



**AGENDA  
BOARD OF DIRECTORS MEETING  
THURSDAY, APRIL 3, 2025, 9:00 A.M.**

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EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE APRIL 3, 2025, MEETING AT ANY OF THE LOCATIONS SHOWN BELOW.

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

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

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

Telephone number: 1 (669) 444-9171

Meeting ID: 885 4670 4126

How to Submit Public Comment:

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

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

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

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

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

## **CALL TO ORDER**

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

## **BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve March 6, 2024, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Receive Monthly Financial Report (Staff Recommendation: Receive and File) **pg. 13**
3. Receive Geothermal Opportunity Zone Update and Approve the Delegated Authority to the Chief Executive Officer or his Designee to Terminate the Geothermal Opportunity Zone Cooperation Agreement with Cyrq Energy, Inc. (Staff Recommendation: Approve) **pg. 31**
4. Direct Staff to Study the Feasibility of Expanding Sonoma Clean Power Authority's Service to Lakeport, California (Staff Recommendation: Approve) **pg. 37**
5. Receive Internal Operations Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 45**
6. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 49**

## **BOARD OF DIRECTORS REGULAR CALENDAR**

7. Approve a Draft Policy for Placing Items on the Board Meeting Agenda (Staff Recommendation: Approve) **pg. 55**
8. Receive Update on Programs that Reduce Peak Demand and Shift Energy to Low-Carbon Electricity (Staff Recommendation: Receive and File) **pg. 59**
9. Approve Proposed Energy Project Selection Criteria (Staff Recommendation: Approve) **pg. 69**
10. Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2025-2026 (Staff Recommendation: Receive and File) **pg. 85**

## **BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS**

(Directors may report on their activities since the last Board meeting, including any reports required by Gov't Code Section 53232.3(d).)

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

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

## **ADJOURN**

## COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator - the grid operator
CCA	Community Choice Aggregator - a community-owned public power provider
CEC	California Energy Commission
CleanStart	SCP's default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account - one of PG&E's rate cases at the CPUC
EverGreen	SCP's 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day.
Geothermal	A locally available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case - one of PG&E's rate cases at the CPUC
GridSavvy	GridSavvy Rewards are available to SCP customers for reducing household energy use to help California increase power reliability.
IOU	Investor-Owned Utility - for-profit distribution utilities like 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.
PCIA	Power Charge Indifference Adjustment - a fee charged by PG&E to all electric customers to ensure PG&E can pay for excess power supply contracts that it no longer needs.
RA	Resource Adequacy - a required form of capacity that helps ensure there are sufficient power resources available when needed.
RPS	Renewables Portfolio Standard refers to certain kinds of renewable energy which qualify to meet state requirements, including wind, solar, geothermal.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day

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**DRAFT MEETING MINUTES  
BOARD OF DIRECTORS MEETING  
THURSDAY, MARCH 6, 2025  
9:00 A.M.**

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**CALL TO ORDER**

(9:02 a.m. - Video Time Stamp: 00:02:23)

Chair Hopkins called the meeting to order.

Board Members present: Chair Barnacle and Vice Chair Elward, Directors Laskey, Lemus, Fleming, Zollman, Farrar-Rivas, Potter, Haschak, and Hopkins. Director Peters was absent without prior notice.

Staff present: Geof Syphers, Chief Executive Officer; Mike Koszalka, Chief Operating Officer; Garth Salisbury, Chief Financial Officer and Treasurer; Neal Reardon, Director of Regulatory Affairs; Miles Horton, Legislative Policy & Community Engagement Manager; Sean Dalton, Events Manager; Kate Kelly, Director of Public Relations & Marketing; Chris Golik, Finance Manager; and Josh Nelson, Special Counsel

**BOARD OF DIRECTORS CONSENT CALENDAR**

(9:03 a.m. - Video Time Stamp: 00:03:34)

1. Approve February 6, 2025, Draft Board of Directors Meeting Minutes
2. Approve and Authorize the Chief Executive Officer or his Designee to Execute an Amendment to the Legal Services Agreement with Keyes & Fox LLP, for Legal Services with a Not-to-Exceed Amount of \$300,000 for a Term of 1 Year
3. Receive Monthly Financial Report
4. Receive Geothermal Opportunity Zone Update

Chair Barnacle introduced Directors Laskey and Potter to the Board of Directors. (Board)

Public Comment: None

Motion to approve March 6, 2025, Board of Directors Consent Calendar by Director Hopkins

Second: Director Zollman

Motion passed by roll call vote

AYES: Laskey, Lemus, Barnacle, Elward, Fleming, Zollman, Farrar-Rivas, Potter, Haschak, Hopkins

ABSENT: Peters

## **BOARD OF DIRECTORS REGULAR CALENDAR**

5. Direct Staff to Study the Feasibility of Expanding Sonoma Clean Power Authority's Service to Clearlake, California

(9:05 a.m. - Video Time Stamp: 00:05:37)

Geof Syphers, CEO, stated that this item was limited to directing staff to conduct a study to analyze the costs and benefits of potentially serving the City of Clearlake and potentially other jurisdictions in Lake County. CEO Syphers recommended the study of Clearlake, but he said that SCP should study all jurisdictions in Lake County as well, in anticipation that they might also make a request in the near future. He added that there was potential for the expansion of electrification in Lake County because there is no natural gas service in the area. CEO Syphers then said that Lake County had made a request for a feasibility study in the past but at the time the costs were restrictive.

Director Hopkins said that she remembered discussing adding Lake County to SCP's service area in 2019 and she asked if SCP had received any preliminary questions, and CEO Syphers answered that SCP had not received any further questions other than the initial request. Director Hopkins then asked if the scope of the study could be expanded once it has started, and CEO Syphers answered that it could. Director Lemus asked if the Princeton study regarding transmission applies here, and CEO Syphers answered that it potentially does. Director Haschak then asked if the costs would be spread out through SCP's service territory and CEO Syphers answered that the study would look at the impact on current customers and rates over the service territory. CEO Syphers added that the Board's policy states the costs of feasibility studies are paid through delaying customer programs in a new territory, though in the case of

Mendocino County, the Board agreed to waive the study expenses and could choose to do so again. Director Farrar-Rivas asked if Lake County could create their own CCA and CEO Syphers answered that the County had already rejected that. Director Lemus asked if SCP had customer centers in Mendocino County and if SCP would in Lake County and CEO Syphers answered that SCP didn't and has increased its presence at community events instead. Director Zollman asked if The County of Lake had requested an analysis yet and CEO Syphers responded that they had not.

Public Comment: None

Motion to Direct staff to study the feasibility of expanding Sonoma Clean Power Authority's service to Clearlake, California by Director Lemus

Second: Vice Chair Elward

Motion passed by roll call vote

AYES: Laskey, Lemus, Barnacle, Elward, Fleming, Zollman, Farrar-Rivas, Potter, Haschak, Hopkins

ABSENT: Peters

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

(9:22 a.m. - Video Time Stamp: 00:22:13)

Neal Reardon, Director of Regulatory Affairs, gave an update on the upcoming Integrated Resource Plan (IRP) and he gave an overview of CAISO to the new Directors. Miles Horton, Legislative Policy & Community Engagement Manager, discussed the bills that SCP is focusing on in 2025: AB 526 (Papan) which would pave the way for offshore wind, AB 527 (Papan) which would create a permit exclusion for geothermal well drilling, and AB 531 (Rogers) which would create an opt-in process with the California Energy Commission as the sole permitting agency for geothermal. Mr. Horton discussed the March 4, 2025, lobby day in Sacramento and mentioned that SCP would be adding a second day in April. Director Lemus asked if Directors could bring anything to the Capitol in April and CEO Syphers said that there would be targeted materials.

Public Comment: None

*No positions were taken, so no vote was necessary.*

7. Receive an Update on Events and Community Engagement Efforts

(9:31 a.m. - Video Time Stamp: 00:31:47)

Sean Dalton, Events Manager, gave a presentation on SCP's events and community engagement efforts.

Chair Barnacle thanked staff for attending the events. Director Lemus asked if SCP did any targeted Spanish radio ads and CEO Syphers answered that SCP did. Director Farrar-Rivas encouraged SCP to work with KSVY in the Sonoma Valley.

Public Comment: None

8. Receive an Update on Educational Partnerships and Youth Workforce Development Efforts

(9:44 a.m. - Video Time Stamp: 00:44:06)

Mr. Dalton gave an update on SCP's educational partnerships and youth workforce development efforts.

Director Hopkins thanked staff and discussed Sonoma County Water Agency and SCP partnerships, and she asked what access there was for Mendocino colleagues and Mr. Dalton said that getting buy-in has been difficult and he requested help from the Board in Mendocino. Vice Chair Elward asked if SCP had connected with Sonoma Avenues for training and Mr. Dalton said he would look into it. Kate Kelly, Director of Public Relations & Marketing, mentioned that SCP was working with Schools Rule Sonoma County. Director Zollman mentioned that working with the Superintendents of Sonoma County would be another way of developing partnerships. Director Lemus asked what SCP's career preparation was and Mr. Dalton described working with CTE through the new school model and the LIME Foundation. Director Farrar-Rivas asked if SCP worked with La Luz and Director Kelly answered that SCP was in early talks with them. Chair Barnacle asked if SCP was working with the existing workforce and CEO Syphers stated that SCP has built a contractor network and is making the customer center available for outside use.

*10:10 a.m. Director Fleming exited the meeting.*



Public Comment: None

9. Receive 2024 Annual Report

(10:14 a.m. - Video Time Stamp: 01:14:34)

Director Kelly gave an overview of SCP's 2024 Annual Report, and she mentioned that it would be available on SCP's website.

Public Comment: None

10. Discussion of Investment Opportunity for Reducing Ratepayer Costs Over Time

(10:17 a.m. - Video Time Stamp: 01:17:29)

CEO Syphers stated that this was the beginning of a discussion for investment opportunities for SCP. He discussed the first 3 potential investment opportunities in the item: dual-use solar and grazing, single-use solar and battery and high value public benefit investments. He stated there could be a beneficial connection between SCP loaning money and rural broadband being a high value public benefit opportunity in the future. CEO Syphers then discussed the fourth opportunity of SCP making market rate loans or building leases to local non-profit organizations and he invited Hector Velasquez of the Latino Chamber of Commerce to discuss in more detail. Mr. Velasquez discussed wanting to create a business hub which would create a one stop shop to find local businesses and he pointed to the success of the "Central Community" in Okland as an example. CEO Syphers added that tying any investment to SCP's mission is a priority and he stated that he would like to see an ad hoc committee created to discuss potential investments.

Director Zollman stated that he likes the idea of a business hub. Director Lemus said that she was excited about this idea and that she would like to serve on the ad hoc committee. Director Farrar-Lemus said that this idea would be great for small business, and she requested to be added to the ad hoc. Director Hopkins stated that she was excited about this idea and would like to be on the ad hoc. Director Elward said she would like to have the idea discussed with other local chambers of commerce and Mr. Velasquez stated that he had reached out to the Black and Asian chambers. Director Haschek said that he would like SCP to reach out to Mendocino County and Mr. Velasquez said that he had. Member Laskey said this was a great idea and liked it because it was tied to SCP's mission. Chair Barnacle said that he would

like to look for other investments that are scalable and investments in local agriculture.

Chair Barnacle appointed Directors Farrar-Rivas, Lemus, Hopkins and Zollman to the ad hoc committee to discuss "Investment Opportunities for Reducing Ratepayer Costs Over Time," beginning with Hector Velasquez' opportunity.

Public Comment: None

#### 11. Approve the Proposed Budget Adjustments for Fiscal Year 2024-2025

(10:41 a.m. - Video Time Stamp: 01:41:36)

Public Comment: None

Garth Salisbury, CFO, gave an introduction regarding SCP's FY 24/25 Budget Adjustments and introduced Chris Golik, Finance Manager. Mr. Golik stated that this adjustment was based on the last 6 months' information, and he stated that the adjustments fall within the rate setting parameters that the Board had agreed to.

Motion to approve the proposed budget adjustments for fiscal year 2024-2025 by Vice Chair Elward

Second: Director Hopkins

Motion passed by roll call vote

AYES: Laskey, Lemus, Barnacle, Elward, Zollman, Farrar-Rivas, Potter, Haschak, Hopkins

ABSENT: Peters, Fleming

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

(10:48 a.m. - Video Time Stamp: 01:48:38)

Directors' announcements: Director Zollman requested that a process for the Board to agendaize items. Director Lemus announced the Climate Ready fair in Cotati would be held on March 29, 2025. Director Hopkins announced that she will be sitting on the California Air Resource Board. Director Farrar-Rivas announced that the City of Sonoma would be hosting Sonoma County's newest EV bus. Vice Chair Elward announced that March was Women's History Month. Josh Nelson announced new language for Board disclosures on the

agenda. Vice Chair Elward disclosed that she attended a lunch paid for by the Building Trades and North Bay Business Council.

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

(10:53 a.m. - Video Time Stamp: 01:53:24)

Public Comment: None

**ADJOURN**

(10:53 a.m. - Video Time Stamp: 01:53:44)

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## Staff Report - Item 02

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Garth Salisbury, Chief Financial Officer & Treasurer  
Chris Golik, Senior Finance Manager  
**Issue:** Receive Monthly Financial Report  
**Date:** April 3, 2025

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### Monthly Financial Report

The Financial Report is to inform the Board of Directors (Board) of monthly financial results and investment activity. The unaudited monthly financial statements that were previously provided as part of the Internal Operations Report will now be provided in the Monthly Financial Report. Additionally, the Monthly Financial Report will include an Investment Report which is a summary of investments and investment activity in SCP's portfolio. The Investment Report and associated attachments are to inform the Committee pursuant to the requirements of SCP's Financial Policy B.5 Investments and Government Code Section 53607. This is an informational item only.

### Monthly Compiled Financial Statements (January 31, 2025)

The year-to-date change in net position is more than projections by approximately \$50,343,000. Year-to-date revenue from electricity sales is over budget by approximately 11% and cost of energy is under budget projections by approximately 18%. Year-to-date electricity sales reached \$170,556,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$289,853,000. Approximately \$231,889,000 is set aside for operating reserves as of June 30, 2024.

### Budgetary Comparison Schedule (January 31, 2025)

The accompanying budgetary comparison includes 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 of 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 exceeded the budget by approximately 11% at the end of the reporting period.

Interest earnings continue to trend higher than budget due to the persistence of higher interest rates and because of an investment strategy focused on locking in higher interest earnings over the near to intermediate term (3-5 year) investment horizon.

The cost of electricity was less than the budget-to-date by approximately 18%. 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. Current actual costs exceed the original budget due to onboarding costs of the new data manager.

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

## **Monthly Investment Report**

This report is to verify and report in writing to the Board regarding the responsibilities designated to the SCP Treasurer pursuant to SCP Financial Policy B.5 Investments. The Investment Policy was amended in 2024 expanding the definition of Permitted Investments, adding several investment diversification requirements, best practices and requiring additional reporting requirements to the Board and stakeholders as follows.

### Monthly Obligation to Report on New Investment Transactions

Government Code Section 53607 and SCP's Investment Policy require SCP to report to the Board and stakeholders any investment transactions (defined as purchases, sales or exchanges of securities) made during the month as soon as is practicable after the end of the month. Given the scheduling of the SCP's Board meetings during the first week of the month, the investment report will indicate investment

transactions that occurred two months prior (February 2025). SCP currently maintains bank accounts and investments at River City Bank (RCB), Summit State Bank, the State of California Local Agency Investment Fund (LAIF) and USBank. Active individual securities are held at both RCB and USBank. Staff will provide Statements of Investments as required throughout the year.

## **Reportable Activities**

### USBank

In November of 2024, the Board approved amendments to SCP Investment Policy as recommended by SCP's investment advisor, Chandler Asset Management (CAM). As of February 28<sup>th</sup>, CAM managed about \$40 million of SCP's reserves. All investments directed by CAM are held at SCP's custodian, USBank. All investments held as of February 28, 2025, at USBank appear as Attachment 3 with new holdings purchased in February highlighted. USBank transaction details for the month of February, including sales and maturities of securities, are in Attachment 4.

### River City Bank

A detailed statement of the investments held at River City Bank as of February 28, 2025, appears as Attachment 5. River City Bank transaction details for the month of February, including sales and maturities of securities, are in Attachment 6.

### State of California Local Agency Investment Fund

The LAIF investment balance as of February 28, 2025, appears as Attachment 7.

## **Community Advisory Committee Review**

The Community Advisory Committee (CAC) reviewed this item at their March 20, 2025, meeting. While the item was on the Consent Calendar, Vice Chair Kelly posed a brief question inquiring about the investments in corporate bonds as it relates to risk mitigation and alignment with SCP's mission. CFO Salisbury replied to state

SCP's investments are managed by Chandler Asset Management in accordance with SCP's Board-approved investment policy.

### **Attachments**

- Attachment 1 - December 2024 Financial Statements
- Attachment 2 - December 2024 Budgetary Statement
- Attachment 3 - Statement of Investments Held at USBank
- Attachment 4 - Statement of Transactions at USBank
- Attachment 5 - Statement of Investments Held at River City Bank
- Attachment 6 - Statement of Transactions at River City Bank
- Attachment 7 - Statement of Investments Held at the Local Agency Investment Fund





## 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 January 31, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the seven months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

*MaHer Accountancy*

San Rafael, CA  
March 13, 2025

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of January 31, 2025

### ASSETS

#### Current assets

Cash and cash equivalents - unrestricted	\$ 126,461,186
Cash and cash equivalents - restricted for grant purposes	2,046,643
Accounts receivable, net of allowance	20,539,363
Other receivables	2,264,130
Accrued revenue	12,924,385
Prepaid expenses	924,637
Deposits	6,126,464
Investments	59,087,211

Total current assets 230,374,020

#### Noncurrent assets

Cash and cash equivalents - unrestricted	56,000,000
Investments	67,681,597
Other receivables	980,546
Deposits	16,256
Capital assets, net of depreciation	17,955,695

Total noncurrent assets 142,634,094

Total assets 373,008,114

### LIABILITIES

#### Current liabilities

Accrued cost of electricity	19,276,174
Accounts payable	1,035,111
Advances from grantors	2,046,643
Other accrued liabilities	2,053,128
User taxes and energy surcharges due to other governments	728,280
Supplier security deposits	636,000

Total current liabilities 25,775,338

#### Noncurrent liabilities

Supplier security deposits	1,380,121
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Total liabilities 27,155,459

### DEFERRED INFLOWS OF RESOURCES

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

Investment in capital assets	17,955,695
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Unrestricted	<u>271,896,960</u>
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Total net position \$ 289,852,655

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Seven Months Ended January 31, 2025**

**OPERATING REVENUES**

Electricity sales, net	\$ 168,653,509
Evergreen electricity premium	1,902,825
Miscellaneous income	2,296,916
Grant revenue	335,733
Total operating revenues	<u>173,188,983</u>

**OPERATING EXPENSES**

Cost of electricity	106,532,643
Contract services	5,385,280
Staff compensation	6,214,612
Program rebates and incentives	1,485,928
Other operating expenses	1,361,493
Depreciation	836,744
Total operating expenses	<u>121,816,699</u>
Operating income	<u>51,372,283</u>

**NONOPERATING REVENUES (EXPENSES)**

Investment income	8,961,755
Nonoperating revenues (expenses), net	<u>8,961,755</u>

**CHANGE IN NET POSITION**

Net position at beginning of year	229,518,617
Net position at end of period	<u>\$ 289,852,655</u>

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS Seven Months Ended January 31, 2025

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 176,464,525
Receipts of security deposits	3,762,000
Other operating receipts	2,745,166
Payments to electricity suppliers	(110,410,908)
Payments for other goods and services	(6,735,315)
Payments for staff compensation	(6,113,435)
Payments for program rebates and incentives	(1,457,895)
Payments of taxes and surcharges to other governments	(2,197,844)
Net cash provided (used) by operating activities	<u>56,056,294</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	<u>(219,467)</u>
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### CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	7,759,693
Proceeds from sales and maturities of investments	148,547,134
Purchase of investments	(97,318,950)
Net cash provided (used) by investing activities	<u>58,987,877</u>

Net change in cash and cash equivalents	114,824,704
Cash and cash equivalents at beginning of year	<u>69,683,125</u>
Cash and cash equivalents at end of period	<u>\$ 184,507,829</u>

### Reconciliation to the Statement of Net Position

Cash and cash equivalents - unrestricted (current)	126,461,186
Cash and cash equivalents - restricted (current)	2,046,643
Cash and cash equivalents - unrestricted (noncurrent)	56,000,000
Cash and cash equivalents	<u>184,507,829</u>

**SONOMA CLEAN POWER AUTHORITY**

**STATEMENT OF CASH FLOWS**

**(Continued)**

**Seven Months Ended January 31, 2025**

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

Operating income (loss)	\$ 51,372,283
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	836,744
(Increase) decrease in:	
Accounts receivable, net	1,631,184
Other receivables	86,381
Accrued revenue	2,050,234
Prepaid expenses	(32,631)
Deposits	(3,471,104)
Increase (decrease) in:	
Accrued cost of electricity	2,146,522
Accounts payable	(17,473)
Advances from grantors	(335,733)
Accrued liabilities	1,328,957
User taxes due to other governments	28,929
Supplier security deposits	432,000
Net cash provided (used) by operating activities	<u>\$ 56,056,294</u>

**NONCASH INVESTING ACTIVITIES**

Unrealized appreciation and timing differences in investment income \$ 1,202,062



## 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 seven months ended January 31, 2025, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

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

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

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

*Maher Accountancy*

San Rafael, CA  
March 13, 2025

**SONOMA CLEAN POWER AUTHORITY**  
**BUDGETARY COMPARISON SCHEDULE - OPERATING FUND -**  
**Seven Months Ended January 31, 2025 -**

	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
<b>REVENUE AND OTHER SOURCES:</b>						
Electricity (net of allowance) *	\$ 151,718,686	\$ 168,653,509	\$ 16,934,823	111%	\$ 239,147,000	\$ 70,493,491
Evergreen Premium (net of allowance)	1,575,000	1,902,825	327,825	121%	2,700,000	797,175
Investment returns	4,200,000	8,961,755	4,761,755	213%	7,200,000	(1,761,755)
Miscellaneous Income	583,100	399,233	(183,867)	68%	1,000,000	600,767
Total revenue and other sources	158,076,786	179,917,322	21,840,536	114%	250,047,000	70,129,678
<b>EXPENDITURES AND OTHER USES:</b>						
<b>CURRENT EXPENDITURES</b>						
Cost of energy and scheduling	127,276,617	104,299,227	(22,977,390)	82%	221,586,000	117,286,773
Data management	1,563,333	2,096,369	533,036	134%	2,680,000	583,631
Service fees- PG&E	577,500	569,601	(7,899)	99%	990,000	420,399
Personnel	6,585,685	6,214,612	(371,073)	94%	11,490,000	5,275,388
Energy Center, marketing & communication:	1,970,802	1,375,780	(595,022)	70%	3,379,000	2,003,220
Customer service	153,250	71,059	(82,191)	46%	220,000	148,941
General and administration	1,063,912	968,446	(95,466)	91%	1,832,000	863,554
Legal	277,083	79,760	(197,323)	29%	475,000	395,240
Regulatory and compliance	268,333	239,795	(28,538)	89%	460,000	220,205
Accounting	206,000	205,900	(100)	100%	312,000	106,100
Legislative	128,333	105,000	(23,333)	82%	220,000	115,000
Other consultants	314,317	187,600	(126,717)	60%	535,000	347,400
Industry memberships and dues	518,434	393,047	(125,387)	76%	888,000	494,953
Program implementation	5,865,585	1,940,344	(3,925,241)	33%	10,136,000	8,195,656
Total current expenditures	146,769,184	118,746,540	(28,022,644)	81%	255,203,000	136,456,460
<b>OTHER USES</b>						
Capital outlay	650,000	169,513	(480,487)	26%	1,150,000	980,487
Total expenditures, other uses	147,419,184	118,916,053	(28,503,131)	81%	256,353,000	137,436,947
Net increase (decrease) in available fund balance	\$ 10,657,602	\$ 61,001,269	\$ 50,343,667		\$ (6,306,000)	\$ (67,307,269)

\* Represents sales of approximately 1,295,000 MWh for 2024/25 YTD actual.

	Balance - as of June 30, 2024	Long-Term Targeted	% of Long-Term Target
<b>RESERVES</b>			
Operating Reserve	\$ 231,889,000	\$ 255,203,000	91%

**SONOMA CLEAN POWER AUTHORITY -  
 BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED) -  
 RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE -  
 TO CHANGE IN NET POSITION -  
 Seven Months Ended January 31, 2025 -**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 61,001,269
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(836,744)
Add back capital asset acquisitions	<u>169,513</u>
Change in net position	<u><u>\$ 60,334,038</u></u>



**Sonoma Clean Power**  
**Statement of Investments Held at USBank**  
 As of February 28, 2025

Investment Description	Issue	Purchase Date	Maturity Date	Par Value \$	Market Value \$	Purchase Price \$	Purchase Yield in %
Cash	Cash	---	---	367	367	367	-
First American Govt Oblig fund	Money Market Fund	---	---	97,201	97,201	97,201	4.0
Government of The United States	US Treasury	10/24/2024	2/28/2025	500,000	489,375	488,516	4.0
Government of The United States	US Treasury	10/24/2024	4/30/2028	500,000	492,832	491,543	4.0
Government of The United States	US Treasury	10/24/2024	4/30/2029	500,000	478,516	476,172	4.0
Government of The United States	US Treasury	10/24/2024	9/30/2026	500,000	495,957	494,824	4.1
Government of The United States	US Treasury	---	10/15/2027	1,000,000	997,500	993,672	4.1
Government of The United States	US Treasury	10/30/2024	2/15/2027	500,000	501,172	500,020	4.1
Government of The United States	US Treasury	10/31/2024	8/15/2027	500,000	497,324	495,137	4.1
Government of The United States	US Treasury	---	6/30/2028	1,000,000	1,000,586	994,473	4.1
Government of The United States	US Treasury	10/24/2024	4/15/2026	500,000	498,066	497,285	4.1
Government of The United States	US Treasury	10/31/2024	1/15/2027	500,000	499,941	498,574	4.1
Government of The United States	US Treasury	---	11/15/2028	1,000,000	970,313	962,734	4.1
Government of The United States	US Treasury	---	6/30/2027	1,000,000	984,258	977,813	4.1
Government of The United States	US Treasury	10/31/2024	2/28/2029	500,000	504,473	501,914	4.2
Government of The United States	US Treasury	10/31/2024	8/31/2028	500,000	506,191	503,809	4.2
Government of The United States	US Treasury	---	6/30/2029	1,000,000	969,844	960,449	4.2
Government of The United States	US Treasury	---	10/31/2026	1,000,000	1,001,563	998,711	4.2
Government of The United States	US Treasury	---	6/15/2026	1,000,000	1,000,859	998,379	4.2
International Bank for Recon and Dev	Supranational	12/12/2024	10/16/2029	400,000	396,115	393,488	4.3
Government of The United States	US Treasury	10/30/2024	1/31/2026	500,000	500,277	499,941	4.3
Government of The United States	US Treasury	10/24/2024	10/2/2025	500,000	487,982	480,635	4.3
Government of The United States	US Treasury	12/30/2024	12/31/2026	1,000,000	1,004,141	999,844	4.3
Government of The United States	US Treasury	10/24/2024	4/30/2027	500,000	487,285	485,039	4.3
Government of The United States	US Treasury	11/12/2024	11/15/2027	1,000,000	1,003,711	995,000	4.3
FHLMC	Agency CMBS	10/25/2024	6/25/2028	400,000	394,593	393,480	4.3
Government of The United States	US Treasury	1/23/2025	4/24/2025	700,000	695,728	692,620	4.3
FHLMC	Agency CMBS	10/25/2024	7/25/2028	400,000	395,170	394,000	4.3
Government of The United States	US Treasury	12/18/2024	12/15/2027	1,000,000	1,000,859	990,156	4.4
Government of The United States	US Treasury	1/7/2025	1/15/2028	1,000,000	1,007,422	996,719	4.4
State of California	Municipal Bonds	---	8/1/2029	400,000	403,788	402,083	4.4
UnitedHealth Group Incorporated	Corporate	10/29/2024	10/15/2027	300,000	289,377	288,213	4.4
Government of The United States	US Treasury	---	10/31/2029	1,000,000	1,004,688	997,285	4.4
FHLMC	Agency CMBS	12/11/2024	12/25/2028	885,000	868,462	864,500	4.4
Deere & Company	Corporate	10/29/2024	9/15/2027	300,000	298,715	297,975	4.4
Caterpillar Inc.	Corporate	10/31/2024	10/15/2027	300,000	300,539	299,919	4.4
FHLMC	Agency CMBS	---	9/25/2028	800,000	793,101	788,161	4.4
Government of The United States	US Treasury	1/23/2025	11/30/2029	1,000,000	1,005,156	985,664	4.5
Government of The United States	US Treasury	10/31/2024	5/1/2025	500,000	496,520	489,177	4.5
FHLMC	Agency CMBS	---	3/25/2029	800,000	776,512	769,713	4.5
Mercedes-Benz Auto Lease Trust	ABS	10/28/2024	1/18/2028	300,000	304,107	304,383	4.5
FHLMC	Agency CMBS	---	9/25/2029	800,000	759,029	751,094	4.5

Investment Description	Issue	Purchase Date	Maturity Date	Par Value \$	Market Value \$	Purchase Price \$	Purchase Yield in %
Bank of America Credit Card Trust	ABS	10/28/2024	5/15/2029	325,000	329,670	328,644	4.5
Prologis, Inc.	Corporate	10/24/2024	2/1/2029	300,000	298,615	298,323	4.5
Government of The United States	US Treasury	1/10/2025	12/31/2029	1,000,000	1,015,625	993,242	4.5
FHLMC	Agency CMBS	11/20/2024	8/25/2028	800,000	789,504	781,563	4.5
State Street Corporation	Corporate	10/31/2024	10/22/2027	300,000	299,960	298,212	4.5
PACCCAR Inc	Corporate	10/29/2024	9/26/2029	300,000	294,772	292,719	4.6
The Home Depot, Inc.	Corporate	10/29/2024	6/15/2029	300,000	282,253	280,077	4.6
The Toronto-Dominion Bank	Corporate	12/10/2024	12/17/2026	500,000	500,693	499,990	4.6
Toyota Auto Receivables Owner Trust	ABS	10/31/2024	10/16/2028	300,000	301,816	301,559	4.6
Honda Auto Receivables Owner Trust	ABS	10/31/2024	8/15/2028	300,000	302,961	303,434	4.6
Honda Motor Co., Ltd.	Corporate	---	10/22/2027	500,000	499,538	498,034	4.6
Bank of Montreal	Corporate	---	9/10/2027	500,000	500,131	499,493	4.6
Royal Bank of Canada	Corporate	---	10/18/2027	500,000	499,709	498,673	4.6
GM Financial Securitized Term	ABS	10/30/2024	12/18/2028	300,000	301,994	301,406	4.6
Ford Credit Auto Owner Trust	ABS	11/19/2024	8/15/2029	240,000	241,595	239,992	4.7
Deere & Company	Corporate	1/6/2025	1/7/2028	340,000	343,639	339,898	4.7
Toyota Motor Corporation	Corporate	---	8/9/2029	500,000	500,356	497,616	4.7
Realty Income Corporation	Corporate	---	12/15/2028	500,000	501,682	500,591	4.7
John Deere Owner Trust	ABS	---	6/15/2029	619,000	615,366	611,120	4.7
GM Financial Securitized Term	ABS	1/9/2025	12/17/2029	160,000	161,111	159,988	4.7
The PNC Financial Services Group, In	Corporate	---	7/23/2027	500,000	503,561	503,401	4.7
Toyota Auto Receivables Owner Trust	ABS	1/22/2025	8/15/2029	240,000	241,932	239,990	4.7
PepsiCo, Inc.	Corporate	2/7/2025	2/7/2030	550,000	553,690	547,091	4.7
Caterpillar Inc.	Corporate	11/14/2024	11/15/2029	300,000	303,229	299,523	4.7
Morgan Stanley	Corporate	---	1/24/2029	500,000	488,048	485,111	4.8
U.S. Bancorp	Corporate	---	7/22/2028	500,000	499,176	497,086	4.8
JPMorgan Chase & Co.	Corporate	---	7/23/2029	500,000	492,108	489,899	4.8
Bank of America Corporation	Corporate	---	7/23/2029	500,000	492,946	490,483	4.8
Wells Fargo & Company	Corporate	1/16/2025	1/24/2028	400,000	402,018	400,000	4.9
Mercedes-Benz Auto Receivables Trust	ABS	1/14/2025	12/17/2029	235,000	237,584	234,950	4.9
Morgan Stanley	Corporate	1/16/2025	1/12/2029	250,000	252,347	250,215	5.0
UnitedHealth Group Incorporated	Corporate	1/10/2025	1/15/2030	250,000	251,665	246,965	5.1
Wells Fargo & Company	Corporate	1/22/2025	1/23/2030	300,000	304,247	300,741	5.1
BMW Vehicle Owner Trust	ABS	10/29/2024	2/26/2029	235,000	237,835	237,882	5.2
<b>Total and Weighted Average Yield</b>				<b>\$ 40,726,568</b>	<b>\$ 40,500,991</b>	<b>\$ 40,238,591</b>	<b>4.4</b>

**Sonoma Clean Power**  
**Statement of Transactions at USBank**  
February 2025

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq./Disp. Yield	Amount	Purchased/Sold Interest	Total Amount	Net Realized Gain/Loss
Buy	2/18/2025	31846V203	89,358	FIRST AMER:GVT OBLG Y	---	---	\$(89,358)	\$	\$(89,358)	\$
Buy	2/10/2025	713448GB8	550,000	PEPSICO INC 4.6 02/07/2030	4.72	4.72	\$(547,091)	---	\$(547,301)	---
Sell	2/10/2025	31846V203	(241,173)	FIRST AMER:GVT OBLG Y	---	---	241,173	---	241,173	---
Sell	2/10/2025	912797NC7	(300,000)	UNITED STATES TREASURY 04/24/2025	4.32	4.32	297,437	---	297,437	2.68

Attachment 5: Statement of Investments Held at River City Bank

**Sonoma Clean Power**  
**Statement of Investments Held at River City Bank**  
 As of February 28, 2025

<b>Investment Description</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Purchase Price</b>	<b>Yield to Maturity</b>	<b>Most Recent Price (MTM)</b>	<b>% Total Portfolio</b>
River City Bank CDARS, 52 weeks	8/22/2024	8/21/2025	4.53%	\$7,000,000	4.63%	\$7,000,000	10%
River City Bank CD, 2 years	9/1/2024	9/1/2026	4.25%	10,000,000	4.40%	10,215,967	14%
River City Bank CD, 2 years	9/10/2024	9/10/2026	3.75%	20,000,000	3.88%	20,190,475	29%
River City Bank CDARS, 26 weeks	9/26/2024	3/27/2025	4.46%	3,000,000	4.56%	3,000,000	4%
River City Bank CDARS, 52 weeks	9/26/2024	9/25/2025	3.59%	12,000,000	3.66%	12,000,000	17%
River City Bank CDARS, 52 weeks	10/17/2024	10/16/2025	4.28%	7,000,000	4.37%	7,000,000	10%
River City Bank CDARS, 52 weeks	2/13/2025	2/12/2026	4.39%	10,000,000	4.49%	10,000,000	14%
<b>Total</b>				<b>\$69,000,000</b>		<b>\$69,406,442</b>	<b>100%</b>
<b>Weighted Average Interest and Yield</b>			<b>4.05%</b>		<b>4.13%</b>		

\*Most Recent Price (MTM) does not include accrued interest for CDARS

Attachment 6: Statement of Transactions at River City Bank

**Sonoma Clean Power**  
**Statement of Transactions at River City Bank**  
 February 2025

<b>Transaction Type</b>	<b>Investment Description</b>	<b>Effective Date</b>	<b>Maturity Date</b>	<b>Principal</b>	<b>Interest Paid</b>	<b>Total Amount</b>	<b>Realized Gain</b>	<b>Realized Loss</b>	<b>Yield</b>
Maturity	River City Bank CDARS, 13 weeks	11/7/2024	2/6/2025	10,000,000	\$118,869	\$10,118,869	\$118,869	\$0	4.85%
Buy	River City Bank CDARS, 52 weeks	2/13/2025	2/12/2026	10,000,000	-	10,000,000	-	-	4.49%

Attachment 7: Statement of Investments Held at the Local Agency Investment Fund

**Sonoma Clean Power**  
**Statement of Investments Held at the Local Agency Investment Fund**  
 As of February 28, 2025

<b>Investment Description</b>	<b>Ending Balance</b>	<b>Yield</b>	<b>Market Value</b>
Local Agency Investment Fund	\$28,616,581	4.33%	\$28,605,764



## Staff Report - Item 03

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

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

**Issue:** Receive Geothermal Opportunity Zone Update and Approve the Delegated Authority to the Chief Executive Officer or his Designee to Terminate the Geothermal Opportunity Zone Cooperation Agreement with Cyrq Energy, Inc.

**Date:** April 3, 2025

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### Recommended Action

Staff recommend the Board approve the delegated authority to the Chief Executive Officer or his designee to terminate the [Geothermal Opportunity Zone \(GeoZone\) Cooperation Agreement with Cyrq Energy Inc](#) (Cyrq).

### Background

The Cyrq agreement proposed for termination was approved by the Board of Directors in their March 2, 2023, meeting. It allows for termination by mutual agreement in writing. The text of the recommended termination letter is included as an attachment.

As described in greater detail below, the cooperation agreement with Cyrq requires the completion of a number of project milestones by May 31, 2025, that are no longer achievable. Cyrq has also let staff know that the company's priorities have changed so that continuing with the GeoZone project is no longer realistic. Cyrq has asked for a mutual termination as a result. Staff believe that terminating the agreement will enable SCP to refocus efforts on maintaining momentum for the GeoZone.

The Cyrq agreement is part of three public-private cooperation agreements approved by SCP's Board of Directors in 2023 to progress the GeoZone—an initiative to secure affordable, reliable clean energy for our customers by building 600 megawatts of new

geothermal power capacity in Sonoma and Mendocino Counties. In response to a SCP solicitation for GeoZone industry partners in 2022, Cyrq proposed installing a thermal storage system at an existing geothermal power plant at the Geysers that is heated with grid electricity during solar hours and in the evening is used to superheat steam from the geothermal field to increase the output of the steam turbine. The SCP selection team, which included several technical experts as well as staff, recommended moving forward with the Cyrq proposal because of the strong capabilities of the Cyrq team, technological readiness of the proposal, and the value of adding flexibility to local geothermal resources.

The cooperation agreement with Cyrq established mutual obligations by SCP and Cyrq to progress the proposed technology to commerciality. SCP committed to supporting the project with stakeholder engagement, grant funding, political and regulatory advocacy, commercial assessments, and a commitment as an offtaker. Cyrq committed to maturing the project through feasibility studies, commercial agreements with a site host, submitting an interconnection application, and initiating permitting. In return for SCP's early support of the project, Cyrq provided SCP with a first right of refusal on any Cyrq projects in the GeoZone—giving SCP ratepayers advantageous pricing on projects SCP expects will be needed as the state continues to decarbonize.

Following the execution of the cooperation agreement, both Cyrq and SCP have made significant efforts to progress the proposed project. Cyrq worked with Calpine, the primary operator of the Geysers geothermal field, to select a candidate facility for a pilot project and hired an engineering contractor to provide an assessment of the feasibility and cost of installing thermal storage leveraging plant-specific data. Cyrq submitted a full application for grant funding from the Department of Energy's Long-Duration Energy Storage Demonstration program. Meanwhile, SCP led commerciality assessments of the technology, initiated regulatory advocacy to address the project's potential impact to the eligibility of renewable energy from the facility, incorporated Cyrq's project in stakeholder outreach, and led submission of concept papers to other Department of Energy and California Energy Commission grant funding opportunities. During the project, Cyrq and SCP also evaluated two potential thermal storage vendors—a configuration licensed by Babcock & Wilcox from the National Renewable Energy Laboratory and a separate configuration using Rondo Energy's heat battery.

Despite the efforts described above, the project will not achieve most of the milestones due by May 31<sup>st</sup>, 2025. Technical and commerciality risk have made it difficult to secure a site host. Changes in the eligibility of energy storage for resource adequacy and reduced market volatility have added significant uncertainty to the market value of



the project. Meanwhile, the California Independent System Operator's delay of Cluster 16 until October 2026 have made it impossible to progress an interconnection application and the Trump administration has nearly eliminated the potential for federal grant funding to offset early project costs.

Cyrq has also undergone recent organizational and strategic changes that make an extension of the cooperation agreement unrealistic milestones. In 2024, Cyrq's longtime Chief Executive Officer, who supported the company's involvement in the GeoZone, left. Following the leadership change, Cyrq has prioritized optimization of its existing fleet of geothermal plants and deemphasized emerging technologies. In February 2025, Cyrq's Director of Technology and Innovation, who led the Cyrq GeoZone project and invented the thermal storage for superheat technology, also left the company. With his absence, Cyrq no longer has interest in further pursuing the GeoZone project and is amenable to a mutual termination. The cooperation agreement allows for a mutual termination in writing and includes provisions that preserve the effect of the non-compete, confidentiality, and indemnification clauses for two years.

## **Next Steps**

Staff ask the Board to approve the termination in order to refocus efforts on sustaining momentum on geothermal legislation, partnerships and local community outreach.

Staff have also collected lessons learned from the partnership with Cyrq to start planning the structure and requirements of potential new public-private partnerships in the GeoZone, including opportunities to support and expand the capabilities of existing resources at The Geysers. As part of that effort, staff have begun reaching out to Calpine. Calpine has expressed an interest in continuing to discuss opportunities with SCP beyond the scope of the Cyrq project while it continues to honor its contractual relationship to supply geothermal power from The Geysers to SCP.

## **Other GeoZone Updates**

### *Partner Updates*

Chevron New Energies presented at the Geyserville Planning Committee in February, to answer questions from the community on fire safety, permitting, and the development timeline associated with their GeoZone project at the Pocket Ranch.

Both Chevron New Energies and Eavor have shared that their agreed-to milestones in SCP's GeoZone cooperation agreements are at-risk given project risks and delays. Unlike Cyrq, both Chevron New Energies and Eavor retain a strategic interest in developing their GeoZone projects, though timing will likely be later than originally anticipated. Staff are considering how to best proceed and will return with recommendations for the Board in the future.

### *CPUC State Portfolio Planning*

In late February, the California Public Utilities Commission (CPUC) released [draft inputs and assumptions](#) for statewide electric system portfolio planning for the next two years. The inputs and assumptions are the first step in the state's Integrated Resource Plan (IRP) process which will ultimately select a preferred set of resources and guidance to the California Independent System Operator (CAISO) on needed transmission upgrades. The CPUC has made two impactful changes that could reshape the landscape of California's future energy system: 1) for the first time, Enhanced Geothermal Systems (EGS) are included as a candidate resource and 2) the cost assumptions for offshore wind have been increased substantially compared to previous portfolios. SCP has been advocating for the State to take a more serious look at EGS as a candidate resource for several years, and staff is appreciative of the CPUC's proposed changes—which include leveraging up-to-date and comprehensive data sources for calibrating resource potential and costs. Although the preferred portfolio ultimately used for transmission planning will be dependent on the results of a cost-optimization model, SCP is confident the CPUC's inclusion of 3.5 GW of near-field EGS and 26.6 GW of deep EGS will lead to transmission planning that is more supportive of geothermal development in the GeoZone and beyond.

Staff submitted comments in response to the inputs and assumptions supporting the CPUC's approach. Staff also provided recommendations on several refinements—including separating the deep EGS into two gradational buckets, increasing the potential for conventional geothermal, updating the resource plans from load serving entities, and increasing the cost assumption associated with retaining natural gas capacity.

### **Attachments**

- Mutual Termination of GeoZone Cooperation Agreement between Sonoma Clean Power Authority and Cyrq Energy Inc. Letter



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

April 4, 2025

Cyrq Energy Inc. (n/k/a Cyrq Energy, LLC)  
Attn: Mark Sudbey  
15 W South Temple, Suite 1900  
Salt Lake City, UT 84101

Re: *Mutual Termination of GeoZone Cooperation Agreement between Sonoma Clean Power Authority and Cyrq Energy Inc.*

Dear Mr. Sudbey:

This letter is to request your written acknowledgement of the mutual termination of the GeoZone Cooperation Agreement ("Agreement") between Sonoma Clean Power Authority ("SCPA") and Cyrq Energy Inc. ("Cyrq"), effective as of March 2, 2023, pursuant to Section 2.2.1 of the Agreement.

SCPA and Cyrq has been working together to further the Agreement's objectives since March 2023. However, we understand that at this point it has been determined that further efforts under the Agreement are not in our shared best interests. Accordingly, we seek your mutual agreement to terminate the Agreement so that SCPA and Cryq can pursue other opportunities.

Pursuant to Section 2.3 of the Agreement, this voluntary, mutual agreement does not affect the validity of Sections 8.2, 10, 13, 14 and 15.2 and any other provisions that survive termination for the period set forth in the Agreement.

IT IS AGREED THAT, UNDER SECTION 2.2.1 OF THE GEOZONE COOPERATION AGREEMENT BETWEEN SONOMA CLEAN POWER AUTHORITY AND CYRQ ENERGY INC. EFFECTIVE AS OF MARCH 2, 2023 ("AGREEMENT"), THE AGREEMENT IS HEREBY TERMINATED BY MUTUAL WRITTEN CONSENT OF THE PARTIES EFFECTIVE AS OF THE DATE OF THE FINAL EXECUTION HEREOF.

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Geof Syphers, Chief Executive Officer  
Sonoma Clean Power Authority  
Date:

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Mark Sudbey, Chief Executive Officer  
Cyrq Energy, LLC  
Date:

cc: Curt R. Ledford, Davison Van Cleve, P.C., [cr1@dvclaw.com](mailto:cr1@dvclaw.com)

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## Staff Report - Item 04

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Geof Syphers, Chief Executive Officer  
**Issue:** Direct Staff to Study the Feasibility of Expanding Sonoma Clean Power Authority's Service to Lakeport, California  
**Date:** April 3, 2025

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### Recommendation

Direct staff to study the feasibility of expanding Sonoma Clean Power Authority's service to Lakeport, California.

### Background

In the March 2025 SCP Board meeting, the Board directed staff to study the feasibility of expanding service to include the City of Clearlake in Lake County, and also - in anticipation of potential additional requests from Lake County - study the feasibility of service to the City of Lakeport and the County of Lake.

This item would formally recognize that the City of Lakeport has made a request and direct staff to complete a detailed review of feasibility.

### Discussion

The process for evaluating service to new communities is governed by the Board of Directors' Administrative and General Policy D4 (attached). Step 1 (A letter of request) and Step 2 (Initial SCP staff assessment of agency capacity for an analysis and identification of any obvious concerns) are completed. There are no special or unusual concerns identified at this time.

## **Community Advisory Committee Review**

Due to the timing of the City of Lakeport's request, this item came to the Board first but will be brought to the Community Advisory Committee in April.

## **Attachments**

- Administrative and General Policy D.4 (New Customer Communities)
- Request Letter from City of Lakeport

## **Administrative and General Policy D.4**

### New Customer Communities

Whereas, the Sonoma Clean Power Authority's (SCPA) purposes include:

- Reducing greenhouse gas emissions related to the use of power in Sonoma County and neighboring regions;
- Providing electric power and other forms of energy to customers at a competitive cost;
- Carrying out programs to reduce energy consumption;
- Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
- Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources; and

Whereas, creating opportunities for new communities to benefit from community choice aggregation programs may allow SCPA to further progress towards these purposes; and

Whereas, SCPA's default CleanStart service reduces greenhouse gas emissions when compared to the incumbent utility's default service; and

Whereas, the addition of new communities to SCPA's service territory will accelerate progress toward SCPA's and the State of California's goals on renewable energy and greenhouse gas reductions;

Therefore, in light of these considerations, it is SCPA's policy to consider providing electric service in new communities to further SCPA's goals, consistent with the criteria set forth below.

Applications to serve new communities will be considered if all of the following criteria are met:

1. The community is relatively close to existing SCPA service territory, so that regular meeting attendance and community engagement is practical.
2. The community agrees to abide by the SCPA Joint Powers Agreement, all existing SCPA adopted policies, and any conditions of service proscribed by SCPA's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the SCP program, with governance representation determined by the existing SCPA Board of Directors.
3. The SCPA Board of Directors finds that service to the new region:
  - a. will decrease greenhouse gas emissions;
  - b. will not increase costs or financial risks to existing SCP customers;
  - c. will be consistent with SCPA's purposes of promoting renewable energy, energy efficiency and conservation

4. There should be significant political and public alignment of values between existing and proposed participants, so that fundamental conflicts over key underlying issues are less likely. This would be important, for example, in determining the balance of environmental and economic goals.
5. The addition of the new community is likely to increase the voice of SCPA in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and other relevant venues.
6. The addition of the new community will not harm SCPA's autonomy over its portfolio of power sources, customer programs, and its ability to serve local, community interests.
7. The addition of the new community will not harm the quality of service to existing SCPA customers and will not give rise to operational risks that could significantly harm SCPA's existing functions.

An applicant community that initially appears to meet the above criteria may be referred by the SCPA Board of Directors to SCPA staff for a more detailed analysis of the applicability of above criteria, and any other relevant issues, following the New Customer Community Application Procedure set forth below.



Sonoma Clean Power  
New Customer Community Application Procedure

- Step 1      Governing body of applicant community submits letter to SCP requesting consideration for service.
- Step 2      Staff evaluates timing of request to determine if internal resources are available to consider request, and to ensure no impact to core agency functions.
- Step 3      Staff submits request to SCPA Board of Directors along with staff's initial opinion, and the Board determines whether a full analysis is warranted. If so, staff sends a letter of acknowledgement to the applicant region.
- Step 4      Staff executes contract with governing body of new community to fund costs of membership analysis and other SCPA costs relating to adding community (e.g., cost of updating Implementation Plan). These costs would be deducted from program funding that normally would flow to the new territory until startup costs are reimbursed to SCPA's operating fund. Staff undertakes and completes a full analysis.
- Step 5      Results of membership analysis presented to governing body of new community and to SCPA Board of Directors. SCPA Board determines whether providing service to new community is consistent with Policy D-4, whether new community will be offered representation on the Board, and what other conditions will apply to new service.
- Step 6      A 60-day period will be provided for SCPA Board members to request a presentation by SCPA staff before their city or town councils or county board of supervisors, and to allow adequate time for city/town and county staff to evaluate the proposed extension of service.
- Step 7      SCPA Board of Directors votes on whether to extend a formal offer for service.
- Step 8      Governing body of new community approves resolution requesting membership and ordinance authorizing community choice aggregation service through SCPA, and takes any other actions required by the SCPA Board of Directors as a condition of service.
- Step 9      SCPA Board of Directors adopts resolution authorizing membership of the additional community, and staff submits updated Implementation Plan to CPUC.

Adopted: December 3, 2015

Step 10      SCPA Staff develops service plan and schedule, begins buying additional energy, and starts community outreach.

# CITY OF LAKEPORT

*Over 130 years of community  
pride, progress and service*



March 19, 2025

Sonoma Clean Power  
Attn: Chair Brian Barnacle  
431 E. Street  
Santa Rosa, CA 95404  
[VIA EMAIL]

Dear Chair Barnacle,

On behalf of the City of Lakeport, I am requesting that Sonoma Clean Power conduct a membership analysis to assess the feasibility of expanding service to our community. The findings from this analysis will help inform the Lakeport City Council as we consider the potential benefits of joining Sonoma Clean Power.

Lakeport is interested in the potential for CCA service to address economic and environmental challenges for the city. We are eager to explore how partnering with Sonoma Clean Power could help us address these issues by offering our residents access to a non-profit energy provider, expanding participation in customer programs, and strengthening our representation in energy policy discussions.

We recognize Sonoma Clean Power's Administrative and General Policy D.4 on New Customer Communities and understand that any decision regarding expansion would require approval from both the Lakeport City Council and the Sonoma Clean Power Board of Directors following a review of the membership analysis. Additionally, we acknowledge that while Sonoma Clean Power would initially cover the costs of the analysis, these costs would be reimbursed through temporary deductions to program funding should the expansion move forward.

We appreciate your time and consideration and look forward to the opportunity to discuss this further.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "K. M. Ingram", is written over a light blue horizontal line.

Kevin M. Ingram  
City Manager, City of Lakeport

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## Staff Report - Item 05

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

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

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

**Date: April 3, 2025**

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### **PROGRAMS UPDATES**

#### ***Energy Savings Box - 1,000 Distributed***

Launched in September 2024, Energy Savings Box provides free, easy-to-use products that help customers save energy and reduce their bills.

The Energy Savings Box comes with six LED bulbs, a 7-outlet advanced power strip, a Wi-Fi controlled smart outlet, and three weather proofing solutions for doors and windows. This kit also includes a detailed instructional booklet, QR code links to English and Spanish installation videos, and a flyer for SCP's GridSavvy program.

As of February 28, over 800 branded boxes had been mailed to customers' homes. Initial survey feedback has been overwhelmingly positive, with 96% saying they would recommend Energy Savings Box to friends and family.

To better target our underserved communities, SCP created a tote bag version of this offering. In 2024, staff distributed 250 totes through local partner organizations, including the Laytonville and Leggett Valley Family Resource Centers, CA Homemakers Association, Nuestra Comunidad, and Petaluma Blacks for Community Development.

Additionally, SCP staff attended events hosted by Redwood Empire Food Bank and United Way to hand out flyers and help Spanish-speaking customers place orders.

Outreach and marketing efforts are continuing through 2025, with pre-built kits ready to ship to customers.

## **Smart Thermostat Direct Install - Request for Proposals**

SCP launched a Request for Proposals (RFP) on March 3 for providers to deliver residential energy services across SCP's service territory. The program will include:

- Installation of up to 1,000 smart thermostats
- HVAC system tune-ups
- Energy assessments

These services will specifically target low-income customers, with SCP serving as program administrator and covering all costs (equipment, labor, and administration). This will ensure no out-of-pocket cost for participating residents. Funding for the smart thermostat installations comes as part of the recently awarded \$4.9M California Energy Commission grant for Virtual Power Plants for Demand Flexibility (VPP-FLEX).

Businesses that are locally headquartered and/or owned by women, minorities, LGBTQ, and/or disabled veterans are encouraged to respond to this RFP. Businesses that may fit these criteria should be directed to <https://thesupplierclearinghouse.com/> to learn more about the Supplier Diversity Program of the California Public Utilities Commission (CPUC).

Proposal Deadline: April 14<sup>th</sup> by 5:00 PM. For complete details and to access the RFP, visit [www.sonomacleanpower.org/solicitations-business-opportunities](http://www.sonomacleanpower.org/solicitations-business-opportunities)

## **SCP Decarbonization Project Proposal Selected**

As part of SCP's efforts to effectively plan for meeting statewide greenhouse gas goals at the local level, staff began consideration of a neighborhood decarbonization case study in late 2024.

This past January, Sonoma Clean Power submitted a related research project proposal to the University of California, Santa Barbara's Bren School of Environmental Science & Management. In late March, this proposal was selected to move forward by the school's Group Project Selection Committee.

This year-long thesis project will be led by a highly skilled and well-supported group of Bren School Master's students looking to advance their careers in the environmental field. The purpose of these projects is to help the students build important professional skills and apply the technical expertise they've acquired in

their Master of Environmental Science and Management (MESM) program to complex, real-world environmental problems.

Between now and Spring 2026, the project group will produce a case study evaluating the barriers, needs, impacts, and opportunities associated with full neighborhood electrification in the Roseland neighborhood, a disadvantaged community in southwest Santa Rosa. The project will also provide valuable data and insights to inform SCP program and decarbonization priorities.

Sonoma Clean Power has a budget for and will provide funding to the Bren School for necessary expenses and potentially host internships at its headquarters during the summer of 2025. SCP staff members Adam Jorge and Scott Salyer will act as mentors and project sponsors throughout this effort.

Overall, Staff believe this partnership provides a unique opportunity to develop future leaders in the decarbonization space, better understand local barriers to electrification, and develop tools to support our customers through the clean energy transition.

## **UPCOMING MEETINGS**

- Community Advisory Committee - April 17, 2025
- Board of Directors - May 8, 2025 (off cycle, due to CalCCA annual conference)
- Community Advisory Committee - May 15, 2025
- Board of Directors - June 5, 2025

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## Staff Report - Item 06

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

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

**Issue:** Receive Legislative and Regulatory Updates and Provide Direction as Appropriate

**Date:** April 3, 2025

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### Requested Action

Receive legislative and regulatory updates and provide direction as appropriate.

### Regulatory Updates

Sonoma Clean Power Advocates that Utilities Approach Neighborhood Decarbonization in Strategic and Transparent Manner

On March 11<sup>th</sup>, a Joint CCA group submitted comments in a new CPUC proceeding (R.24-09-012) tasked with establishing policies and rules to ensure safe and reliable planning of the gas system. This proceeding, following the passage of SB 1221, directs the utilities to begin planning for targeted decarbonization of specific neighborhoods by replacing gas infrastructure with increased electrical capacity. Specifically, the legislation requires the utilities to identify and propose 30 pilot projects by 2026. To do this, they will begin by establishing criteria and processes by which to evaluate potential neighborhoods. CPUC staff issued a proposal for stakeholder comment which outlined their vision of how this process should proceed.

Overall, the Joint CCA group is supportive of both the intent of SB 1221 and most of the elements of how CPUC staff envision implementing it. Our comments recommend specific refinements to the process, many of which focus on requiring utilities to provide transparent and consistent information about areas under consideration. In addition, we note the intersection between natural gas and electrical distribution planning. Specifically, the comments recommend that:

- Maps should include interactive, accessible layers with inputs that are updated at least semi-annually.
- To align with state climate goals and assess for impacts, the maps should integrate granular data from existing electrification maps.
- Alignment between load-serving entities, CCAs, and local government electrification initiatives is critical to plan for needs on impacted electric circuits. The mapping effort should also account for predicted gas/load service reductions in line with planned building electrification initiatives.
- To effectively prioritize pipeline replacement across the utilities, the Commission should establish a standardized risk score calculation methodology which considers electrification efforts to reduce extended reliance on gas infrastructure.
- The utilities should coordinate with CCAs, local governments and tribal authorities during the mapping process and include overlays of disadvantaged communities on the maps. Additionally, the utilities should solicit community input on mapping accuracy and completeness through periodic public workshops.

The Commission intends to establish specific guidance for utility mapping of gas distribution infrastructure by this Summer. Doing so will support the utilities' efforts to identify specific pilot communities by July of 2026.

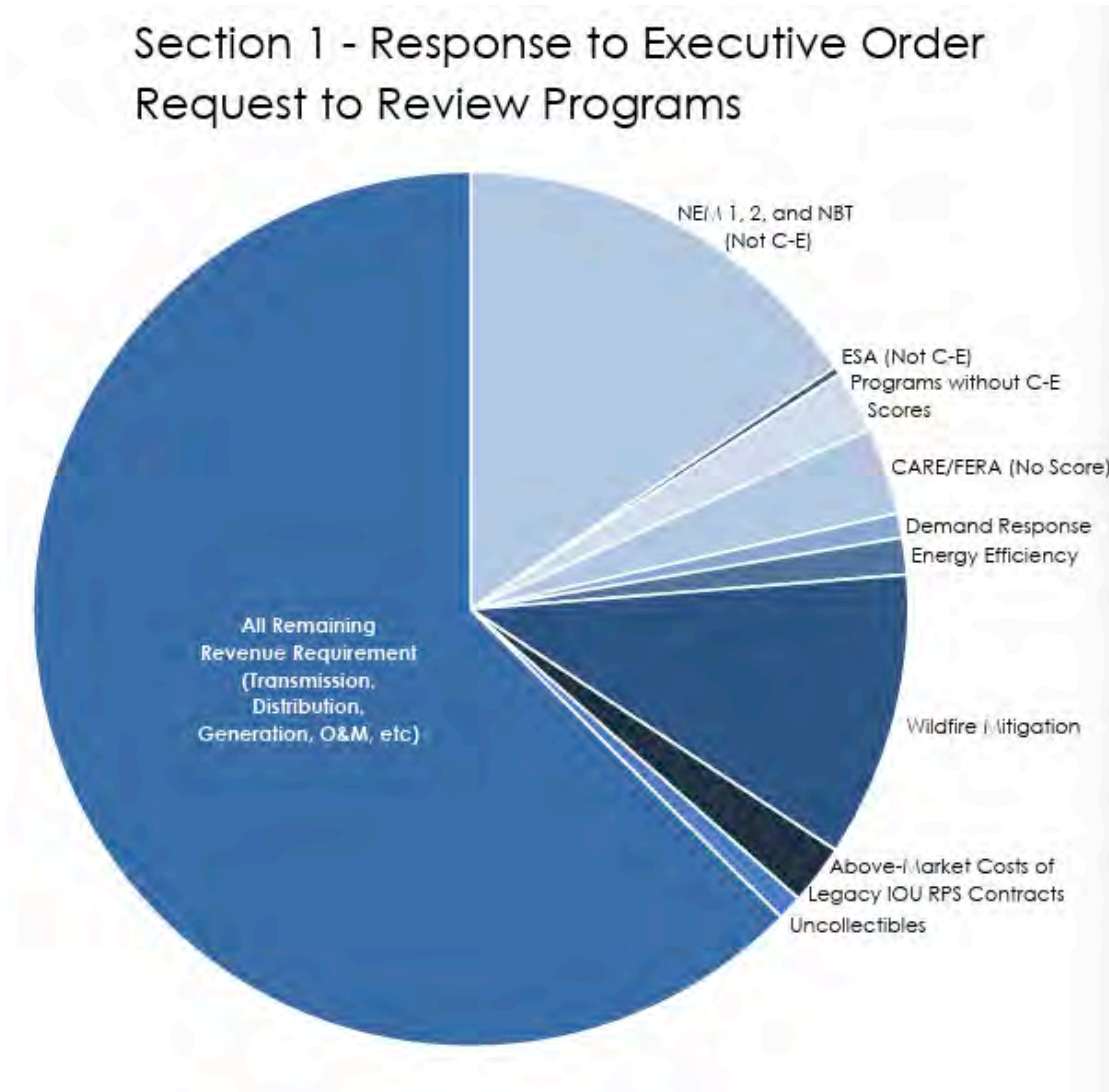
California Public Utilities Commission Staff Issue Response to Governor Newsom's Executive Order on Affordability

CPUC staff issued a [response](#) to Governor Newsom's [Executive Order](#) to mitigate the rising costs of electricity service. The Executive Order directed the CPUC to perform a cost-benefit analysis of current programs and rules. Following this analysis, staff were instructed to take specific action, including:

- Recommend changes to statute that would reduce costs without compromising public health and safety, reliability, or the 2045 GHG-free goal
- Under existing authority, modify or sunset programs that are not cost-effective or well-utilized, return funds to ratepayers
- Work with CARB to maximize effectiveness of Climate Credit, especially for CARE customers

- Work with Safety to maximize effectiveness of wildfire safety processes and procedures

CPUC staff's response holistically evaluated many programs and drivers of customer costs. Below is a graphic from the CPUC report showing the contribution of various costs to rates:



Some media outlets have mischaracterized this staff response as a pending decision at the CPUC to lower Net Energy Metering (NEM) compensation. There is no such proposal under consideration at the CPUC, which recently reformed NEM rates by adopting the Net Billing Tariff (NBT). This new tariff provides a much lower payment to customers for energy exported to the grid and applies to all customers who

submitted interconnection applications after April 15, 2023. However, there is a potential that these ideas lead to future reductions in NEM compensation for legacy solar customers. Conceivably, legislators could see the CPUC staff report as inspiration for future policy changes, particularly in response to broad pressure to lower rates. The CPUC itself could also start proceedings to consider adopting rule changes that enact some of the recommendations.

The specific ideas CPUC staff shared about revising NEM and lowering its impact on non-participating customers include the following:

- Fund NEM with non-ratepayer sources like taxes
- Change NEM to:
  - Shorten NEM legacy period from current 20 years
  - Pay NEM customers the retail rate that was in place when they signed up for NEM instead of the higher retail rates today
  - Increase fixed charge for NEM and NBT customers
  - Tie 20-year legacy period to the customer, but not the system, so when customers move their NEM system transitions to NBT

SCP staff will continue to monitor developments that may impact the ability of our customers to generate their own clean energy and affordable rates for all customers. If any of the staff concepts suggested on NEM or other drivers of retail costs are evaluated in a formal proceeding or legislation SCP staff will bring them to this Board for feedback and direction.

## **Legislative Updates**

Sonoma Clean Power is sponsoring three geothermal bills in the California Legislature this year, in partnership with Fervo Energy, the International Union of Operating Engineers, and others: Assembly Bills 526 (Papan), 527 (Papan), and 531 (Rogers). AB 526 & 531 have been referred to both the Utilities & Energy and Natural Resources Committees, while AB 527 has been referred to the Natural Resources Committee. The first two bills will be heard in Utilities & Energy on April 2, while all three bills are tentatively slated for hearing in Natural Resources on April 21. SCP staff are engaging with a wide variety of stakeholders and potential supporters and opponents.

In addition, the SCP team conducted outreach and education efforts on those bills, as well as CCA, geothermal, and transmission issues generally, over the course of two lobby days, March 4 and March 11. The team met with key legislators and staff, including Assembly Speaker Robert Rivas, key staff for Senate leader Mike McGuire, several key committee chairs, and many others.

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## Staff Report - Item 07

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Geof Syphers, Chief Executive Officer  
**Issue:** Approve a Draft Policy for Placing Items on the Board Meeting Agenda  
**Date:** April 3, 2025

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### Recommendation

Approve a Draft Policy on Placing Items on the Board Meeting Agenda.

### Background

Director Zollman requested a formal process be considered for placing items onto the SCP Board of Directors meeting agenda at the March 3, 2025, meeting. The proposed process is attached to this item and tries to address the importance of both access for providing board direction and limiting agendas to account for limited staff time.

### Attachments

- Draft Administrative and General Policy D.6 - Policy on Placing Items on the Board Meeting Agenda

# DRAFT

## Administrative and General Policy D.6

### Policy on Placing Items on the Board Meeting Agenda

#### Purpose:

This policy outlines the process for adding items to the Board of Directors' meeting agenda.

#### 1. Normal Agenda Process:

- Staff normally prepares the draft meeting agenda.
- The Chair and Vice Chair review the draft agenda, and the Chair gives final approval.

#### 2. Request by a Board Member:

- Any Board member may request that an item be placed on a future agenda by contacting the Chair and the CEO. Requests should be made at least 20 days before the meeting date to allow time for review. The Chair will determine whether to include the item on the agenda and the meeting to do so. The Chair, in consultation with staff, will determine the exact timing. The requesting Board member will be informed on the Chair's decision.

#### 3. Response by the Chair:

- If the Chair decides not to include a requested item on the agenda, they must inform the requesting Board member of this decision.

#### 4. Option to Seek Board Review:

- If the requesting Board member still wishes to have the item added, they may submit a short letter of request with one other Board member. The letter should be sent to the Chair, CEO and Clerk.
- Once the Chair, CEO and Clerk receive a letter signed by two Board members, the requested consideration of adding the full agenda item must appear on a Board meeting agenda within the next 60 days.
- At that meeting, the Board will vote by simple majority whether to place the full agenda item on a future agenda. Only a brief



explanation of the request is allowed at that time; there will be no in-depth discussion of the topic itself during that vote.

5. Placing the Item on a Future Agenda:

- If the Board votes to add the full agenda item, the Chair must place it on the agenda of one of the next three Board meetings. The exact timing should be determined in consultation with staff to ensure they are prepared to address the topic effectively.
- If the Board declines to place the item on a future agenda, the same or substantially similar request may not be made for six months. The Board may waive this waiting period in its discretion.

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## Staff Report - Item 08

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

**From:** Kimberly Beltran, Technical Programs Manager  
Bridget Abbene, Program Specialist

**Issue:** Receive Update on Programs that Reduce Peak Demand and Shift Energy to Low-Carbon Electricity

**Date:** April 3, 2025

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### Recommendation

Receive a presentation on the summary of Sonoma Clean Power Authority's programs that reduce peak demand and shift energy use to low-carbon electricity.

### Background

Sonoma Clean Power's Programs department develops and implements customer offers and incentives that align with SCP goals to support energy affordability, grid reliability and reduce greenhouse gas emissions. SCP's Strategic Action Plan for Offers and Incentives identifies five focus areas to accomplish these objectives, including reducing peak demand and shifting energy use to low-carbon electricity. Reducing peak demand has a cascading benefit to all customers by reducing procurement costs which correlate to electricity rates.

To accomplish this, Sonoma Clean Power launched GridSavvy Community, an innovative residential demand response program in 2017. Demand response (DR) is an approach to manage energy demand by shifting or reducing electricity consumption during grid constraints caused by heatwaves and high electricity prices, or unexpected power plant outages. Through GridSavvy Community, customers could enroll their electric vehicle chargers, allowing SCP to temporarily manage the devices and slow charging during grid events. This effort helped reduce the grid load while ensuring customers' charging needs were still met.

In 2022, the program expanded and relaunched as GridSavvy Rewards to increase inclusivity and impact. The updated program introduced two ways for customers to participate: a behavioral demand response option and an automated demand response option that leverages smart thermostats and EV chargers.

- **Alerts through GridSavvy Rewards (Behavioral)**

Customers receive notifications (via text, email, or phone) during peak demand events and can voluntarily reduce their use to earn incentives.

- **Devices through GridSavvy Rewards (Automated)**

Customers with eligible EV chargers and smart thermostats can allow SCP to automatically adjust their energy use during peak demand periods. These automated adjustments help reduce strain on the grid with minimal effort from participants.

In 2024, SCP expanded GridSavvy Rewards further by integrating daily managed EV charging. This expansion transformed GridSavvy Rewards from an event-based demand response program into an overall load flexibility initiative. Now, the program optimizes customer charging behavior continuously, not only during peak demand, creating a more dynamic and responsive system for managing energy consumption.

- **Daily Managed EV Charging through GridSavvy Rewards (Automated)**

This new component allows for real-time adjustments to EV charging schedules based on grid conditions and price signals. It provides an ongoing approach to optimize low-carbon electricity and onsite solar generation, further enhancing the program's ability to support grid stability both during peak events and on a regular basis.

GridSavvy Rewards breaks down silos between load flexibility strategies, enabling greater participation and combined benefits. This integrated model offers a flexible and dependable approach to shift energy use daily as well as during peak demand or low supply periods, promoting grid stability and enabling more residents to contribute to grid resilience, regardless of their access to smart technology.

## **Discussion**

To increase enrollment and maximize energy savings, SCP has implemented several initiatives focused on accessibility and customer engagement. Recognizing that not all households have access to smart devices and electric vehicles, Alerts through

GridSavvy Rewards allows them to earn rewards by voluntarily conserving energy during peak periods. Customers can also enroll their smart devices and EVs, which automate participation, making it even easier to support grid reliability and save money.

SCP has also prioritized language and communication accessibility. Given that 30% of Sonoma County and 28% of Mendocino County residents identify as Hispanic or Latino (U.S. Census Bureau, n.d.), GridSavvy Rewards offers Spanish-language support across email, text, and website content. Customers receive event notifications via multiple channels, including email, text, and phone calls, to ensure broad participation. Additionally, participants are offered energy-saving tips to optimize their use and reduce costs.

Financial incentives encourage participation by rewarding energy-saving behaviors. Customers who purchase an eligible smart thermostat through the GridSavvy Rewards marketplace receive an instant rebate, making energy-efficient technology more affordable. Those who enroll an eligible thermostat, EV, or car charger receive a sign-up incentive, further reducing upfront costs. Participants who allow SCP to adjust their device or vehicle receive monthly bill credits. Those enrolled in Alerts through GridSavvy Rewards receive a \$25 enrollment incentive and a \$2 per kilowatt-hour (kWh) savings incentive, in addition to the avoided cost of using electricity.

To enhance program offerings, SCP continues to expand its technology partnerships. In 2024, SCP added Chargepoint and Wallbox to its EV charger partnerships, alongside its thermostat partnerships with ecobee, Nest, and Copeland Sensi. The managed charging pathway now supports 75 electric vehicles and charger models. Future integrations being explored include battery storage, commercial and industrial (C&I) customers, and heat pump water heaters.

SCP achieved significant milestones in 2024:

- Nearly 12,000 participants were enrolled, collectively shifting approximately 5 MW during a given event.
- 35 demand response events were called, including both automated device-based and behavioral alert-based events.
- The daily managed EV charging pilot shifted energy use to off-peak times and optimized home solar, preventing 2.2 metric tons of CO<sub>2</sub> emissions.

<b>GridSavvy Rewards Pathway</b>	<b>Total Participants</b>	<b>CARE/FERA &amp; Empower Participants</b>	<b>Avg kW Shifted Per Participant</b>	<b>Avg Annual Participation Incentive</b>	<b>Enrollment Incentives</b>
<b>Alerts</b>	11,430	4,495	0.33	\$19	\$25
<b>Thermostats</b>	413	52	0.65-0.8	\$60	\$100
<b>EV chargers</b>	1,374	102	0.56	\$60	\$100
<b>EV Daily Managed Charge</b>	469	27	N/A	\$60	\$100

Looking ahead to 2025, SCP aims to build on these successes with the following objectives and incentives:

- Reach 20,000 total enrollments.
- Dispatch over 5 MW during all events.
- Increase rebates and enrollments for smart thermostats as of April 1, 2025.
- Launch a smart thermostat direct install for CARE/FERA customers.

Through GridSavvy Rewards, SCP is integrating load flexibility strategies, reducing participation barriers, and prioritizing customer inclusion. By keeping customers at the center of the clean energy transition, SCP is demonstrating that demand response programs can be both effective and accessible— helping to build a cleaner, more resilient and affordable energy grid for all.

**Fiscal Impact**

No fiscal impacts related to this item. Budgeting for customer programs, offers, and incentives are accomplished through the annual budget process.

## **Community Advisory Committee Review**

This informational item is being presented to support understanding of active programs. Community Advisory Committee review was not required.

## **Attachments**

- Attachment 1 - GridSavvy Rewards PowerPoint Presentation

# GridSavvy Rewards

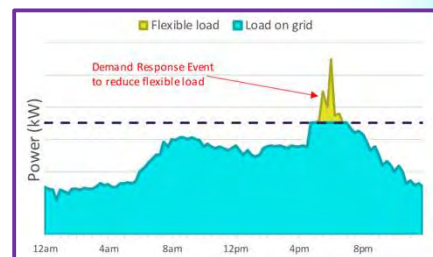
Improving Grid Reliability and Rewarding Customers  
through Load Flexibility



1

## Glossary and Terminology

- **Peak demand** – Highest point of demand for energy during a specific period (locally May-Oct, 4-9PM)
- **Grid stress** – Situation when consumer demand strains the grid, potentially impacting reliability (causes – AC use during heatwaves, generator maintenance/failures)
- **Load flexibility** – The use of non-time sensitive load adjustment to shape the demand of electricity to match supply.
- **Demand response (DR)** – Improves grid reliability using flexible load to adjust demand in response to peak demand grid stress, thus balancing supply and demand. Can be behavioral or automated, event based or daily managed.



2



## GridSavvy Rewards Enrollment Pathways

**GridSavvy Rewards** integrates multiple load flexibility approaches:

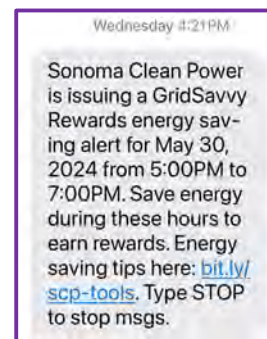
- **Alerts** (behavioral): Customer choice! No devices needed and totally voluntary.
- **Smart Devices** (automated): Eligible smart thermostats and EV chargers can be enrolled and automatically adjusted for events.
- **Daily Managed EV Charging** (automated): Real-time adjustments to EV charging schedules based on pricing, grid conditions, and onsite solar optimization



3

## Equity and Accessibility

- Accessible to all residential customers with **no upfront costs or penalties**.
- **Accessibility and language options:** Communications available in English or Spanish via text, email, or voice messages.
- **Simple messaging** to ensure participants understand the request and can act when needed to support grid reliability.
- **CARE/FERA participation (25%)** vs. SCP meter share (19%)



4

## 2024 Impact & Key Achievements

- **Enrollment:** ~12,000 participants
- **Energy Shift:** Approximately 5 MW shifted during a given event.
- **Customer Impact:** Customers receive financial incentives and help support a more resilient grid.
  - Alerts - \$25/enrollment and \$2/kWh (1 dishwasher cycle) during events
  - Smart thermostats - \$200/enrollment and \$5/monthly
  - EV chargers - \$100/enrollment and \$5-10/monthly participation



5

## What's Next for GridSavvy Rewards?

### 2025 Goal

- **20,000** enrollments
- Dispatching **5 MW+** during all events.
- Launch smart thermostat direct install for CARE/FERA customers
- Evaluate battery storage and commercial integration pathways

### Vision

Continue removing barriers to participation, creating a more inclusive opportunity and resilient grid for all.



6

# Thank you!

**Kimberly Beltran**

Technical Programs Manager, Sonoma Clean Power  
kbeltran@sonomacleanpower.org



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## Staff Report - Item 09

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**To:** Sonoma Clean Power Authority Board of Directors  
**From:** Geof Syphers, Chief Executive Officer  
**Issue:** Approve Energy Project Selection Criteria  
**Date:** April 3, 2025

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### Recommendation

Approve a set of criteria for prioritizing energy, capacity and energy storage procurement from new-build resources.

### 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 criteria. 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 and result in increased costs for our customers. The proposed criteria in this item attempt to balance all of these important goals.

This Background section provides some of the history and engagement on this topic. A Discussion section follows, clarifying some of the tradeoffs. Finally, an attachment to this report provides the recommended language for procurement criteria, and includes notes about where the CCA Workforce and Environmental Justice Alliance have proposed alternate language.

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 new procurement. With only a 15-year track record, CCAs are comparatively new, and some groups have not yet forged deep relationships with them. In addition, CCAs have not generally made a transition to owning and operating power resources yet 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.

Initial conversations between labor unions, environmental justice organizations and CC Power met with a challenge when those groups asked CC Power to establish procurement criteria 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 criteria 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 adopting procurement criteria.

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.

The SCP Board of Directors provided initial input on goals for drafting project selection criteria during the meeting of November 7, 2024, and some additional input at the February 6, 2025, meetings. On March 20, 2025, the SCP Community Advisory Committee held a lengthy discussion of staff's proposed criteria, a conversation that is described in detail later in this report.

### *Staff Engagement and Research*

Over the past seven 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, criteria 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 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. As a result, one concern with adding new procurement criteria is that it could put SCP at a competitive disadvantage relative to PG&E for purchasing clean power resources at affordable prices.

#### *How Projects are Selected Today*

The selection of energy and storage resources in California is broadly done today based on cost, locational 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. Many 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 SCP'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, meaning that 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 generally 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 already strong, 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 will 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, and choices about where projects can be built are increasingly limited. State procurement orders for resources that must deliver within 5 years or less also greatly reduce the potential for Least Conflict land use planning.

### *Environment & Community*

Project area environmental protections today are generally established through the California Environmental Quality Act processes for assessing, reporting and mitigating environmental impacts. These 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 some value in signaling that CCAs value such agreements and other forms of community engagement, particularly if California can restore a competitive energy market through expanding access to the transmission grid in more locations.

## 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. Note that continued implementation of the IRA is potentially at risk.

**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, 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 Costs.** Rate stability, competitive energy costs and proactive customer support for lowering all customers' bills. Legislative and regulatory advocacy for lowering systemwide energy costs to improve affordability and to strengthen the economic case for electrification of homes and cars.

- **Public Safety via Climate Protection.** Direct actions to reduce the risk of harm and cost associated with drought, flood and extreme heat by purchasing resources with lower emissions, customer education and incentives, as well as legislative and regulatory advocacy.
- **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 & Safety.** 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 cutting California's energy costs for all ratepayers through actions that allow the permanent retirement of natural gas and nuclear resources. Such actions include the GeoZone effort, transmission planning, and procurement of long-duration storage.

In drafting the proposed Procurement Criteria, staff have attempted to ensure there are pathways to protect all of the above objectives while working to add new benefits for the energy industry workforce, and environmental protections and community benefits specifically for areas at and adjacent to newly constructed energy resources.

## **Proposal**

The proposed Procurement Criteria are attached.

## **Community Advisory Committee Recommendation**

The Community Advisory Committee held a robust discussion of the proposed criteria during its March 20, 2025, meeting. Many concerns and alternatives were discussed, including:

- Why is this needed? What problem does it solve?

- Adopting criteria at this time of great uncertainty (e.g., new tariffs and prohibitions on wind power) is risky. Note, staff are indeed already seeing price premiums that will increase ratepayer costs due to tariffs.
- Could we wait to see what impact such criteria have on other CCAs before adopting one ourselves?
- Extra costs are a concern. How can we avoid becoming part of the affordability problem?
- Would SCP have successfully built its current mix of power sources if these criteria had been adopted years ago?

Ultimately, the Committee voted to recommend moving forward cautiously with the Proposed Criteria (Yes=4, No=2, Abstain=1, Absent=3).

### **Fiscal Impact**

The impact of adopting the proposed procurement criteria is likely an increase in ratepayer costs for two reasons: (1) a likely reduction in the number of bids, and (2) bids having a higher price to cover the additional costs. A third potential cost would be CPUC fines for non-compliance, which could occur if SCP cannot procure sufficient mandated energy, resource adequacy and storage to meet obligations due to insufficient bids. However the amount of increased ratepayer costs is unknown, and it may not be possible to know this amount until several years of procurement have completed under the criteria.

An exception to the expectation of higher costs is where SCP has many years to prepare for a large-scale local construction effort far in advance of any permitting processes, such as with the GeoZone. In that case, the high bar standards in the proposed Procurement Criteria have the potential to improve community support and lower the risks of litigation and delays, potentially reducing ratepayer costs.

### **Attachments**

- Proposed Project Selection Criteria, with comments about where SCP staff and advocates disagree on language

# PROPOSED LANGUAGE

April 3, 2025

## PROJECT SELECTION CRITERIA

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Sonoma Clean Power Authority (SCP) exists to provide public benefits, including protecting customers from sudden large changes in costs, lowering energy costs for all customers, reducing greenhouse gas emissions, investing in SCP's local service territory, creating high quality jobs in SCP's service territory, providing community services in SCP's territory, and advocating for improved grid reliability and safety. This project selection methodology adds goals relating to the workforce constructing new energy, capacity and energy storage resources and the community and environmental impacts of those construction projects.

It is the goal of SCP to sustain all of the agency's existing public benefits while seeking to add these new project-related goals. The Board recognizes that adding new project selection criteria could, at times, increase costs and customer rates and therefore seeks to minimize any new costs.

*[Notes: Advocates argue that since these criteria are waivable, they should be as strong and aspirational as possible. Staff believe that criteria should be set with an expectation that they can often be met, and sometimes at the highest levels. This document highlights where these two perspectives differ, and show both options.]*

*In addition, the Community Advisory Committee discussed the risk that overly-aggressive criteria could cause developers to avoid bidding to SCP, in which case having the option to waive criteria would not help, since SCP would be unable to transact even with a waiver.]*

### I. DEFINITIONS

- A. **Energy Offtake Agreement:** Power purchase agreements, energy storage agreements, or resource adequacy only agreements for new-build, in front of the meter, wholesale resources where SCP does not own or construct the resource. Instead, SCP's participation in the project is limited to receiving energy and any applicable attributes at a set price and term. Energy offtake agreements for *existing* resources are not a part of this criteria.

- B. **Journey person:** Is a worker who either:
- 1) Graduated from a California state-approved apprenticeship program for the applicable occupation or, when located outside California, is approved for federal purposes pursuant to apprenticeship regulations adopted by the Secretary of Labor, or
  - 2) Has at least as many hours of on-the-job experience in an applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the California Division of Apprenticeship Standards.
- C. **Local Hire:** Is a worker who is either:
- 1) A resident within the nearest communities in proximity to the project, as reasonably determined on a project-by-project basis (for example, further distances are allowable for rural projects); or
  - 2) Is a resident of Sonoma or Mendocino counties.
- D. **Priority Worker:** means an individual who resides in one of SCP's designated Empower communities or is otherwise designated as a targeted hire or priority worker through a state-certified career training and placement program.
- E. **Small and Local Business:** means a business that meets both of these criteria:
- 1) Has a fixed place of business with a street address in Sonoma or Mendocino Counties and having a valid business license issued by a jurisdiction in Sonoma or Mendocino Counties for at least the past six months; and
  - 2) A business which has been certified to meet the U.S. Small Business Administration (SBA) size standards for its classification, OR meets any other official small business criteria established by Sonoma or Mendocino Counties.
- F. **Targeted Hire Program:** is pipeline program which:
- 1) Partners with a Multi-Craft Core Curriculum (MC3) pre-apprenticeship program or programs, or equivalent industry and state-recognized certificated career training and placement program that recruits, supports and places Priority Workers in skilled construction trades; and

- 2) Creates opportunities for a Priority Worker to enter registered apprenticeship programs and/or obtain work hours needed to successfully complete their apprenticeship; or
- 3) Recruits and places income-qualified Journeypersons.

## **II. PROJECT SELECTION CRITERIA**

SCP considers responses to questions relating to the following criteria when selecting resources, while reserving the right to contract for resources that do not provide all requested information.

SCP procurement must comply with the procurement obligations in (A) and must also contribute to SCP's mission in some manner, as delineated in (B). The considerations of which resources to procure that meet both (A) and (B) are then described in no particular order in (C) through (I).

### **A. Comply with Procurement Obligations**

- 1) SCP's first obligation is to comply with state mandates to procure energy and related resources.
- 2) SCP's second obligation is to procure resources to fulfill the governing Board of Directors' adopted Integrated Resource Plan.

### **B. Contribution to SCP's mission of Affordable, Renewable and Reliable Service**

- 1) Assessment of affordability and value. Assessment of the project's projected revenues and avoided costs across all relevant day-ahead, real-time and ancillary markets, considering the project's expected change in value over the term of the contract, and its ability to manage, shift, or arbitrage existing SCP generation to maximize revenue and achieve SCP's systemwide greenhouse gas reduction goals.
- 2) Assessment of the contribution of the resource to clean grid reliability.
- 3) Assessment of counterparty risk. Assessment and evaluation of the risk that a counterparty will fail to perform, or adequately remedy, its obligations.
- 4) Assessment of development risk. Assessment of the risk that the project is unable to obtain interconnection, deliverability, site

control, entitlements, financing, or other necessary development milestones required to deliver the project by the anticipated online date.

**C. Workforce: Energy Offtake Agreements**

SCP will prioritize new Energy Offtake Agreements where the developer is committed to:

1) Highest priority projects will commit to a multi-trade project labor agreement. Within this category, projects having the following goals will be ranked higher:

- i. A goal of 30% of all project labor hours performed by Local Hires for projects not involving transmission upgrades.

*[Note: An IBEW wind power project called SunZia recently alerted SCP that large-scale, multi-state projects need more consistency in a workforce and that the 30% Local Hire requirement is too high for those projects involving transmission upgrades. Staff recommend the redline language to resolve this matter.]*

- ii. Participation in a Targeted Hire Program with a goal of 10% of all project labor hours performed by Priority Hires.

2) Medium-priority projects will commit to utilization of prevailing hourly wage and benefit rates as determined by the California Department of Industrial Relations for California projects, and the greater of state or federal prevailing wage and benefit rates for out-of-state projects.

*[Notes: Staff accept and recommend the labor advocates' edit on out-of-state wages shown in redline, above. Labor advocates ask to insert additional criteria for medium-priority projects: "Utilization of apprentices at the same ratio of apprentice hours to journeyman hours as required for public works projects." Staff have received strong pushback from developers who note that many Energy Offtake Agreements are not built as public works, and that the specific apprenticeship criteria should not be included.]*

3) Low-priority projects would fail to meet the previous criteria, but may include other workforce commitments and goals.



D. **Workforce: Large Owned Resources**

When considering contractors or developers for SCP-owned generation or storage projects requiring a Large Generator Interconnection Agreement from the California Independent System Operator (currently 20MW and larger), SCP will use commercially reasonable efforts to negotiate a multi-trade project labor agreement having:

- 1) A goal of 30% of all project labor hours performed by Local Hires.
- 2) Participation in a Targeted Hire Program with a goal of 10% of all project labor hours performed by Priority Hires.
- 3) A commitment to subcontracting with Small and Local Businesses.

*[Notes: Labor advocates ask to strike "use commercially reasonable efforts" to negotiate a multi-trade PLA. Staff have concerns this language could delay or cancel projects, for example where one union does not agree to work with other unions. Staff believe the "reasonable effort" language establishes the clear intent, while allowing projects to proceed when labor disagreements prevent a timely PLA.]*

E. **Workforce: Small Owned Resources**

When considering contractors or developers for SCP-owned generation or storage projects requiring a Small Generator Interconnection Agreement from the California Independent System Operator (currently less than 20MW), SCP will commit to:

*[Notes: Labor advocates ask to reduce the size threshold for Small Owned Resources to 1 MW. Staff disagree on the basis that this does not align with state permitting processes or energy market businesses, which are all organized around the 20 MW threshold.]*

- 1) Utilization of prevailing hourly wage and benefit rates as determined by the California Department of Industrial Relations.

*[Notes: Labor advocates ask SCP to make commercially reasonable efforts to negotiate a Project Labor Agreement for Small Owned Resources. Staff anticipate that union contractors would be competitive in SCP solicitations requiring certified prevailing wages, but argue against criteria excluding our significant non-union workforce, which is a majority of contractors in Sonoma and Mendocino Counties.]*

- 2) Utilization of apprentices at the same ratio of apprentice hours to journeyperson hours as required for public works projects. Generally, this is one apprentice hour per every five hours of journeywork per craft.
- 3) Demonstrated commitment to Local and Priority Hires:
  - i. A goal of 30% of all project labor hours performed by Local Hires while incenting, through a negotiated contract structure, the contractor or developer to achieve a minimum of 60% of all project labor hours performed by Local Hires, and;
  - ii. A goal of 10% of all labor hours performed by Priority Hires.
- 4) Demonstrated effort to subcontract with Small and Local Businesses.

F. **Innovation**

SCP recognizes that achieving its adopted climate goals will require significant improvements and innovation in geothermal energy, pumped hydropower energy storage, offshore wind, imported wind, long duration battery energy storage, scaling up demand response, transmission and distribution infrastructure and potentially many other technologies that have potential to lower customer costs while also lowering greenhouse gas emissions and air and water pollution.

SCP will prioritize projects that accelerate decarbonization and/or reduce costs for SCP customers while remaining cost competitive with for-profit power providers. Priority will be given to technologies that solve multiple problems and have potential to scale regionally or globally.

G. **Location**

Subject to a careful consideration of systemwide value and ratepayer costs, SCP prioritizes projects in accordance with the following priority order:

- 1) Projects located within Sonoma or Mendocino counties.
- 2) Projects ~~located within the State of California delivering directly into the California Independent System Operator.~~
- 3) All other projects delivering to the California Independent System Operator.

*[Notes: Labor advocates asked that G2 be amended to limit to projects located within California. Staff concede that this should be a priority while noting that substantially most of California's critical near-term wind and geothermal resources will be constructed outside of California. This situation reinforces SCP's work to reduce development risks of critical reliability resources in California, including the three legislative efforts this year SCP co-sponsored with the International Union of Operating Engineers.*

*In addition, prioritizing resources in Sonoma and Mendocino Counties will definitely increase costs and rates due to higher land costs and lower resource value. Recall that resources located near Los Angeles and San Diego have higher value (and therefore lower costs) for all California ratepayers due to proximity to the state's largest load center. Nevertheless, staff believe that some prioritization of local resources is consistent with SCP's purpose, while cautioning that a majority of new resources will still need to be built elsewhere.]*

H. **Environmental Stewardship**

SCP is committed to leading by providing customers with affordable energy that delivers benefits for air, water, the climate and the natural environment.

Without diminishing or interfering with permitting, planning land use, or development requirements of any authority having jurisdiction, including local, state and federal agencies, SCP prioritizes projects that:

- 1) Have the potential to enable the permanent retirement of once-through cooling power plants when sufficient similar projects reach scale in California, or
- 2) Are in urban areas or on previously developed, disturbed, or contaminated land that can be re-purposed, or
- 3) Where the developer and local land use authority have established an enforceable development agreement which, in part, sets forth measures to mitigate impacts to sensitive habitats or environmentally sensitive areas and comply with any adopted habitat conservation plans, or
- 4) Which provide other specific environmental benefits prioritized by SCP's Board of Directors.

## **I. Benefits Accruing to Underserved and Low-Income Communities**

SCP is committed to helping communities overcome barriers to their access to public investments, resources, education, and information about energy service and policy. SCP will prioritize projects that:

- 1) Demonstrate having established contacts with local community organizations and stakeholder groups representing a broad diversity of demographics and interests with which it intends to collaborate with to identify and address benefits and impacts of projects and ensure project benefits are communicated and accessible to the local community.
- 2) Commit to meaningful engagement with local communities throughout the entitlement and construction processes to identify and address the impacts of projects and ensure project benefits are communicated and accessible to the local community.

*[Notes: CCA Workforce & EJ Alliance ask to amend #2 to require meaningful engagement "for the entire project lifecycle." Staff note that while this language sounds helpful, it is not at all clear how SCP would or could monitor compliance with third party developers over 20 years or more. Staff believe this language is not practical and recommend against it.]*

## **III. REPORTING**

SCP will assess project proposals in accordance with this Project Selection Methodology and disclose completed procurement efforts to the Board in the next meeting.

*[Notes: Added disclosure in the next Board meeting since the last version reviewed by the Board.]*

## **IV. RESERVATION OF AUTHORITY TO WAIVE PROJECT SELECTION METHODOLOGY**

The SCP Board Chair and Vice Chair may waive this Project Selection Methodology, or any portion thereof, to:

- J. Address an emergency or unforeseen situation that jeopardizes the safety or feasibility of a project; or

- K. Comply with a California State or Federal executive or regulatory order or law.

**V. CONSISTENT APPLICATION**

SCP staff shall abide by this policy when procuring resources, regardless of whether those resources are procured directly or through a third party.

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## Staff Report - Item 10

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

**From:** Garth Salisbury, Chief Financial Officer  
Geof Syphers, Chief Executive Officer  
Chris Golik, Senior Finance Manager

**Issue:** Review and Provide Direction on the Draft Annual Budget for Fiscal Year 2025-2026

**Date:** April 3, 2025

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### Recommendation

Review and provide direction on the Draft Fiscal Year 2025-2026 Annual Budget.

### Summary

Staff present a draft budget for Fiscal Year 2025-2026 from July 1, 2025, through June 30, 2026, that:

- Plans for SCP's next rate change on or about February 1, 2026
- Aims to provide SCP customer bill savings of 7% on total electric bills relative to PG&E's bundled customers through January 31, 2026 (subject to no significant adverse outcomes)
- Returns a portion of excess collections above SCP's long-term reserve target to ratepayers

### Background

Staff presents a budget for Fiscal Year 2025-2026 that continues to fulfill SCP's adopted goals for providing electricity from very low greenhouse gas sources, investing in renewables, operating the Customer Center, beginning to utilize the local investment fund, and delivering a broad set of customer services and incentives.

From the outset, SCP has held a high standard for its operations - usually far in advance of State requirements, such as creating EverGreen in 2014, the nation's first electric supply that provides 100% local renewable energy 24/7 without any reliance on fossil energy sources for any purpose.

From its inception until early 2020, SCP had been able to provide customers with lower overall bills each year. This was achieved by offering significantly lower electric generation rates to all customer classes to more than offset the Power Charge Indifference Adjustment (PCIA) fee PG&E charges SCP customers. These low generation rates have resulted in tens of millions in customer bill savings since 2014. From May 2020 through March 2022, SCP had to set rates resulting in customer bills slightly above PG&E, with the premium ranging up to 5% of total electric bills. SCP was able to eliminate that premium in April of 2022, and began targeting a 5% savings on total electric bills with the rate adjustment on February 1, 2023. Since then, SCP has been able to offer its customers total bill savings between 3% and 7% below PG&E's bundled customers.

SCP's Board of Directors voted on December 5, 2024, in favor of amending Financial Policy B.2 to increase target reserves from 280 days to 365 days of annual budgeted operating expenses, setting rates following Board-approved parameters, and to make an allocation to SCP's local investment fund.

SCP's rate adjustment on February 1, 2025, increased total electric bill savings for customers to a target of 7%.

It is important to note that this forecast is based on the best information available currently, and that the PCIA fee is extremely difficult to forecast for several reasons. First, the PCIA can be influenced by PG&E's decisions, for example, whether to offer excess resource adequacy (RA) into the market or not. Those decisions impact the PCIA fee on our customers and are made solely at the discretion of the investors of a company that has a history of working to oppose CCAs. Second, the regulatory rules of how the PCIA is calculated can change rapidly and will likely continue to change over the coming years. A proposal to radically increase the PCIA is currently pending at the CPUC, for example. And finally, the PCIA is highly dependent on the market price of natural gas power and capacity, which itself fluctuates significantly with the commodity price of gas. For these reasons, staff will regularly update the Committee and Board on the PCIA as new information becomes available.



## Rate Setting

This item is limited to SCP's annual budget. But since rate setting and budgeting are closely linked, it is important to understand how SCP sets rates.

Step 1. Revenue Requirement: Identify the Revenue Requirement for SCP to provide its essential services and meet its Board's adopted plans and policies. The budgeting process is used to identify the Revenue Requirement.

Step 2. Ratesetting: Ratesetting is generally done in November or December for implementation on or about February 1 of the following year. This delay allows any necessary mid-year correction to the Revenue Requirement before setting rates. Importantly, the allocation of the Revenue Requirement is made by setting a particular percentage premium or savings on total electric charges relative to the most recently authorized CPUC rates for PG&E, and then adjusting that premium or savings until SCP's forecast revenues match the agency's Revenue Requirement.

At this time, staff does not expect to recommend a rate adjustment until February 1, 2026. However, SCP's rates are always subject to change as forecasts of expenses and revenues are never perfect.

## Budget Overview

The Fiscal Year 2025-2026 draft budget presented in this item seek to:

- Procure a supply portfolio of electricity generation that meets the Board's adopted plans and policies. Note that a detailed review of SCP's long-term procurement plan will occur as part of updating the agency's Integrated Resource Plan late in 2025.
- Emphasize customer incentives and education that help cut the use of gasoline and natural gas, as these actions are often the most affordable ways to cut greenhouse gas emissions today.
- Expand customer outreach through improved market research and listening to our various communities.
- Expand community education activities.
- Increase emphasis on ensuring all of SCP's communities know about and have access to incentives and education.

- Promote the Customer Center and further develop the Center into a valuable community resource.

### **Draft Budget**

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

### **Community Advisory Committee**

The Community Advisory Committee reviewed the draft budget in March 2025 and does not currently recommend changes to the Board.

	Revised Budget FY24-25	DRAFT Budget FY25-26	Comments
<b>REVENUES &amp; OTHER SOURCES</b>			
Electricity Sales <sup>1</sup> (net of allowance)	\$ 258,001,000	\$228,694,000	SCP customer target savings of approximately 7% vs. PG&E on total electric bill through January 2026
EverGreen Premium <sup>2</sup> (net of allowance)	2,700,000	3,150,000	
CEC Grant Proceeds	-	863,000	California Energy Commission (CEC) grant for Virtual Power Plant Approaches for Flexibility (VPP-FLEX)
Investment Returns	13,853,000	12,000,000	
Miscellaneous Income	1,000,000	-	- California Public Utilities Commission (CPUC) funds for program implementation ended in FY24-25
<b>Total Revenues</b>	<b>275,554,000</b>	<b>244,707,000</b>	
<b>EXPENDITURES</b>			
<b>Product</b>			
Cost of Energy & Scheduling <sup>3</sup>	183,989,000	234,986,000	Higher market price of energy, severe weather contingency, and expiration of favorable contract
Data Management	3,670,000	3,359,000	Full year with new service provider
Service Fees to PG&E	990,000	990,000	
<b>Product Subtotal</b>	<b>188,649,000</b>	<b>239,335,000</b>	
<b>Personnel</b>	<b>11,490,000</b>	<b>12,781,000</b>	See details in write-up
<b>Marketing &amp; Communications</b>	<b>3,379,000</b>	<b>3,915,000</b>	Website and program campaigns
<b>Customer Service</b>	<b>220,000</b>	<b>220,000</b>	
<b>General &amp; Administration</b>	<b>1,832,000</b>	<b>2,309,000</b>	Credit facility undrawn fees and software licenses
<b>Other Professional Services</b>			
Legal	475,000	525,000	Procurement contracts
Regulatory & Compliance	460,000	360,000	Lower fees for regulatory consulting
Accounting	312,000	340,000	
Legislative	220,000	220,000	
Other Consultants	535,000	535,000	
<b>Other Professional Services Subtotal</b>	<b>2,002,000</b>	<b>1,980,000</b>	

	Revised Budget FY24-25	DRAFT Budget FY25-26	Comments
<b>EXPENDITURES - continued</b>			
Industry Memberships & Dues	888,000	888,000	
Program Implementation <sup>4</sup>	10,136,000	6,481,000	See details in write-up
<b>Total Expenditures</b>	<b>218,596,000</b>	<b>267,909,000</b>	
<b>Revenues Less Expenditures</b>	<b>56,958,000</b>	<b>(23,202,000)</b>	
<b>OTHER USES</b>			
Capital Outlay	500,000	7,022,000	Utilization of local investment fund and upgrades to office building purchased in FY23-24
<b>Total Expenditures, Other Uses</b>	<b>219,096,000</b>	<b>274,931,000</b>	
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ 56,458,000</b>	<b>\$ (30,224,000)</b>	

Notes on the Draft Budget Table:

1. Revenues from electricity sales are net of the allowance for uncollectible accounts, estimated to be 2.1%.
2. The EverGreen premium covers the incremental cost of EverGreen power above the cost for CleanStart. The rest of the revenues for EverGreen customers appear in the Electricity Sales line item.
3. The Cost of Energy and Scheduling includes NetGreen and Solar Billing Plan costs, ProFIT payments, California ISO fees and scheduling as well as all energy and capacity costs.
4. Funds approved by the Board to be loaned to customers, and funds paid back to SCP, are treated as balance sheet items and are not on the income statement.

Further details on each of the proposed budget categories follows.

## **Information Only - Supplemental to the Draft Budget**

### **Revenues and Other Sources**

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

The total sales estimate is based on 86% of eligible customers and load participating in SCP. The net financial performance of SCP is not sensitive to small changes in the rate of participation because a majority of expenses are proportional to the load served. In other words, income and expenses generally tend to go up and down together.

PG&E is currently expected to reduce their generation rates and increase the PCIA fee that they charge to SCP customers on January 1, 2026. Correspondingly, staff anticipates that SCP will reduce rates on or about February 1, 2026. Despite the reduction in SCP's generation rates, total bill savings for SCP Customers is expected to be reduced from the current 7% savings target due to PG&E's anticipated rate changes.

Staff estimates uncollectable billings at 2.1%.

### **Expenditures**

#### **Product**

Cost of Energy and Scheduling includes all the various services purchased from the power market through our suppliers. This includes energy, long term renewable power purchase agreements, ProFIT feed-in-tariff projects, capacity (resource adequacy), short term renewable and carbon free contracts (aka hydropower), scheduling services, CAISO fees, and other miscellaneous power market expenses.

SCP has entered into renewable and low carbon contracts with suppliers that will meet approximately 45% of its expected energy. SCP's cost of energy is expected to increase in 2025 when an existing fixed-price contract ends, and SCP is more exposed to current higher market prices of energy. Compared to recent years, SCP has a higher cash-flow exposure to the monthly fluctuations in energy market prices,

but a lower actual long-term financial exposure due to the delayed offsetting nature of the PCIA.

SCP closed a renewable energy prepayment transaction in November 2024, which will help to offset higher power costs. It will save SCP's ratepayers a total of \$47 million over the initial 7 ½ years of the transaction, including savings of over \$6 million in fiscal year 2025-2026.

Major amounts of SCP's customer load are also served by customer-owned solar arrays. Small amounts also reduce the load of other SCP customers through NetGreen and Solar Billing Plan overproduction. However, none of this production is reportable on SCP's Power Content Label because it is treated as a load reduction rather than supply energy under California regulations.

Based on current rates of participation, the total payout amount for SCP's NetGreen and Solar Billing Plan solar customers is estimated to be about \$1,750,000 for the fiscal year.

The primary price risks are related to forecast error, changes in rates of customer participation, Public Safety Power Shutoffs (PSPS), shutoffs due to Enhanced Powerline Safety Settings (EPSS), variable generation output of solar and wind resources, generation curtailment risks, forward pricing of peak and off-peak unhedged energy, unprocured resource adequacy, and legislative and regulatory risks (e.g., PCIA fees).

Scheduling Coordinator services are provided by Northern California Power Agency. The charges for this service are included together with energy and resource adequacy in the budget. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.

Data Management includes a broad scope of services provided by contract through Sacramento Municipal Utility District (SMUD), including billing data validation, bill coordination with PG&E, billing management of special programs (e.g., NetGreen, Solar Billing Plan, and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO

data preparation, WREGIS data preparation, and many support functions related to data reporting.

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

## **Personnel**

Personnel costs include direct salaries, benefits, workers compensation premiums, Social Security, and payroll taxes. During late 2024 and early 2025, Sonoma Clean Power leadership continued to look to the future and added a Capital Projects Director to research local renewable power and storage opportunities. An engineer will be hired during 2025 to fill out that team. We have expanded and strengthened our Legislative, Risk, Finance, Regulatory and Public Relations and Marketing teams, along with adding in-house expertise in transmission-related aspects of new generation and storage resource development activities. In addition, staff salaries were adjusted to remain competitive with other energy-related employers.

## **Marketing and Communications**

In fiscal year 2025-2026, Sonoma Clean Power will focus on increasing awareness and engagement with our suite of customer programs, with GridSavvy Alerts as the flagship initiative. Our annual and seasonal GridSavvy Alerts campaign will be complemented by additional efforts supporting the California Energy Commission's VPP Flex Grant, a four-year initiative awarded to SCP.

A comprehensive website redesign will be a significant initiative, planned to begin this fiscal year, aimed at improving navigation, functionality, and the overall effectiveness of our primary communication platform. This redesign will enhance customer engagement and better support our communication efforts.

To deepen our understanding of customer needs, SCP will continue conducting market and demographic research through surveys and focus groups. Insights from this research will guide a new customer onboarding campaign designed to increase awareness of SCP's offerings, personalize communications, and boost participation in programs and services.



SCP is expanding our commitment to youth education and workforce development, particularly in the STEM fields, the building trades, and clean energy careers. This year, we are investing in Schools Rule Mendocino County and the North Coast Builders Exchange’s North Bay Construction Corps, alongside our ongoing partnerships with Sonoma Water, the Career Technical Education Foundation, and the LIME Foundation. These efforts empower students to build a sustainable future while pursuing meaningful careers.

Throughout the fiscal year, our marketing strategy will focus on enhancing public understanding of SCP’s mission and the benefits we provide to customers, our communities, and the environment. This will be achieved through targeted marketing campaigns driven by customer insights, strategic public and media relations efforts, community engagement through sponsorships and service/volunteerism, listening and responding to customer needs through thoughtful communications.

By leveraging data-driven strategies and strengthening community partnerships, SCP aims to maximize our impact and continue leading the transition to a clean energy future.

A breakdown of budgeted spending is provided below. Note that a significant majority of all Marketing, PR & Events funds also go to local organizations and contractors, including printers, writers, graphic designers, radio stations, social media support, web programmers, caterers, photographers, carpenters, painters, etc.

Marketing, PR, & Events	\$2,983,000
Partnerships	\$600,000
Sponsorships	\$272,000
Memberships	\$60,000
<b>Total</b>	<b>\$3,915,000</b>

### **Customer Service**

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

## Customer Noticing

There are several kinds of official mailed notices SCP provides to its customers. Outside of enrollment rollouts, the following notices are mailed out to applicable customers:

- Move-in notice postcard (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)
- Solar Billing Plan welcome (weekly)
- Opt-out confirmation - immediate notice (weekly)
- Opt-out confirmation - 6-month notice (weekly)
- Late payment notice (monthly)
- Pre-collections notice (monthly)
- Re-enrollment welcome letter (weekly)
- Opt-down to CleanStart (weekly)

The customer service budget also reflects two required mailings by the CPUC and CEC:

- Joint Rate Mailer that compares SCP and PG&E's rates and power mixes (annually)
- California Energy Commission's Power Content Label that compares SCP to California's power mix (annually)

Finally, the commercial customer appreciation budget is used to help commercial EverGreen customers gain attention for the leadership in switching to 100% local, renewable energy.

## **Other Professional Services**

### Legal

This covers attorney expenses for general governance plus power supply negotiations and any other legal issues that arise.

## Regulatory & Compliance

This category includes technical research into CPUC rate cases, resource adequacy, PCIA and other key issues. It includes technical and legal consultants for compliance filing preparation, review, and filings.

## Accounting

Accounting includes services from two providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. SCP also have an outside auditor review our financial statements each year.

## Legislative

Staff retain a Sacramento legislative lobbyist. These costs also include coverage for tracking and advancing bills in the legislative session that affect SCP and the energy industry directly. The statewide CalCCA trade association continues to allow SCP to track and participate in legislative work that affects CCAs across the state, and the addition of a Legislative Manager in 2024 further strengthens SCP's state engagement. Some very limited federal and state lobbying on the GeoZone is also included. One change of note this year is SCP's retention of K Street Consulting. This Sacramento-based advocacy firm has extensive experience advocating on behalf of Tribal communities across the State. By virtue of this work, K Street has strong collaborative relationships with many Tribes. SCP retained K Street to strategically advise staff on outreach to sovereign Tribes in SCP's service territory. This work is underway and staff, working in conjunction with our Board, have had initial engagement meetings with two Tribes.

## Other Consultants

Other Consultants cover costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the Business Office building and the Customer Center, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts.

## **Industry Memberships and Dues**

The CalCCA trade association is an important entity for sharing the costs of legislative, regulatory, and analytic work. The association has been instrumental in

improving SCP's effectiveness at the CPUC on matters including the PCIA, resource adequacy, and in the legislature on organizing and providing direction to lobbyists and requesting action.

SCP is a member of CC Power, the joint powers authority formed with other CCAs to jointly procure power. SCP is also a member of the American Public Power Association (APPA). This is a nationwide association of public power entities, with a membership category for CCAs nationwide. In 2024, SCP became a member of California Community Choice Financing Authority (CCCFA) to facilitate energy prepayment transactions that will enable SCP to deliver meaningful cost savings to customers over the long-term.

## **Programs**

The Programs portfolio budget is less than the previous fiscal year primarily due to two programmatic changes. SCP halted a battery storage optimization program because it did not meet performance objectives, and a CPUC-funded energy efficiency program ends on June 1, 2025.

Despite the discontinuation of these two offers, the Programs portfolio is expanding in other ways and intends to maintain momentum from the previous fiscal year. SCP will be increasing incentives and strategies to install automated devices with GridSavvy Rewards for low-income customers in a manner that produces lower total capacity costs for all ratepayers. This work will be funded, in part, by a California Energy Commission grant. SCP will continue to offer numerous programs that assist our customers with their energy-related needs. These including Energy Savings Boxes, GridSavvy Rewards, Non-Profit EV Incentives, Electrification rebates Advanced Energy Build, Multifamily Housing Electric Panel Upgrades, EV Daily Managed Charging, Community Charge, and Workplace Charging Research Project. For a complete list of SCP's offer and incentives, rationale, and performance metrics, reference the [2025 Strategic Action Plan](#).

Consistent with the Board of Directors' input in the FY 24-25 budget, the Programs portfolio includes a goal to expend 25% of the budget towards CARE, FERA, and Empower communities to support SCP's most vulnerable customers in their energy needs.

**Other Uses**

Capital Outlay includes upgrades and renovations for the office building adjacent to the Business Office that was purchased in FY23-24, new projects identified by the Capital Projects department, as well as equipment costing more than \$5,000.

**Debt Service**

SCP currently carries no debt. SCP is in the process of securing a line of credit to further mitigate short-term variability in power costs and the consequent effect on customer rates.

**Net Increase / (Decrease) in Available Fund Balance**


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

## THREE-YEAR OUTLOOK

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

	Revised Budget FY24-25	DRAFT Budget FY25-26	Forecast FY26-27	Forecast FY27-28	Forecast FY28-29
<b>REVENUES &amp; OTHER SOURCES</b>					
Electricity Sales (net of allowance)	\$ 258,001,000	\$228,694,000	\$263,200,000	\$299,330,000	\$317,310,000
EverGreen Premium (net of allowance)	2,700,000	3,150,000	3,180,000	3,210,000	3,240,000
CEC Grant Proceeds	-	863,000	1,370,000	1,370,000	1,370,000
Investment Returns	13,853,000	12,000,000	8,400,000	6,750,000	6,750,000
Miscellaneous Income	1,000,000	-	-	-	-
<b>Total Revenues</b>	<b>275,554,000</b>	<b>244,707,000</b>	<b>276,150,000</b>	<b>310,660,000</b>	<b>328,670,000</b>
<b>EXPENDITURES</b>					
<b>Product</b>					
Cost of Energy & Scheduling	183,989,000	234,986,000	259,600,000	270,200,000	286,700,000
Data Management	3,670,000	3,359,000	3,390,000	3,420,000	3,450,000
Service Fees to PG&E	990,000	990,000	1,000,000	1,020,000	1,040,000
<b>Product Subtotal</b>	<b>188,649,000</b>	<b>239,335,000</b>	<b>263,990,000</b>	<b>274,640,000</b>	<b>291,190,000</b>
<b>Personnel</b>	<b>11,490,000</b>	<b>12,781,000</b>	<b>13,680,000</b>	<b>14,500,000</b>	<b>15,370,000</b>
<b>Marketing &amp; Communications</b>	<b>3,379,000</b>	<b>3,915,000</b>	<b>3,660,000</b>	<b>3,810,000</b>	<b>3,960,000</b>
<b>Customer Service</b>	<b>220,000</b>	<b>220,000</b>	<b>220,000</b>	<b>220,000</b>	<b>220,000</b>
<b>General &amp; Administration</b>	<b>1,832,000</b>	<b>2,309,000</b>	<b>2,400,000</b>	<b>2,500,000</b>	<b>2,600,000</b>
<b>Other Professional Services</b>					
Legal	475,000	525,000	540,000	560,000	580,000
Regulatory & Compliance	460,000	360,000	370,000	380,000	390,000
Accounting	312,000	340,000	350,000	360,000	370,000
Legislative	220,000	220,000	230,000	240,000	250,000
Other Consultants	535,000	535,000	550,000	570,000	590,000
<b>Other Professional Services Subtotal</b>	<b>2,002,000</b>	<b>1,980,000</b>	<b>2,040,000</b>	<b>2,110,000</b>	<b>2,180,000</b>
<b>Industry Memberships &amp; Dues</b>	<b>888,000</b>	<b>888,000</b>	<b>910,000</b>	<b>940,000</b>	<b>970,000</b>
<b>Program Implementation</b>	<b>10,136,000</b>	<b>6,481,000</b>	<b>7,210,000</b>	<b>7,440,000</b>	<b>7,680,000</b>
<b>Total Expenditures</b>	<b>218,596,000</b>	<b>267,909,000</b>	<b>294,110,000</b>	<b>306,160,000</b>	<b>324,170,000</b>
<b>Revenues Less Expenditures</b>	<b>56,958,000</b>	<b>(23,202,000)</b>	<b>(17,960,000)</b>	<b>4,500,000</b>	<b>4,500,000</b>
<b>OTHER USES</b>					
Capital Outlay	500,000	7,022,000	4,500,000	4,500,000	4,500,000
<b>Total Expenditures, Other Uses</b>	<b>219,096,000</b>	<b>274,931,000</b>	<b>298,610,000</b>	<b>310,660,000</b>	<b>328,670,000</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ 56,458,000</b>	<b>\$ (30,224,000)</b>	<b>\$ (22,460,000)</b>	<b>\$ -</b>	<b>\$ -</b>

**Fiscal Year 2025-2026 Draft Budget**  
Board of Directors, April 3, 2025  
Chris Golik, Senior Finance Manager

 Sonoma  
Clean Power

1

**Revenues**  
Revenues & Other Sources

 Sonoma  
Clean Power

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## Revenues & Other Sources

### Budget Table

	Revised Budget FY24-25	DRAFT Budget FY25-26
<b>REVENUES &amp; OTHER SOURCES</b>		
Electricity Sales (net of allowance)	\$ 258,001,000	\$228,694,000
EverGreen Premium (net of allowance)	2,700,000	3,150,000
CEC Grant Proceeds	-	863,000
Investment Returns	13,853,000	12,000,000
Miscellaneous Income	1,000,000	-
<b>Total Revenues</b>	<b>275,554,000</b>	<b>244,707,000</b>



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## Expenditures

Product & Operating Expenses



4



## Expenditures – Product & Operating Expenses

<b>Budget Table</b>		
	Revised Budget FY24-25	DRAFT Budget FY25-26
<b>EXPENDITURES</b>		
Product	188,649,000	239,335,000
Operating Expenses	29,947,000	28,574,000
<b>Total Expenditures</b>	<b>218,596,000</b>	<b>267,909,000</b>
<b>Revenues Less Expenditures</b>	<b>56,958,000</b>	<b>(23,202,000)</b>



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## Other Uses

Capital Outlay



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## Other Uses – Capital Outlay

<b>Budget Table</b>		
	Revised Budget FY24-25	DRAFT Budget FY25-26
<b>OTHER USES</b>		
Capital Outlay	500,000	7,022,000
<b>Total Expenditures, Other Uses</b>	<b>219,096,000</b>	<b>274,931,000</b>



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## Fund Balance

Net Increase/(Decrease) in Fund Balance



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## Net Increase/(Decrease) in Fund Balance

### Budget Table

	Revised Budget FY24-25	DRAFT Budget FY25-26
Total Revenues	275,554,000	244,707,000
Total Expenditures	218,596,000	267,909,000
Revenues Less Expenditures	56,958,000	(23,202,000)
Total Expenditures, Other Uses	219,096,000	274,931,000
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ 56,458,000</b>	<b>\$ (30,224,000)</b>



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**Thank you**



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