteering

CUSTOMER CENTER EVENTS

- 11/08 & 11/09 - * [Master Food Preservers Gifts from the Kitchen Class](#)
- 11/13 - Mitsubishi Diamond Certification Class
- 11/14 - * [Understanding the Latino Market Workshop with Nexo Media](#)
- 11/18 - Free to Be Teen Innovators Workshop
- 11/19 - Free to Be Mental Health First Aid Training Workshop
- 11/21 - Climate California Screening & Focus Group with PBS & NorCal Public Media
- 11/23 - Threads of Our Culture Teen Event with the Sonoma County AAPIC

*Events with hyperlinks are open to the public.

CUSTOMER PROGRAM UPDATES

ENERGY SAVINGS BOXES AVAILABLE AS OF 9/25/24

SCP launched its Energy Savings Box on September 25, 2024, in response to strong residential customer interest about how to save money on their energy bills. This free kit empowers customers through simple and easy-to-install technologies delivered directly to their door. The intended recipients are renters and low- to moderate-income homeowners to help them save energy. The box contains LED light bulbs, a smart power strip, weather stripping solutions, and a smart outlet. Residential SCP customers can request an Energy Savings Box by completing a simple request form through the SCP website and the box is subsequently delivered by mail in approximately 1-2 weeks.

Staff are also working with local community organizations to deliver a tote bag version that will be given directly to the community members they serve. Staff will be monitoring sign-ups and survey responses to determine how many targeted customers are being served and if any improvements are needed to make the offer more successful.

SCP AWARDED \$4.99 MILLION CEC GRANT FOR DEMAND FLEXIBILITY

Sonoma Clean Power was recently awarded \$4,995,640 in grant funding from the California Energy Commission's Electric Program Investment Charge (EPIC) for Virtual Power Plant Approaches for Flexibility (VPP-FLEX). The objective of the grant is to fund demonstrations of community-based virtual power plant approaches.

SCP's approved project focuses on equity, expanding automated smart devices in GridSavvy Rewards in low-income and disadvantaged communities (DACs). Participation from low-income and DACs remains very limited for SCP's GridSavvy smart device options 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 DACs, low-income, multifamily, and affordable housing, prioritizing simplicity, affordability, and accessibility. The project will consist of:

- Demonstration of smart panels with battery storage in a Burbank Housing multifamily affordable housing complex in southeast Santa Rosa
- Direct Install of smart thermostats for low-income customers

- Incentivizing and integrating new smart devices (e.g. smart thermostats, electric vehicles charging, battery storage, heat pump water heaters) in SCP's existing GridSavvy program
- Integrating small businesses in low-income and disadvantaged communities into GridSavvy

SCP has committed \$1,081,000 of match to this funding, which will be drawn from the Board approved incentives for low-income and vulnerable communities allocated from the 10% of excess ratepayer collections.

The grant projects are expected to begin in Q2 2025.

NATIONAL DRIVE ELECTRIC WEEK - EV SHOWCASE

Sonoma Clean Power and the North Bay Electric Auto Association hosted an EV Showcase on October 5, 2024, for National Drive Electric Week. The event featured a 1-hour presentation and 12 EVs, including models from local dealers and community members. About sixty people attended, providing SCP with a chance to support customers shopping for an EV and share insights on EV ownership.



WEEK WITHOUT DRIVING - TRANSPORTATION VISIONING

Sonoma Clean Power hosted a Transportation Visioning session on October 5, 2024, in partnership with Bikeable Santa Rosa, the Sonoma County Transportation Authority, the Sonoma County Bicycle Coalition, and local public transit providers.

Over 60 attendees discussed their ideas for a cleaner, more accessible transportation system and shared them with local government staff. The event also wrapped up the Week Without Driving, which began on September 30, and built on SCP's 2024 Transportation Needs Assessment developed with Bikeable Santa Rosa.

SENIOR CENTER EDUCATIONAL PRESENTATION

At the request of the Board of Directors, staff reached out to senior centers in Sonoma and Mendocino counties to provide in-person educational presentations. All of the 11 senior centers (3 Mendocino - 8 Sonoma) were enthusiastic about hosting SCP and have scheduled presentations from August 2024 to January 2025.

In these presentations, staff inform the public about various bill payment assistance programs offered through the federal government and PG&E that they may be eligible for. Additionally, staff aid attendees in the enrollment of SCP programs such as GridSavvy Rewards and Energy Savings Boxes. This in turn helps promote long term energy bill savings.

IRA REBATES FOR HEAT PUMP HEATING AND COOLING - COMING SOON

As part of the Inflation Reduction Act (2022), California received \$290 million dollars to create Home Electrification and Appliance Rebates (HEEHRA). This rebate program is implemented by the California Energy Commission and administered by an existing statewide rebate program called TECH Clean CA. The CEC and TECH will be releasing the first batch of funding for heat pump HVAC systems for single family and multi-family homes in Fall 2024. The funding for single-family heat pump HVAC rebates is expected to serve about 7,500 homes in the state.

To be eligible for the single-family residential rebate, the applicant must demonstrate their income is less than 150% Area Median Income (AMI). Once the income eligibility is verified, the rebate will be deducted from the project cost to reduce the total cost for low- to medium-income California households. Rebate amounts are \$8,000 for households with <80% AMI, and \$4,000 for households with 80-150% AMI. SCP will be updating the website and customer resources as more information becomes available.

INVESTMENTS

The goals of SCP’s Investment Policy, in order of priority, are to protect SCP's cash balances, retain sufficient liquidity, and produce a return on investment to preserve value over time. Allowed investments are detailed in SCP’s Investment Policy (Financial Policy B.5).

As of September 30, 2024, SCP maintained investments with two banks, the Sonoma County Treasury Investment Pool, and the California State Treasury’s Local Agency Investment Fund. The bank funds are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized at 110% per California Government Code Section 16521. The summary below reflects figures for the three months ended September 30, 2024.

Investment Summary			
Three Months Ended September 30, 2024			
Investment Type	Avg. Balance	Interest Earned	Avg. Annual Percentage Yield
Money Market ⁽¹⁾	\$11,141,180	\$126,853	4.62%
Certificate of Deposit (CD) ⁽¹⁾	\$51,480,260	\$636,856	5.03%
Insured Cash Sweep (ICS) ⁽²⁾	\$77,781,129	\$907,874	4.74%
Certificate of Deposit Account Registry Service (CDARS) ⁽²⁾	\$58,151,083	\$797,697	5.59%
Local Agency Investment Fund (LAIF) ⁽³⁾	\$27,956,060	\$331,529	4.82%
Sonoma County Treasury Investment Pool ⁽³⁾	\$38,289,061	\$365,268	3.86%
Total ⁽⁴⁾	\$264,798,772	\$3,166,077	4.86%
Investment Location	Avg. Balance		
Summit State Bank	\$29,304,230		
River City Bank	\$169,249,422		
Local Agency Investment Fund (LAIF) ⁽³⁾	\$27,956,060		
Sonoma County Treasury Investment Pool ⁽³⁾	\$38,289,061		
Total ⁽⁴⁾	\$264,798,772		
<i>(1) Collateralized at 110% per California Government Code Section 16521</i>			
<i>(2) Insured by the Federal Deposit Insurance Corporation (FDIC)</i>			
<i>(3) Excludes fair market value adjustment from financial statements</i>			
<i>(4) Excludes cash in non-interest-bearing accounts</i>			

MONTHLY COMPILED FINANCIAL STATEMENTS (JULY)

The year-to-date change in net position is more than projections by approximately \$2,271,000. Year-to-date revenue from electricity sales is over budget by

approximately 10% and the cost of energy is over budget projections by approximately 15%. Year-to-date electricity sales reached \$29,652,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$240,782,000.

MONTHLY COMPILED FINANCIAL STATEMENTS (August)

The year-to-date change in net position is more than projections by approximately \$7,310,000. Year-to-date revenue from electricity sales is over budget by approximately 12% and the cost of energy is over budget projections by approximately 5%. Year-to-date electricity sales reached \$55,728,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$250,889,000, which indicates healthy growth as SCP continues to make progress towards its financial goals. Approximately \$163,190,000 is set aside for operating reserves.

BUDGETARY COMPARISON SCHEDULE (July)

The accompanying budgetary comparisons for July and August include the 2024/25 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, 2024/25 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is slightly over budget by approximately 10% at the end of the reporting period.

The cost of electricity exceeds the budget-to-date by approximately 15%. 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.

BUDGETARY COMPARISON SCHEDULE (August)

Revenue from electricity sales to customers exceeded budget by approximately 12% at the end of the reporting period.

The cost of electricity exceeds the budget-to-date by approximately 5%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

ATTACHMENTS

- July and August 2024 Financial Statements

UPCOMING MEETINGS

- Community Advisory Committee - November 21, 2024
- Board of Directors - December 5, 2024
- Community Advisory Committee - December 19, 2024
- Board of Directors - January, TBD



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 July 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
September 24, 2024

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

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 11,350,942
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(119,099)
Add back capital asset acquisitions	<u>31,047</u>
Change in net position	<u><u>\$ 11,262,890</u></u>



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of July 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.

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MAHER ACCOUNTANCY

San Rafael, CA
September 24, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of July 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 50,996,990
Accounts receivable, net of allowance	26,962,005
Other receivables	2,944,044
Accrued revenue	14,998,266
Prepaid expenses	991,897
Deposits	1,905,218
Investments	151,607,234
Total current assets	<u>250,405,654</u>

Noncurrent assets

Unrestricted cash in Rate Stabilization Fund	56,000,000
Other receivables	1,065,158
Deposits	846,256
Capital assets, net of depreciation	18,512,921
Total noncurrent assets	<u>76,424,335</u>
Total assets	<u>326,829,989</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	21,575,410
Accounts payable	783,337
Advances from grantors	2,382,376
Other accrued liabilities	1,389,918
User taxes and energy surcharges due to other governments	758,320
Supplier security deposits	954,000
Total current liabilities	<u>27,843,361</u>

Noncurrent liabilities

Supplier security deposits	2,205,121
Total liabilities	<u>30,048,482</u>

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	<u>56,000,000</u>
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NET POSITION

Investment in capital assets	18,512,921
Unrestricted	222,268,586
Total net position	<u>\$ 240,781,507</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
One Month Ended July 31, 2024

OPERATING REVENUES

Electricity sales, net	\$ 29,377,800
Evergreen electricity premium	274,212
Total operating revenues	<u>29,652,012</u>

OPERATING EXPENSES

Cost of electricity	17,643,620
Contract services	533,137
Staff compensation	815,382
Program rebates and incentives	101,617
Other operating expenses	208,738
Depreciation	119,099
Total operating expenses	<u>19,421,593</u>
Operating income	<u>10,230,419</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	1,032,471
Nonoperating revenues (expenses), net	<u>1,032,471</u>

CHANGE IN NET POSITION

	11,262,890
Net position at beginning of year	229,518,617
Net position at end of period	<u>\$ 240,781,507</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

One Month Ended July 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 25,210,644
Receipts of security deposits	1,500,000
Other operating receipts	166,367
Payments to electricity suppliers	(12,141,655)
Payments for other goods and services	(1,167,177)
Payments of staff compensation	(774,754)
Payments of tax and surcharges to other governments	(314,768)
Payments for program rebates and incentives	(101,208)
Net cash provided (used) by operating activities	<u>12,377,449</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Payments to acquire capital assets	<u>(28,002)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	964,418
Proceeds from certificates of deposit matured	24,000,000
Net cash provided (used) by investing activities	<u>24,964,418</u>

Net change in cash and cash equivalents	37,313,865
Cash and cash equivalents at beginning of year	69,683,125
Cash and cash equivalents at end of period	<u>\$ 106,996,990</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

One Month Ended July 31, 2024

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

Operating income (loss)	\$ 10,230,419
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	119,099
(Increase) decrease in:	
Accounts receivable, net	(4,791,458)
Other receivables	577,608
Accrued revenue	(23,647)
Prepaid expenses	(99,891)
Deposits	1,495,141
Increase (decrease) in:	
Accrued cost of electricity	3,853,876
Accounts payable	(300,294)
Accrued liabilities	1,257,627
User taxes due to other governments	58,969
Net cash provided (used) by operating activities	<u>\$ 12,377,449</u>

NONCASH INVESTING CAPITAL AND FINANCING ACTIVITES

Unrealized appreciation and timing differences in investment income	\$ 68,053
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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 August 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.

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Maher Accountancy

San Rafael, CA
October 14, 2024

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

	2024/25 YTD Budget	2024/25 YTD Actual	2024/25 YTD Budget Variance (Under) Over	2024/25 YTD Actual / Budget %	2024/25 Budget	2024/25 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	\$ 49,334,964	\$ 55,195,563	\$ 5,860,599	112%	\$ 239,147,000	\$ 183,951,437
Evergreen Premium (net of allowance)	450,000	532,721	82,721	118%	2,700,000	2,167,279
Investment returns	1,200,000	2,052,224	852,224	171%	7,200,000	5,147,776
Miscellaneous Income	166,600	-	(166,600)	0%	1,000,000	1,000,000
Total revenue and other sources	51,151,564	57,780,508	6,628,944	113%	250,047,000	192,266,492
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	31,071,078	32,643,004	1,571,926	105%	221,586,000	188,942,996
Data management	446,667	447,354	687	100%	2,680,000	2,232,646
Service fees- PG&E	165,000	160,000	(5,000)	97%	990,000	830,000
Personnel	1,868,274	1,651,641	(216,633)	88%	11,490,000	9,838,359
Energy Center, marketing & communications	563,086	358,774	(204,312)	64%	3,379,000	3,020,226
Customer service	60,500	18,163	(42,337)	30%	220,000	201,837
General and administration	300,293	253,781	(46,512)	85%	1,832,000	1,578,219
Legal	79,167	25,261	(53,906)	32%	475,000	449,739
Regulatory and compliance	76,667	35,007	(41,660)	46%	460,000	424,993
Accounting	42,400	46,000	3,600	108%	312,000	266,000
Legislative	36,667	24,000	(12,667)	65%	220,000	196,000
Other consultants	93,733	11,207	(82,526)	12%	535,000	523,793
Industry memberships and dues	147,800	112,347	(35,453)	76%	888,000	775,653
Program implementation	1,821,730	385,844	(1,435,886)	21%	10,136,000	9,750,156
Total current expenditures	36,773,062	36,172,383	(600,679)	98%	255,203,000	219,030,617
OTHER USES						
Capital outlay	183,333	102,722	(80,611)	56%	1,150,000	1,047,278
Total expenditures, other uses	36,956,395	36,275,105	(681,290)	98%	256,353,000	220,077,895
Net increase (decrease) in available fund balance	\$ 14,195,169	\$ 21,505,403	\$ 7,310,234		\$ (6,306,000)	\$ (27,811,403)
<i>* Represents sales of approximately 368,000 MWh for 2024/25 YTD actual.</i>						
RESERVES	Balance - as of June 30, 2023	Long-Term Targeted	% of Long-Term Target			
Operating Reserve	\$ 163,190,000	\$ 195,770,000	83%			

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

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 21,505,403
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(238,152)
Add back capital asset acquisitions	102,722
Change in net position	\$ 21,369,973



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 August 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
October 14, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of August 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 55,900,281
Accounts receivable, net of allowance	24,286,493
Other receivables	4,156,996
Accrued revenue	14,057,147
Prepaid expenses	857,042
Deposits	160,218
Investments	158,864,411
Total current assets	<u>258,282,588</u>

Noncurrent assets

Cash and cash equivalents	56,000,000
Other receivables	1,052,319
Deposits	16,256
Capital assets, net of depreciation	18,465,543
Total noncurrent assets	<u>75,534,118</u>
Total assets	<u>333,816,706</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	19,795,598
Accounts payable	886,455
Advances from grantors	2,382,376
Other accrued liabilities	1,452,975
User taxes and energy surcharges due to other governments	826,591
Supplier security deposits	204,000
Total current liabilities	<u>25,547,995</u>

Noncurrent liabilities

Supplier security deposits	1,380,121
Total liabilities	<u>26,928,116</u>

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	<u>56,000,000</u>
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NET POSITION

Investment in capital assets	18,465,543
Unrestricted	232,423,047
Total net position	<u>\$ 250,888,590</u>

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

OPERATING REVENUES

Electricity sales, net	\$ 55,195,563
Evergreen electricity premium	532,721
Total operating revenues	<u>55,728,284</u>

OPERATING EXPENSES

Cost of electricity	32,643,004
Contract services	1,165,332
Staff compensation	1,651,641
Program rebates and incentives	346,278
Other operating expenses	366,128
Depreciation	238,152
Total operating expenses	<u>36,410,535</u>
Operating income	<u>19,317,749</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	2,052,224
Nonoperating revenues (expenses), net	<u>2,052,224</u>

CHANGE IN NET POSITION

	21,369,973
Net position at beginning of year	229,518,617
Net position at end of period	<u>\$ 250,888,590</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Two Months Ended August 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 55,238,591
Receipts of security deposits	2,729,879
Other operating receipts	260,806
Payments to electricity suppliers	(30,039,421)
Payments for other goods and services	(1,756,403)
Payments of staff compensation	(1,650,371)
Payments of tax and surcharges to other governments	(581,541)
Payments for program rebates and incentives	(320,017)
Net cash provided (used) by operating activities	<u>23,881,523</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(59,051)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	1,394,684
Proceeds from certificates of deposit matured	24,000,000
Purchase of investments	(7,000,000)
Net cash provided (used) by investing activities	<u>18,394,684</u>

Net change in cash and cash equivalents	42,217,156
Cash and cash equivalents at beginning of year	<u>69,683,125</u>
Cash and cash equivalents at end of period	<u>\$ 111,900,281</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (current)	55,900,281
Cash and cash equivalents (noncurrent)	<u>56,000,000</u>
Cash and cash equivalents	<u>111,900,281</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Two Months Ended August 31, 2024

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

Operating income (loss)	\$ 19,317,749
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	238,152
(Increase) decrease in:	
Accounts receivable, net	(2,115,946)
Other receivables	(290,193)
Accrued revenue	917,472
Prepaid expenses	34,964
Deposits	2,495,141
Increase (decrease) in:	
Accrued cost of electricity	1,201,167
Accounts payable	(237,804)
Accrued liabilities	2,193,581
User taxes due to other governments	127,240
Net cash provided (used) by operating activities	<u>\$ 23,881,523</u>

NONCASH INVESTING ACTIVITIES

Unrealized appreciation and timing differences in investment income	\$ 657,540
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Staff Report - Item 08

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: November 7, 2024

Requested Action

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

Regulatory Updates

CPUC Opens Proceeding to Evaluate Long-Term Gas System Planning

On September 30th the CPUC unanimously approved a Decision implementing a new proceeding “to establish policies, processes, and rules to ensure safe and reliable gas systems in California and long-term gas system planning.” The rulemaking continues the work of a previous proceeding (R.20-01-007) and addresses unresolved and new issues related to gas transition planning, decarbonization, and maintaining affordability, safety, and reliability. The key objectives in scope include 1) developing long-term gas transition planning approaches, and 2) identifying and acting on interim actions to reduce costs and facilitate decarbonization.

Various policy drivers set the state for this proceeding, including:

- AB 1279 (Muratsuchi, 2022) which adopted a goal to achieve economy-wide carbon neutrality by 2045
- CARB’s 2022 State Implementation Plan which proposed a zero-GHG standard for space and water heaters sold in California by 2030

- CEC's 2022 Building Energy Efficiency Standards which encouraged various all electric technologies in new construction and established electric-ready requirements for homes such as solar PV and batteries

A workshop will be held on November 14th in Sacramento, with presentations from CPUC, CEC, and CARB staff. SCP staff will attend the workshop with dual goals of understanding and informing state decarbonization policy and identifying opportunities to develop interim actions to support decarbonization in our territory.

Utility Proposal to De-Value Renewable Energy Credit Values for CCA Customers Denied

The CPUC denied a proposal submitted by Southern California Edison (SCE) to modify a previous Commission Decision (D. 23-06-006) governing the financial credit IOUs are required to provide CCA customers for Renewable Energy Credits (RECs) retained by the utility. Specifically, SCE sought to change the valuation established in 2019 and argued that it should only apply to RECs generated after January 1, 2019. The result of this change would devalue RECs generated in years prior to 2019. While all customers - including those served by CCAs - pay for the costs to generate RECs and other attributes in utility's legacy portfolios, the utility uses these credits for compliance requirements. As such, they are required to provide a financial credit to CCA customers for the RECs customers pay for but do not use, via the Power Charge Indifference Adjustment or PCIA. PG&E filed a response in support of SCE's petition.

Fortunately, the assigned judge found that the rules established via CPUC Decision in 2019 prevent IOUs from de-valuing RECs they hold from prior years. This Decision clarified that utilities must grant CCA customers the financial value for all RECs used by the utility, and that the amount provided will correspond with the year the RECs were generated. For example, if PG&E generates a REC in 2018 but does not liquidate it for compliance purposes until 2025, the utility must provide CCA customers a financial credit equal to the REC value in 2018.

CPUC Judge Rules PG&E Proposal to Reduce Financial Credits for CCA Customers Out of Scope

On August 1, 2024, the assigned Administrative Law Judge (ALJ) on PG&E's 2025 Energy Resources Recovery Account (ERRA) Forecast Application (A. 24-05-009) ruled the utility's proposal to increase CCA customer rates by reducing the credit paid to them was rejected as out of scope.

As background, for-profit utilities are granted the ability to recover both their costs

and allowed levels of shareholder profits from the customers in their service territory. There are three over-arching types of rate cases in which Commission staff and interested stakeholders like CCAs can evaluate these utility requests: ERRA Forecast Proceedings, ERRA Compliance Proceedings, and General Rate Cases. In this current ERRA Forecast Proceeding, PG&E estimates and proposes a given amount of funds to be included in all customer rates beginning in January of 2025. The utility's actual costs are then recorded throughout 2025 and compared with this estimate. If these costs are deemed in compliance with the approved methodology, any under or over-collections are included as a debit or credit to future rates.

In this 2025 ERRA Forecast Application, PG&E proposed to modify the methodology used to calculate the financial credit CCA customers receive in exchange for the costs they pay to maintain PG&E's assets. Specifically, PG&E proposed to lower the bill credit paid for Resource Adequacy (RA). All load-serving entities, including CCAs and for-profit utilities, are required to purchase RA and share the underlying contract information with the CPUC and CAISO. The intent is to ensure that all electricity providers have enough capacity under contract to maintain a reliable grid. Between 2019 and 2023, the average market cost of RA surged nearly 500%. This resulted in higher costs for load-serving entities like CCAs which are actively purchasing RA in the market. PG&E, on the other hand, has existing long-term contracts for resources that provide the bulk of their RA needs. Since CCA customers pay an equal share for these contracts but are not granted the RA attribute itself, they receive a financial credit. The value of that financial credit is based on weighted-average market prices. Thus, when market prices increase, PG&E is required to grant CCA customers a higher credit. This puts downward pressure on CCA customer bills. In this 2025 ERRA Case, PG&E proposed to put a ceiling on the maximum amount they would credit CCA customers.

SCP customer bills would have increased by \$125 million in 2025 under PG&E's proposal. This equates with a typical residential customer paying an additional \$500 over the year.

Fortunately, the assigned Administrative Law Judge issued a Ruling which agreed with CCA advocacy that PG&E should not be allowed to implement this change. Specifically, it stated that "we are persuaded by CalCCA and DACC that this proceeding is the incorrect venue to address these issues." However, the Judge did not decide on the merit of PG&E's proposal and invited the utility to introduce this in another venue, stating that the proposal "may merit consideration in another rulemaking."

Legislative Updates

The 2025-2026 legislative session kicks off in early December, with the Legislature beginning work in earnest in January. Sonoma Clean Power staff are working to identify opportunities to sponsor legislation over the year ahead in the realm of geothermal power as well as possibly transmission issues, climate adaptation, and more. It seems likely that affordability and infrastructure issues in the electric sector will once again be top of mind for the Legislature.



Staff Report - Item 09

To: Sonoma Clean Power Authority Board of Directors

From: Claudia Sisomphou, Public Affairs and Advocacy Manager
Miles Horton, Legislative Policy and Community Engagement Manager

Issue: Receive Update on Sonoma Clean Power Authority's Tribal Engagement Efforts

Date: November 7, 2024

Recommendation

This is an informational item. No discussion or action is required. However, comments from the Board and public are encouraged. The presentation is attached as Attachment 1.

Background

With the guidance of the Board, Sonoma Clean Power has been continuing to make progress on its Empower initiative over the past few years. Empower is an agency-wide initiative to improve the relevance, reach, and impact of SCP's:

- Partnerships and sponsorships
- Customer offerings and incentives
- Education, engagement and outreach efforts

The main challenges that Empower set out to address include frequent misinformation and confusion around the role of SCP, limited engagement from SCP customers (both in program participation and input opportunities), and a desire to build deeper trust with the public.

The purpose of Empower is to better reach and serve *all* SCP customers and improve on having customer needs and input shape our efforts. The four overarching strategies for accomplishing these goals are to:

- Build partnerships with community organizations and service providers.
- Go “back to basics” with SCP’s customer education (i.e., how to read your bill, easy ways to save energy, reviewing rate plans, promoting CARE/FERA, etc.).
- Ensure SCP’s limited resources (including time and expertise) are being equitably distributed throughout its service area, and to hard-to-reach customer groups and communities.
- Engaging youth through education and workforce development opportunities.

As part of the implementation plan, SCP identified 26 geographic areas of priority - also referred to as Empower Communities - which are the census tracts within Sonoma and Mendocino counties that are most vulnerable to, and impacted by, pollution, socioeconomic issues, and challenges of affordability.

One of the methodologies used by SCP in identifying Empower Communities was SB 535 Disadvantaged Communities. This data set includes all Federally recognized Tribal areas located within SCP’s service area.

Prioritizing Tribal engagement is essential to fulfilling the purpose of the Empower initiative. However, SCP has yet to establish strong relationships with the nearly 20 Tribes within its service area (including non-recognized, and State or Federally recognized Tribes). Today, staff are pleased to bring what we believe is a critical step to building a foundation from which we can forge those relationships.

Discussion

SCP recently brought on consultant [K Street Consulting, LLC.](#), a full-service public affairs and governmental relations firm, to assist staff in engaging with local Tribes. Their practice areas of focus include Tribal Advocacy, Engagement/Outreach to Ethnic Communities, and Technology & Energy. Their experience working directly with Tribes as their ambassadors to the California Government on cultural and natural resource issues particularly stood out to staff.

K Street has assisted SCP in gathering information about local Tribes, identifying appropriate contacts for initial Tribal consultations, educating staff on cultural etiquettes and Tribal sovereignty. Additional tasks K Street will assist with include arranging and facilitating Tribal consultations, drafting a Tribal communications and engagement protocol, supporting long-term relationship building with Tribes, and evaluating and advising SCP’s Tribal engagement efforts.

Staff invited K Street Partner, Pamela Lopez, to provide the Board of Directors with an update on SCP's efforts thus far, an overview of Tribal sovereignty and best practices for engaging with Tribes, and a brief update on local Tribal issues.

Fiscal Impact

None

Attachments

- Attachment 1 - Tribal Engagement PowerPoint Presentation

Sonoma Clean Power: Tribal Outreach 101

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Goals for Tribal Outreach

Goal 1: Develop open lines of communication with tribes in Sonoma and Mendocino Counties

Goal 2: Increase tribal participation in Sonoma Clean Power clean energy programs.

- *Tribal Governments, including government and administration buildings*
- *Tribally-owned casinos and hotels*
- *Individual tribal households*

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Why learn about tribes before meeting with them?

- Not all tribes are the same, each has a unique culture and history
- Many tribes share a mistrust of "outsiders," including government and pseudo-government entities, following a long history of colonization and genocide
- Although each tribe is unique, many tribes know and value the process of "tribal consultation." For new entities, "tribal consultation" is a way to convey respect and good intentions when approaching a new tribe.

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Tribal consultation:

A formal request by an entity or organization to seek feedback from a tribal government.

Key elements of tribal consultation are:

1) Showing honor and respect to the tribal government or representatives of that government. Honoring the "sovereignty" of that government by acknowledging they are a co-equal government with the State of California and other local government entities.

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Tribal consultation:

A formal request by an entity or organization to seek feedback from a tribal government.

(cont. from Page 4) Key elements of tribal consultation are:

2) Willingness to listen. Tribal leaders value the opportunity to teach about their tribe, their history, and their people. Some tribal leaders believe any new entity should be willing to learn about their people before discussing potential opportunities to work together.

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Tips for Honoring Tribal Culture

1) "Time is a colonial construct": ensure that there is enough available time in any meeting to listen first to the subjects that tribal leaders wish to discuss.

2) Share values. Remember that tribes were the first, and best, stewards of California land and resources. Make it clear that Sonoma Clean Power is driven by conservation values. Look for shared conservation values among tribal leaders.

3) Listen, be patient, don't interrupt.

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Situational Awareness: Key Issues and Concepts

Federal recognition: Federal recognition is a lengthy and complicated process by which the U.S. Department of the Interior formally recognizes a tribal entity's aboriginal and historical status as a functioning government and ties to a region of land.

Tribes must be federally recognized to achieve sovereignty for their government, and to have land taken into trust by the federal government, which is the first step in opening a casino.

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Situational Awareness: Key Issues and Concepts

Tribal land conservation movements: Tribes in California are leading efforts to conserve land, including multiple national monument campaigns.

Tribes oppose many proposed clean energy projects throughout the state because they require industrial-scale installations (such as solar panels) on, or transmission lines to run through, land that tribes are advocating to protect and conserve.

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Situational Awareness: Koi Nation Shiloh Resort and Casino

- The Koi Nation of California is a Federally recognized tribe with ancestral roots in Northern California.
- Koi has proposed a large resort and casino near Windsor, CA.
- Koi is currently moving toward the later steps in the federal process to have land which the tribe owns in Windsor taken into trust by the federal government so that they can build the Shiloh Resort and Casino.



Staff Report - Item 10

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, CEO
Issue: Receive Presentation and Provide Input on Guidelines to Inform Drafting a Future Policy on Selecting Energy Projects
Date: November 7, 2024

Recommendation

Receive a presentation and provide feedback on potential guidelines for selecting energy projects. This feedback will help staff draft a clear project selection policy for future Board consideration.

Process

The SCP Board of Directors is invited to receive a presentation, hear comments from the public and provide feedback to staff on how SCP should select energy generation and storage projects for contracting. The background section provides history on this topic and is followed by questions for the Board and a draft set of guidelines to inform this work.

Following this Board meeting, staff will work with the Community Advisory Committee to draft a potential procurement policy for feedback at the December 5 Board meeting. Staff then recommend collecting the Board's input and then bringing a proposed final policy to the February or March 2025 meeting.

Background

A group of advocates for organized labor and environmental justice under the umbrella of the CCA Workforce and Environmental Justice Alliance is calling on some of California's CCAs to adopt new energy resource procurement policies. Their goal is to emphasize benefits to local project areas and workers. As a public agency, SCP's staff understand the value of this goal while also recognizing that placing new

restrictions and obligations on project developers could limit SCP's ability to meet its adopted climate goals or result in increased costs for our customers. Balancing all of these important goals is therefore the challenge in crafting a policy. This Background section provides some of the history and engagement on this topic to date.

On November 3, 2023, California Community Power (CC Power) hosted a workshop to explore how California can meet its climate, reliability and energy affordability goals while improving past industry practices related to selecting energy resources in ways that support workers, communities and the environment.

CEO Syphers emceed the event billed as "Getting it Built Right" and hosted speakers from Defenders of Wildlife, Brightline Defense Project, Authorized Personnel & Labor, San Francisco Electrical Construction Industry, the CCA Workforce and EJ Alliance, The California Independent System Operator, the California Energy Commission, REV Renewables, and the California Community Choice Association. Numerous additional people participated from unions, CCAs and environmental justice organizations.

The event acknowledged that the growth of CCAs has been rapid due to the broad public benefits relating to lowering energy costs, accelerating the construction of renewable energy sources, and innovation in diverse services like demand response and microgrids. Speakers from unions and environmental justice groups advocated for CCAs to add more of a clear focus on providing public benefits specifically at energy resource project locations. They also called on CCAs to help California improve industry practices by selecting project locations to support workers and avoid unnecessary community and environmental impacts.

The workshop was largely prompted by a growing awareness that California is rapidly transitioning from for-profit utilities procuring most power resources to not-for-profit CCAs doing most of the state's procurement. With only a 14-year track record, CCAs are comparatively new, and some groups have not yet forged deep relationships with them. In addition, most CCAs have not yet made a transition to owning and operating power resources, and therefore have less-developed relationships with labor unions and environmental justice organizations.

The context for the workshop also acknowledged the fast-increasing energy costs of the for-profit utilities and the growing lack of adequate transmission capacity across the state. CEO Syphers and several other speakers remarked on the growing challenges the state faces to meet its goals in transitioning to all-electric buildings and cars due to the slow pace of planning, permitting and building new transmission capacity. Notes from the event are available at [this link](#).

Initial conversations between labor unions, environmental justice organizations and CC Power met with a challenge when those groups asked CC Power to establish procurement policies for its member CCAs, including Sonoma Clean Power. Since CC Power's Board is made up of the unelected staff of CCAs and not the policy-making boards of directors of CCAs, the staff was concerned with approving policies that would appear to bind their own governing boards.

Instead, on March 20, 2024, following the "Getting it Built Right" workshop, Geof Syphers as Chair of CC Power, asked for and received approval from that agency's staff-led board to a set of agreements designed to encourage CCAs to consider advanced procurement policies.

Those agreements are:

1. CC Power Members agree to abide by their governing board's policies when engaging in joint action through CC Power. CC Power is not and cannot be a conduit for circumventing locally adopted policies.
2. CC Power agrees to distribute Member CCA procurement policies and practices in an ongoing manner.
3. CC Power Members individually agree to regularly review model policies and practices and consider whether recommending updates to their governing boards regarding such policies and practices are appropriate for their own jurisdictions.
4. CC Power agrees to host a webpage with links to each Member CCA's procurement policies, and/or relevant plan.

In response, this item is a step toward fulfilling staff's commitments under CC Power's policy. It also follows the Board's direction from August 1, 2024 when the SCP Board adopted a performance goal for CEO Syphers to "bring a proposal to the SCP Board for advancing California's power procurement practices that considers how to best continue delivering SCP's broad public benefits (climate, rates, investments, air quality, etc.) while working to advance local benefits for workers and impacted communities."

Staff Engagement and Research to Date

Over the past three months, SCP staff have engaged with other CCAs, the CCA Workforce and EJ Alliance, IBEW Local 551, and also separately held related meetings about SCP's local geothermal work with the North Bay Building Trades,

North Bay Labor Council, Plumbers & Pipefitters Local 38, State Building & Construction Trades Council, NorCal Carpenters Union, Operating Engineers Local 3, International Union of Operating Engineers and Teamsters of California. Staff also briefed environmental organizations on SCP's local geothermal work and began a conversation about best practices for energy project development with California Environmental Justice Alliance, Clean Air Task Force, Climate Action Mendocino, Laguna de Santa Rosa Foundation, Mendocino Land Trust, NextGen Policy, Russian Riverkeeper, Sonoma County Conservation Action, Sonoma Land Trust, The Nature Conservancy and US Green Building Council CA.

SCP staff have also reviewed industry practices for project selection by the investor-owned utilities and more recent practices and policies adopted by the following CCAs: Central Coast Community Energy (3CE), Ava in Alameda County, Peninsula Clean Energy (PCE) in San Mateo County, and MCE in Marin, Napa, Solano and Contra Costa Counties.

Staff have found that the investor-owned utilities and municipal power providers do not appear to have comparable policies governing project selection.

Investor-owned utilities were required to sell most of their power resources in the late 1990s as part of California's failed attempt at deregulation, so they are now in similar positions to CCAs, contracting with merchant power providers for a majority of their energy and capacity.

How Projects are Selected Today

The selection of energy and storage resources in California is broadly done today based on cost, locational energy market value, and the capability to reliably deliver the resource into the state's largest load center (Los Angeles) during critical peak load conditions. This is due to the fact that the state's biggest grid balancing authority, CAISO, will not provide full financial value for any resource that cannot help meet the state's largest reliability challenge, regardless of where the customers of that power provider live and work. A large number of other factors are also considered in selecting resources, including the seller's credit, experience and reputation, permitting and interconnection risk, and how the generation technology helps meet the power provider's compliance obligations and voluntary goals for climate protection, among other factors.

More recently, CPUC procurement mandates have had a growing influence on procurement decisions. As an example, orders to procure "firm clean" resources led

power providers to compete for the very few available geothermal projects in the market, and nearly all of those were outside California, so hypothetically if SCP had a policy emphasizing the value of in-state resources, it would have been overridden by the CPUC order.

Today, California power providers often do not have additional voluntary criteria on top of the state's laws and regulations on project location, labor and environmental impacts, likely for two reasons: (1) a perception that California's mandatory protections for workers, communities and the environment are among the strongest in the U.S., and (2) a resistance to far-away energy buyers making local decisions about local impacts and protections in the project area.

Project Location

Generally, project locations are established well before power providers solicit for bids through the state's Integrated Resource Plan process and through early-stage developer acquisition of land, often years before the resource is bid into any solicitation. Today's planning process, which begins with the Integrated Resource Plans at the CPUC and then leads to various CEC and CAISO engineering and cost management exercises, determines generally *where* resources should be built. Some attempts have been made to introduce "Least Conflict" mapping of resources, especially for extremely large solar projects using a lot of land, but those efforts have also become more challenging and less effective as the transmission grid has become more and more constrained.

Environment & Community

Project area environmental protections today are generally established through the California Environmental Quality Act processes for assessing, reporting and mitigating impacts. These environmental impacts include impacts on air, water, noise, visual impacts, tribal cultural resources, disruption to wildlife habitats, and the potential for displacement of local residents. For projects in federally designated tribal areas, tribal consultation is required to mitigate impacts on cultural and historical resources. Projects on federal land undergo a similar process, but through the National Environmental Policy Act.

Community Benefits Agreements are sometimes negotiated between the local community and project developers as part of the permitting phase, and can serve as an important tool for delivering local project area benefits. The

influence of a purchaser like SCP on such agreements is likely limited because most negotiations are substantially complete by the time offtake contracts are negotiated and signed. However, staff believe there could be important ways CCAs could signal the value of such agreements and other forms of community engagement.

Workforce

California and the U.S. have labor rules that carry certain requirements, which often apply to utility-scale energy and storage resources. These include:

- Inflation Reduction Act - The "IRA" incentivizes payment of prevailing wages to workers involved in the construction of energy projects, apprenticeship programs, the use of Project Labor Agreements for larger projects, and compliance with Buy American provisions, which ensure a majority of materials used are sourced from within the U.S. Broadly, projects complying with the labor requirements under the IRA are eligible for federal funding covering 30% or more of the total project costs. This funding is contingent on meeting the standards outlined for prevailing wage, apprenticeship, and local hire provisions.
- California Prevailing Wage - California requires that workers be paid prevailing wages when energy projects are owned by public agencies or are funded (even partially) with public funds. Public-private partnerships generally trigger the prevailing wage requirement as well.

Discussion

Sonoma Clean Power is committed to improving California's energy impacts on ratepayers, workers, community health and the environment. The history of energy extraction, refining, transport and combustion is well known to be the primary cause of the climate crisis and air pollution, a major cause of childhood asthma and other health problems, drinking water pollution, habitat loss, exploitation of labor and one of the causes of poverty in disadvantaged communities. It has also enabled modern society with telephones, computers, cars, airplanes, lighting, cooling, running water and sewage treatment; things that provide extraordinary benefits we do not want to live without.

SCP was created to make progress in sustaining all of the valuable services that energy provides while reducing the negative impacts. In reviewing SCP's formation

documents, integrated resource plan, board policies and its practices over the past decade, staff believe SCP's public benefits to date can largely be summarized as:

- **Lowering Energy Cost Burden.** Rate stability, competitive energy costs and proactive customer support for lowering all customer bills. Additional financial incentives, education and program support for low-income customers. Legislative and regulatory advocacy for lowering systemwide energy costs to improve affordability and enable electrification of homes and cars.
- **Climate Protection.** Direct actions to reduce emissions, including climate-focused power procurement and customer programs, as well as legislative and regulatory advocacy on climate issues.
- **Air & Water Quality Protections.** Legislative and regulatory advocacy, and also direct actions like power procurement and customer programs to reduce reliance on power plants causing harmful air and water pollution.
- **Sonoma & Mendocino Investments.** Development of local power resources, and non-energy contracting with a focus on small local businesses for services.
- **Sonoma & Mendocino Community Benefits.** Free classes and support at the Customer Center, local donations to non-profits, disaster relief, customer incentives, college and trade scholarships and local community partnerships.
- **Grid Reliability.** SCP advocates for California energy reliability, security and resilience with a focus on lowering upgrade costs and accelerating grid repairs and upgrades.
- **Planning for Fossil and Nuclear Retirements.** SCP advocates for transparent and accurate accounting of GHGs in both Power Source Disclosure and Resource Adequacy. SCP is also working to increase geothermal resources as these support the retirement of our existing fossil fuel power plants and the state's last remaining nuclear power plant.

This project selection discussion aims to clarify and bolster SCP's contributions to advancing benefits for the energy industry workforce, and environmental protections and community benefits specifically for areas at and adjacent to energy resources.

Proposed Guidelines

1. Staff's starting point is to attempt to increase public benefits at and near energy resource locations without significantly reducing SCP's important *local*

and *global* public benefits, including limiting energy costs to lower the financial burden on all customers, cutting greenhouse gas emissions and improving grid reliability for California.

Proposed Guideline: Actions to procure new energy resources outside of SCP's service territory that have no incremental ratepayer cost and improve project-area conditions should be pursued. Actions that have incremental ratepayer costs should be quantified and kept within spending limits set by the Board.

2. As discussed in the Background and Discussion sections above, there are limitations on how much a purchase contract can influence important project area impacts.

Proposed Guideline: Where SCP has only a small influence on project area impacts through the contracting process (e.g., location or details of Community Benefits Agreements), SCP should work to identify shortcomings in laws, regulations and planning processes and work to correct them.

3. CCAs have no relevant legislative or regulatory protection, unlike the investor-owned utilities, which enjoy guaranteed cost recovery, guaranteed profits and broad public protections in bankruptcy. Advancing California's energy resource selection practices with CCAs alone, while for-profit utilities face no similar obligations, is therefore risky.

Proposed Guideline: Adopt procurement policies carefully to not selectively burden ratepayers in Sonoma and Mendocino Counties except in cases where the Board determines the overall value warrants it. Any new costs and risks should usually fall on all Californians.

4. SCP has set a clear goal of protecting ratepayers through the permanent closure of natural gas power plants with its GeoZone initiative constructing 600 MW of new low-water geothermal power. This goal was set to allow SCP to eliminate its purchases of reliability services from fossil fuel sources and lower the cost of energy for all customers. Many of the gas-fired power plants SCP and most other power providers rely on are located in disadvantaged communities which are heavily impacted by the air and water pollution from those facilities. This is important to recall because historically "impacts" from construction under the California Environmental Quality Act are mainly defined to include the direct impacts of the new project, and broadly tend to ignore beneficial systemic impacts occurring elsewhere. In the case of SCP's power

resource procurement commitments to baseload renewable energy sources (e.g., in the GeoZone), the largest environmental justice benefits are not likely to occur at our new construction locations, but rather in the neighborhoods surrounding the dirtiest (so called “once-through-cooling”) gas-fired power plants in Southern California.

Proposed Guideline: When weighing project area impacts, consider the systemic impacts (both positive and negative) as well. Sometimes negative impacts in one area can create larger positive impacts in another area.

5. SCP has several existing adopted plans and policies governing resource selection. As such, energy and storage technologies and locations should be selected to comply with all of them and deliver the greatest potential for regulatory compliance, reducing total systemwide hourly greenhouse gas emissions, reducing total systemwide air and water pollution, consistency with SCP’s adopted Integrated Resource Plan, and to allow SCP to sustain competitive energy costs for ratepayers. To the extent these goals can be achieved, a potential guideline is to give priority to resources in the following descending order:
 - a. Resources that have little to no direct adverse environmental impacts anywhere or incremental ratepayer cost. Examples include behavioral demand response and improved utilization of existing resources (e.g., dispatch of customer-owned batteries or improved dispatch of grid-scale storage).
 - b. Resources located within SCP’s service territory with a higher preference for projects on previously disturbed land.
 - c. Resources within adopted California least-conflict zones.
 - d. Resources located in California, with a higher preference for projects on previously disturbed land.
 - e. Resources delivered into the CAISO balancing authority and documented in a manner that conforms to current California Energy Commission Power Source Disclosure Reporting obligations.
6. Resource selection should prioritize projects that have the greatest community benefits on a systemwide basis. Selection should secondarily prioritize projects

that have the greatest community benefits in the project area. More specifically:

- a. Contracting new and existing resources should seek to reduce SCP's payments to fossil fuel resources in order to accelerate the closure and decommissioning of highly polluting power plants and the related human health impacts on communities near wellheads and power facilities.
 - b. Contracting for new and existing resources should seek to provide high quality employment (a "just transition") in the clean power sector for all workers with a special emphasis on workers currently employed in oil, gas and coal.
 - c. Consistent with applicable state law, contracting for the construction of new resources should prioritize projects that have specific and meaningful commitments to contact and collaborate with project area communities, including tribal nations, designated disadvantaged communities and underrepresented communities.
7. As a California public agency, SCP should notify bidders that any projects to be built and owned by SCP must be constructed by workers paid prevailing wage as determined by the California Department of Industrial Relations. In addition, such projects having a multi-trade project labor agreement should be given priority.
8. For power purchase agreements where SCP is not the owner, priorities should be as follows:
- a. First, to projects committing to a multi-trade project labor agreement, with higher priority to projects also having clear and valuable local hire, apprentice and equity priority employment criteria.
 - b. Second, projects committing to pay living wages, with higher priority to projects paying prevailing wages as determined by the California Department of Industrial Relations and having apprentices at the same ratio of apprentice hours to journeyman hours as required for public works projects.
 - c. Third, to all other projects.

9. Policies that limit the pool of potential resources will add ratepayer costs and increase the risk of failing to deliver on SCP's climate goals and compliance obligations. There are often good reasons to exclude bad projects from consideration, but in today's constrained energy market it's important to remember that even without specific project selection policies, investor-owned utilities and CCAs alike are increasingly failing to procure adequate clean power resources due to a lack of adequate transmission capacity and a robust market, which leads to the extension of existing fossil and nuclear resources - harming local communities and ratepayers.

Proposed Guideline: SCP's ability to demonstrate leadership practices in and near energy project locations will grow significantly when California expands its transmission and distribution capacity. Such work is critical to restore a competitive energy market where problematic projects can be excluded without risk to state compliance mandates and SCP's climate and affordability goals. Advocate for appropriate transmission system capacity.

10. The need to comply with legal requirements supersedes all voluntary policy objectives.

Proposed Guideline: SCP will comply with applicable legal and regulatory requirements, even in cases where those requirements create additional burdens and/or impact SCP's voluntary procurement goals.

Next Steps

Staff request feedback on the above guidelines before drafting a potential Board policy on selecting energy resources.

Attachments

Examples of adopted policies

- Attachment 1 - 3CE Project Selection Methodology available at [this link](#), or by request from the Clerk of the Board.
- Attachment 2 - Ava Project Selection Methodology available at [this link](#), or by request from the Clerk of the Board.
- Attachment 3 - MCE Project Selection Methodology available at [this link](#), or by request from the Clerk of the Board.

- Attachment 4 - PCE Project Selection Methodology available at [this link](#), or by request from the Clerk of the Board.

Guidelines and Resources for CCAs and Developers

- Attachment 5 - CLEE Community Benefits available at [this link](#), or by request from the Clerk of the Board.
- Attachment 6 - CEJA Building a Just Energy Future available at [this link](#), or by request from the Clerk of the Board.
- Attachment 7 - CCA Workforce and Environmental Justice Standards presentation available at [this link](#), or by request from the Clerk of the Board.
- Attachment 8 - TNC: Beyond Carbon Free available at [this link](#), or by request from the Clerk of the Board.