



**AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 6, 2025, 9:00 A.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE NOVEMBER 6, 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. For detailed public comment instructions, [please visit this page](#). Please note that live remote public comment will not be taken unless required by Government Code section 54953(f). If required, it will be announced by the Chair. Members of the public should attend in person or provide written comment to ensure they can provide public comment.

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

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

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

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

CALL TO ORDER

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

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve October 2, 2025, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) **pg. 1**
2. Receive Monthly Financial Report (Staff Recommendation: Receive and File) **pg. 13**
3. Approve the Deferral of Funds into the Rate Stabilization Fund (Staff Recommendation: Approve) **pg. 25**
4. Approve Update to the NetGreen 2.0 Tariff to Remove the Bonus Penny Adder from the Net Surplus Compensation Rate Calculation and Rename Tariff to Net Energy Metering (Staff Recommendation: Approve) **pg. 29**
5. Receive Internal Operations Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 39**

BOARD OF DIRECTORS REGULAR CALENDAR

6. Receive Legislative and Regulatory Updates, Approve Legislative Positions, and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 43**
7. Receive Geothermal Opportunity Zone Update and Delegate Authority to the Chief Executive Officer or his Designee to Terminate the Geothermal Opportunity Zone Cooperation Agreement with Chevron New Energies and Execute the Memorandum of Understanding with Chevron New Energies for Collaborating to Develop Geothermal in the Western Interconnection (Staff Recommendation: Approve) **pg. 55**
8. Receive Update on Sonoma Clean Power Authority Decarbonization Research Efforts (Staff Recommendation: Receive and File) **pg. 67**
9. Receive Update on Lake County (Staff Recommendation: Receive and File) **pg. 71**
10. Approve Parameters for Customer Rate Reductions on January 1, 2026, Approve a Second Set of Parameters for Rate Adjustment for February 1, 2026, and Waive Prior Board Decision to Allocate 2% of Revenues from Calendar Year 2025 to the Local Investment Fund (Staff Recommendation: Approve) **pg. 73**

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



**DRAFT MEETING MINUTES
BOARD OF DIRECTORS MEETING
THURSDAY, OCTOBER 2, 2025
9:00 A.M.**

CALL TO ORDER

(9:01 a.m. - Video Time Stamp: 00:01:00)

Vice Chair Elward called the meeting to order.

Board Members present: Vice Chair Elward, Directors Lemus, Albin-Smith, Zollman, Fleming, Farrar-Rivas, Potter, and Haschak. Chair Barnacle, Director Hopkins, and Director Laskey were absent.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Garth Salisbury, Chief Financial Officer and Treasurer; Stephanie Reynolds, Director of Internal Operations; Darin Bartow, Compliance Manager; Ryan Tracey, Director of Planning and Analytics; Neal Reardon, Director of Regulatory Affairs; Adam Jorge, Senior Decarbonization Policy Manager; Erica Torgerson, Managing Director of Customer Service; Felicia Smith, Director of Programs; Danielle McCants, Customer Operations Manager, Carolyn Glanton, Programs Operations Manager; Karen Flores, Clerk of the Board; and Josh Nelson, Special Counsel.

BOARD OF DIRECTORS CONSENT CALENDAR

(9:03 a.m. - Video Time Stamp: 00:02:47)

1. Approve August 7, 2025, Draft Board of Directors Meeting Minutes
2. Receive Monthly Financial Report
3. Receive Geothermal Opportunity Zone Update
4. Approve the Proposed Budget Adjustment for Fiscal Year 2025-2026 to Allocate the Board-Approved \$500,000 Grant for The Economic Launchpad Hub to the Marketing & Communications Budget Line

5. Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute an Agreement for Professional Services with Maher Accountancy for an Amount Not-to-Exceed \$982,044, through June 30, 2028
6. Adopt Resolution 2025-05 Attesting to the Accuracy of Sonoma Clean Power Authority's 2024 Power Source Disclosure Annual Report
7. Adopt Resolution 2025-06 Delegating Investment Authority to the Treasurer
8. Adopt Resolution 2025-07 of the Board of Directors of the Sonoma Clean Power Authority Setting a Time and Place for Regular Meetings
9. Adopt Resolution 2025-07 of the Board of Directors of the Sonoma Clean Power Authority Setting a Time and Place for Regular Meetings

9:03 Director Hopkins entered the meeting.

Item 10 pulled from Consent Calendar and added to Regular Calendar for discussion.

Motion to approve October 2, 2025, Board of Directors Consent Calendar Items 1-9 by Director Haschak

Second: Potter

Motion passed by roll call vote

AYES: Lemus, Albin-Smith, Elward, Fleming, Zollman, Farrar- Rivas, Potter, Haschak, Hopkins

ABSENT: Laskey and Barnacle

BOARD OF DIRECTORS REGULAR CALENDAR

10. Receive Internal Operations Report and Provide Direction as Appropriate

(9:06 p.m. – Video Time Stamp 00:05:22)

Geof Syphers, Chief Executive Officer, provided an update on the potential expansion of service to Lake County. CEO Syphers shared that over the past several months staff have been presenting to all of the Lake County Advisory Councils. CEO Syphers explained that concern was expressed over a lack of

details about SCP's geothermal plans, such as where projects will be located and what technologies will be used. He also explained that such details are not yet known. CEO Syphers went on to explain that when the state of California passed the law enabling the formation of California Choice Aggregators (CCAs), it did not create an option for tribes to be part of the voting governance structure of a CCA, meaning that cities and counties have to create a CCA to allow tribes to have an option to participate. Director Haschak provided additional information about a Lake County meeting he attended with SCP and praised SCP's responsiveness to the Native population. Director Flemming praised the potential Lake County expansion. Vice Chair Elward praised the work SCP has been doing, specifically with working with historically marginalized/under-resourced groups.

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

(9:14 a.m. - Video Time Stamp: 00:13:27)

Neal Reardon, Director of Regulatory Affairs, provided an update on the California Public Utilities Commission's (CPUC) recent PCIA decision, which now calculates customer credits using a blend of recent and historical market prices. Director Reardon shared that the County of Sonoma submitted a Public Records Act (PRA) request to the CPUC. Director Reardon described a recent Executive Order from Governor Newsom that directed all agencies involved in energy to look for ways to bring on resources more quickly, as well as infrastructure to accommodate those resources. Following this Executive Order, Director Reardon explained that the CPUC has also issued a ruling recommending 1500 megawatts of additional procurement to be done statewide in each of the next four years. Adam Jorge, Senior Decarbonization Policy Manager, shared that SB 1221 passed, requiring the CPUC to establish a voluntary zonal decarbonization program and designate priority neighborhood decarbonization zones. Mr. Jorge explained that this bill gives the gas investor-owned utilities (IOU) who would otherwise have to replace gas serving pipelines to forego that replacement in favor of electrification. Director Lemus asked if any of the decarbonization projects are close to SCP's service area. Mr. Jorge explained that the identified projects are not yet the pilots themselves, but rather where there is gas replacement by census track. Director Farrar-Rivas asked how this decision transitions into the next step of

electrifying homes. Mr. Jorge explained that the overall goal is to create a coalition led by the gas utility and stakeholders like CCAs, environmental groups, community organizations, and local governments to create funding opportunities and to minimize cost impacts to folks who are transitioning into electrification. Director Hopkins asked if SCP has been involved in any of the recommendations that will be going up before the Air District Board later in the year. CEO Syphers shared that SCP is active in that space and suggested SCP staff prepare a presentation on the topic for a future meeting. Director Farrar-Rivas shared about her experience at the Climate Mayors meeting in New York for New York Climate Week. Director Farrar-Rivas commented that she learned of other climate projects being funded through foundations and green banks. CEO Syphers shared that both geothermal bills that SCP is supporting have made it to the governor's desk.

Public Comment: None

12. Receive a Presentation on Energy Sector Regulatory Agencies

(9:30 a.m. - Video Time Stamp: 00:29:45)

Adam Jorge, Senior Decarbonization Policy Manager, gave a presentation on policy development, key energy regulatory agencies, and SCP's progress in this area. Director Hopkins praised the presentation and asked about the regulation of some of the regulatory agencies such as the CPUC and California Independent System Operator (CAISO). CEO Syphers explained that a lot of CAISO's activities are regulated by the Federal Energy Regulatory Commission. Director Hopkins asked for examples in which the legislature successfully directed these agencies to work together. Mr. Jorge provided several examples. Director Farrar-Rivas asked how SCP has influence with these agencies. CEO Syphers explained that SCP has credibility and that SCP helps regulatory agencies do their jobs by presenting good ideas. Mr. Jorge also highlighted the fact that SCP is a public agency, not a for-profit utility, which often eases the way into these conversations.

Public Comment: None

13. Receive Update on Sponsored Research at Princeton University for Transmission Planning Under Uncertainty

(9:57 a.m. - Video Time Stamp: 00:56:31)

Ryan Tracey, Director of Planning and Analytics, provided an update on the research SCP has been doing with Princeton University on transmission planning. Prior to commencing, Director Tracey thanked all those involved in supporting this research such as Peninsula Clean Energy who co-sponsored the research and SCP staff. Director Tracey stressed the need to invest in transmission infrastructure in California in order to make sure that California has a backup plan if the capacity load estimates made by regulatory agencies are not accurate.

Director Albin-Smith praised the presentation and asked if there is any new potential energy source that is being considered in these conversations. Director Tracey replied that expanding transmission capacity will allow for any new energy source to plug into the system. Director Potter expressed the need for transmission infrastructure to be in place for a full transition to green power and asked how SCP can support this work. Director Tracey expressed SCP's desire to bring transmission solutions to the legislature. CEO Syphers said he would include the Board of Directors in future legislative work and would provide talking points. CEO Syphers explained that there is not a viable path for SCP to disengage from CAISO. He explained that once you leave CAISO you become your own balancing authority and much of that work is federally regulated, which adds additional complexity. Director Farrar-Rivas asked how the new probability analysis is viewed by different decision makers. Staff Director Tracey and CEO Syphers shared that SCP has received a good amount of interest. Director Zollman asked about the one pager CEO Syphers mentioned. CEO Syphers clarified that he would provide further information and talking points for the board.

Public Comment: None

14. Approve and Authorize the Chief Executive Officer or His Designee to Negotiate and Execute Professional Services Agreements with All In Heating and Cooling LLC (Not-To-Exceed \$130,000) and Synergy Companies, Inc. (Not-To-Exceed \$488,000) For Smart Thermostat Installations and Appliance Assessments, Both Through December 31, 2027

(10:31 a.m. - Video Time Stamp: 00:50:44)

Director Fleming left the meeting at 10:31a.m.

Carolyn Glanton, Programs Operations Manager, presented an update on a new initiative aimed at expanding customer participation in the GridSavvy Rewards program through increased access to smart thermostats. Ms. Glanton explained that while customers can currently purchase discounted devices or enroll their own, many face challenges with installing them on their own. She explained that in an effort to resolve this, SCP would like to partner with two contractors: All-In Heating and Cooling LLC for Mendocino County and Synergy Companies, Inc. for Sonoma County. Ms. Glanton detailed the potential partners' involvement: they will install smart thermostats at no cost for low-income CARE/FERA customers with central air conditioning, enroll the devices in the program, and collect appliance data to support future SCP initiatives. She explained that installers will also educate customers about the program and device functionality with the goal being to complete 1,000 installations by the end of 2027.

Director Albin-Smith asked if this incentive applies to both Mendocino and Sonoma County and requested a description of what a smart thermostat can do. Ms. Glanton shared that this will be available to all SCP customers who fit the eligibility requirements. Ms. Glanton also explained that a smart thermostat can be set to match customer routines and allow customer control when they are not in their homes. Director Haschak asked if this incentive would be available for apartment complexes, to which Ms. Glanton explained yes, if the apartment has its own individual smart meter. Director Potter asked how these two companies were selected. Ms. Glanton explained that the initial Request for Proposal (RFP) efforts were not successful, so SCP reached out to individual contractors who SCP knew who do this type of work and have deep knowledge of the communities.

Public Comment: None

Motion to Approve and Authorize the Chief Executive Officer or His Designee to Negotiate and Execute Professional Services Agreements with All In Heating and Cooling LLC (Not-To-Exceed \$130,000) and Synergy Companies, Inc. (Not-To-Exceed \$488,000) For Smart Thermostat Installations and Appliance Assessments, Both Through December 31, 2027 by Alternate Director Haschak

Second: Director Hopkins

Motion passed by roll call vote

AYES: Lemus, Albin-Smith, Elward, Zollman, Farrar-Rivas, Potter, Haschak

ABSENT: Laskey, Barnacle, Fleming

15. Receive an Update on Sonoma Clean Power Authority's Internship Program Structure and Recent Developments

(10:44 a.m. - Video Time Stamp: 01:43:46)

Danielle McCants, Customer Operations Manager, gave a presentation on SCP's internship program.

Director Lemus asked if the internships are paid. Ms. McCants replied that they are paid. Director Farrar-Rivas asked what the time and in-person requirements are for interns. Ms. McCants explained that 3 six-hour shifts are required, with one of the shifts being Saturday, and no remote internship opportunities are available at this time. Director Potter praised the program and asked how the internship is advertised. Ms. McCants replied that it is posted online, promoted at school job fairs, and the posting is also sent out to professors SCP has worked with in the past. Director Haschak asked how long the program runs. Ms. McCants responded that the program is structured so that each intern is with SCP for a year. Director Lemus praised the inclusion of life skills in the program. Vice Chair Elward also praised the program.

Public Comment: None

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

(11:04 a.m. - Video Time Stamp: 02:03:32)

Director Albin-Smith shared that the upcoming weekend is the four-day KelpFest in Fort Bragg and that they will be opening their new Ice House. She also shared about a movie showing featuring the film *Sequoias of the Sea*, as well as their Longest Table event on Sunday, 10/05 and that there will also be an Oktoberfest fundraiser on Saturday, 10/04, at the CV Star Center. Director Farrar-Rivas shared information about a recent conference she attended on climate. She also shared that the City of Sonoma, preserved 18 units of affordable housing in Sonoma, and mentioned job openings with the City of Sonoma. Director Lemus mentioned she attended the Fog Belt golf tournament fundraiser and praised SCP's involvement. She also shared that on November 2nd, the Día de los Muertos celebration will take place at the Cotati Plaza. Director Haschak shared that Mendocino College is having a ribbon

cutting for their Advanced Automotive Hybrid and Electric Vehicle Certificate Program on October 3rd. Director Hopkins wished everyone a happy Week Without Driving and expressed appreciation to SCP for holding the kickoff event. She also shared that Monte Rio Revival will be happening tomorrow, October 3rd, at 6PM. Director Potter shared that on October 4th Windsor will be holding a Green Business Workshop to teach business owners how to work more sustainably; there will also be a Green Halloween party on October 10th.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(11:13 a.m. - Video Time Stamp: 02:12:23)

Public Comment: None

ADJOURN

(11:13 a.m. - Video Time Stamp: 02:12:42)

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Staff Report - Item 02

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: November 6, 2025

Monthly Financial Report

The Financial Report is to inform the Board of Directors (Board) of monthly financial results and investment activity. Additionally, the Monthly Financial Report includes 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 Board pursuant to the requirements of SCP's Financial Policy B.5 Investments and Government Code Section 53607. This is an informational item only.

This report includes commentary for the August draft unaudited financial statements and budgetary comparison. Links to the July unaudited financial statements and budgetary comparison, which have yet to be reviewed by the Board, can be found in the Attachments section.

Monthly Compiled Financial Statements (August 31, 2025 - DRAFT)

The year-to-date change in net position is more than projections by approximately \$16,205,000. Year-to-date revenue from electricity sales is below projections by less than 1% and cost of energy is under projections by approximately 50%. Year-to-date electricity sales reached \$46,997,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$260,961,000*. Approximately \$231,889,000 is set aside for operating reserves as of June 30, 2024.

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

**The draft financial statements for August 2025 reflect the proposed GASB 62 revenue deferral into the Rate Stabilization Fund from fiscal year 2024/25 based on management estimates and is subject to SCP Board approval. Net Position has been reduced by the proposed revenue deferral of \$81,500,000.*

Budgetary Comparison Schedule (August 31, 2025)

The accompanying budgetary comparison includes the 2025/26 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, 2025/26 YTD Amended Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is under budget by less than 1% at the end of the reporting period.

The cost of electricity was less than the budget-to-date by approximately 50%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases as well as supplier delivery delays.

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

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 SCP's Board meetings during the first week of the month, the investment report will indicate investment transactions that occurred two months prior (September 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 September 30th, CAM managed about \$72 million of SCP's reserves. All investments directed by CAM are held at SCP's custodian, USBank. All investments held as of September 30, 2025, at USBank appear as Attachment 5 with new holdings purchased in September highlighted. USBank transaction details for the month of September, including sales and maturities of securities, are in Attachment 6.

River City Bank

A detailed statement of the investments held at River City Bank as of September 30, 2025, appears as Attachment 7. River City Bank transaction details for the month of September, including sales and maturities of securities, are in Attachment 8.

State of California Local Agency Investment Fund

The LAIF investment balance as of September 30, 2025, appears as Attachment 9.

Attachments

- Attachment 1 - July 2025 Financial Statements, available at [this link](#) or by request to the Clerk of the Board
- Attachment 2 - July 2025 Budgetary Statement, available at [this link](#) or by request to the Clerk of the Board
- Attachment 3 - August 2025 Draft Financial Statements
- Attachment 4 - August 2025 Budgetary Statement

- Attachment 5 - September 2025 Statement of Investments Held at USBank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 6 - September 2025 Statement of Transactions at USBank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 7 - September 2025 Statement of Investments Held at River City Bank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 8 - September 2025 Statement of Transactions at River City Bank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 9 - September 2025 Statement of Investments Held at the Local Agency Investment Fund, available at [this link](#) or by request to the Clerk of the Board

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of August 31, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the two 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
October 7, 2025

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of August 31, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 187,767,950
Accounts receivable, net of allowance	17,852,418
Other receivables	9,980,062
Accrued revenue	15,100,148
Prepaid expenses	1,252,375
Deposits	6,345,890
Investments	71,485,493
Total current assets	<u>309,784,336</u>

Noncurrent assets

Investments	99,516,090
Other receivables	876,873
Deposits	16,000
Capital assets, net of depreciation	17,341,638
Total noncurrent assets	<u>117,750,601</u>
Total assets	<u>427,534,937</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	21,833,838
Accounts payable	1,372,675
Other accrued liabilities	3,339,694
User taxes and energy surcharges due to other governments	631,296
Supplier security deposits	564,000
Total current liabilities	<u>27,741,503</u>

Noncurrent liabilities

Supplier security deposits	1,332,121
Total liabilities	<u>29,073,624</u>

DEFERRED INFLOWS OF RESOURCES

Rate stabilization fund	<u>137,500,000</u>
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NET POSITION

Investment in capital assets	17,341,638
Unrestricted	243,619,675
Total net position	<u>\$ 260,961,313</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Two Months Ended August 31, 2025

OPERATING REVENUES

Electricity sales, net	\$ 46,481,081
Evergreen electricity premium	515,677
Liquidated damages	5,083,289
Grant revenue	135,686
Total operating revenues	<u>52,215,733</u>

OPERATING EXPENSES

Cost of electricity	19,088,411
Contract services	1,790,700
Staff compensation	1,933,596
Program rebates and incentives	314,145
Other operating expenses	459,944
Depreciation	238,540
Total operating expenses	<u>23,825,336</u>
Operating income	<u>28,390,397</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	<u>2,723,711</u>
Nonoperating revenues (expenses), net	<u>2,723,711</u>

CHANGE IN NET POSITION

	31,114,108
Net position at beginning of year	<u>229,847,205</u>
Net position at end of period	<u><u>\$ 260,961,313</u></u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Two Months Ended August 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 41,941,689
Receipts of security deposits and damages revenue	3,087,276
Receipts from wholesale sales and other operating activities	10,899,887
Payments to electricity suppliers	(31,045,587)
Payments for other goods and services	(2,931,231)
Payments for staff compensation	(1,934,842)
Payments for program rebates and incentives	(335,905)
Payments of taxes and surcharges to other governments	(568,347)
Net cash provided (used) by operating activities	<u>19,112,940</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	<u>(18,090)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	1,978,035
Proceeds from sales and maturities of investments	252,598
Purchase of investments	<u>(10,473,499)</u>
Net cash provided (used) by investing activities	<u>(8,242,866)</u>

Net change in cash and cash equivalents	10,851,984
Cash and cash equivalents at beginning of year	<u>176,915,966</u>
Cash and cash equivalents at end of period	<u>\$ 187,767,950</u>

NONCASH INVESTING ACTIVITIES

Change in fair value of investments	\$ 676,553
Change in interest receivable	\$ 69,123

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Two Months Ended August 31, 2025

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

Operating income (loss)	\$ 28,390,397
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	238,540
(Increase) decrease in:	
Accounts receivable, net	(3,140,350)
Other receivables	(3,550,959)
Accrued revenue	(2,470,183)
Prepaid expenses	272,630
Deposits	(100,000)
Increase (decrease) in:	
Accrued cost of electricity	208,256
Accounts payable	(304,385)
Accrued liabilities	3,464,230
User taxes due to other governments	(12,883)
Supplier security deposits	(3,882,353)
Net cash provided (used) by operating activities:	<u>\$ 19,112,940</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the two months ended August 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
October 7, 2025

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
Two Months Ended August 31, 2025

	2025/26 YTD Amended Budget	2025/26 YTD Actual	2025/26 YTD Amended Budget Variance (Under) Over	2025/26 YTD Actual / Amended Budget %	2025/26 Amended Budget	2025/26 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	\$ 47,109,166	\$ 46,481,386	\$ (627,780)	99%	\$ 228,694,000	\$ 182,212,614
Evergreen Premium (net of allowance)	525,000	515,677	(9,323)	98%	3,150,000	2,634,323
CEC Grant Proceeds	141,019	135,686	(5,333)	96%	863,000	727,314
Investment returns	2,000,000	2,723,711	723,711	136%	12,000,000	9,276,289
Total revenue and other sources	49,775,185	49,856,460	81,275	100%	244,707,000	194,850,540
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	28,246,907	14,005,428	(14,241,479)	50%	234,986,000	220,980,572
Data management	559,800	546,728	(13,072)	98%	3,359,000	2,812,272
Service fees- PG&E	165,000	165,336	336	100%	990,000	824,664
Personnel	2,079,554	1,933,596	(145,958)	93%	12,781,000	10,847,404
Marketing & communications	652,458	568,288	(84,170)	87%	4,415,000	3,846,712
Customer service	60,500	10,484	(50,016)	17%	220,000	209,516
General and administration	386,987	331,088	(55,899)	86%	2,309,000	1,977,912
Legal	87,500	161,909	74,409	185%	525,000	363,091
Regulatory and compliance	60,000	18,994	(41,006)	32%	360,000	341,006
Accounting	48,300	46,000	(2,300)	95%	340,000	294,000
Legislative	36,667	34,000	(2,667)	93%	220,000	186,000
Other consultants	122,150	118,593	(3,557)	97%	535,000	416,407
Industry memberships and dues	147,789	128,856	(18,933)	87%	888,000	759,144
Program implementation	1,221,501	434,512	(786,989)	36%	6,481,000	6,046,488
Total current expenditures	33,875,113	18,503,812	(15,371,301)	55%	268,409,000	249,905,188
OTHER USES						
Capital outlay	802,000	50,055	(751,945)	6%	7,022,000	6,971,945
Total expenditures, other uses	34,677,113	18,553,867	(16,123,246)	54%	275,431,000	256,877,133
Net increase (decrease) in available fund balance	\$ 15,098,072	\$ 31,302,593	\$ 16,204,521		\$ (30,724,000)	\$ (62,026,593)
<i>* Represents sales of approximately 328,000 MWh for 2025/26 YTD actual.</i>						
RESERVES	Balance - as of June 30, 2024	Long-Term Targeted	% of Long-Term Target			
Operating Reserve	\$ 231,889,000	\$ 267,909,000	87%			

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

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 31,302,593
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(238,540)
Add back capital asset acquisitions	<u>50,055</u>
Change in net position	<u><u>\$ 31,114,108</u></u>



Staff Report - Item 03

To: Sonoma Clean Power Authority Board of Directors

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

Issue: Approve the Deferral of Funds into the Rate Stabilization Fund

Date: November 6, 2025

Recommendation

Approve the deferral of \$81,500,000 into the Operating Account Fund (Rate Stabilization Fund or "Fund") from Fiscal Year (FY) 2024/25 pursuant to SCP Policy B.2 Financial Reserves.

Background

In 2020, the Board approved Resolution 2020.02 establishing an Operating Account Fund to allow the deferral of revenues from one fiscal year for use in a future fiscal year to mitigate the effects of volatile energy costs and increases to the Power Charge Indifference Adjustment (PCIA) on customer rates. In 2024, the Board amended SCP Policy B.2 Financial Reserves to reflect the need to defer revenues for use in future years in recognition that counterparties and rating agencies generally prefer to see stability in covering expenses with revenues rather than large net increases and decreases from year to year. The policy states that "any excess revenues above the Target Reserve balance shall be deferred to stabilize rates in subsequent years."

Government accounting standards require that a deferral of revenue for use in a future fiscal year must be approved by the entity's governing board. Consequently, staff is bringing the deferral of \$81,500,000 from FY 2024/25 to the Board for consideration. In 2024, the Board approved the deferral of \$56,000,000 of revenues from FY 2023/24 to the Rate Stabilization Fund for use in future fiscal years.

Discussion

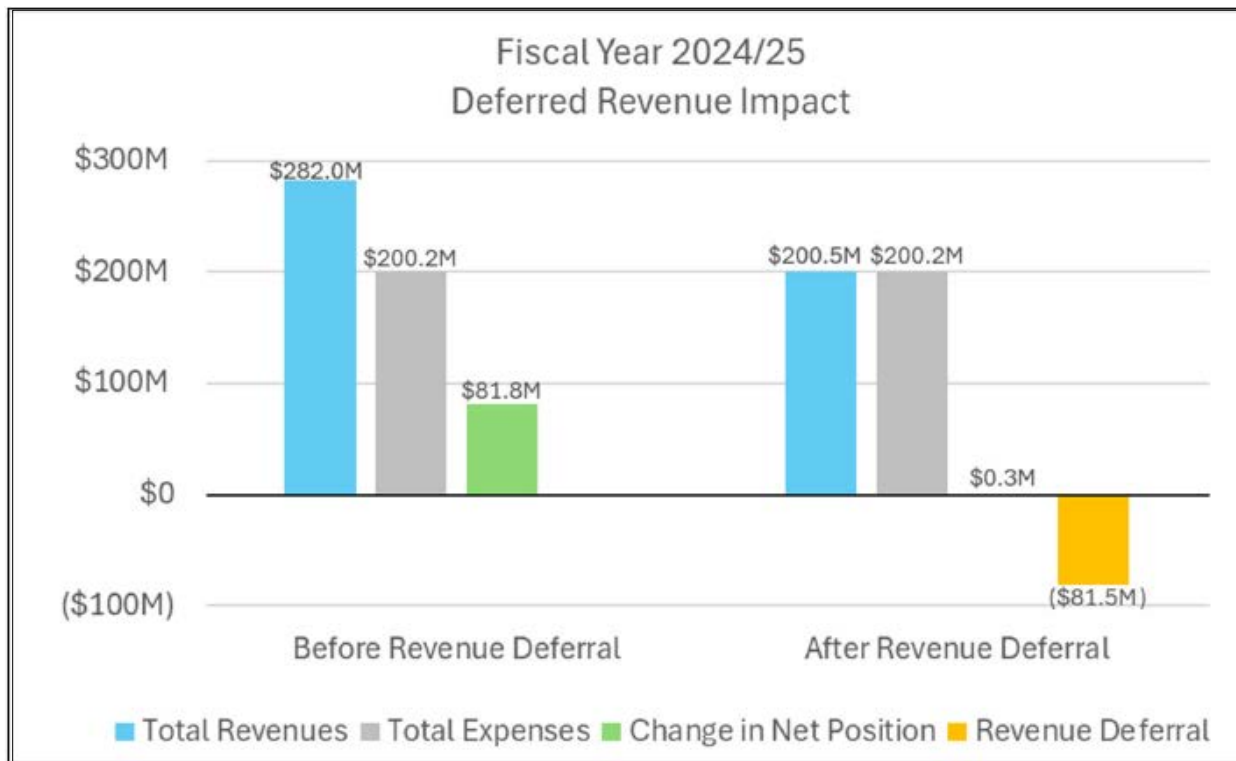
Since inception in 2014, SCP has focused on building its financial reserves knowing that a time would come when those reserves would be needed to safeguard customers from large fluctuations in PG&Es rates and fees. SCP has benefited from several favorable years of offering savings to customers relative to PG&E bundled customers while also building reserves to mitigate future rate increases.

SCP's unaudited financial results for FY 2024/25 indicate a positive financial outcome for the organization. Meanwhile, forecasts for calendar year 2026 show that most of those deferred revenues will need to be recognized to stay competitive with PG&E in a year where PG&E is being required to return significant overcharges to customers.

An estimate of the financial results from FY 2024/25 appears below along with a recommendation for the deferral of \$81,500,000 of revenues into the Rate Stabilization Fund and the recognition of approximately \$300,000 of net revenues:

	FY 2024/25
Total Operating Revenues	\$ 266,722,000
Revenue Deferral	(81,500,000)
Adjusted Operating Revenues	185,222,000
Total Operating Expenses	200,208,000
Operating Income	(14,986,000)
Nonoperating Revenues	15,315,000
Change in Net Position	329,000
Net Position at 6/30/2024	229,519,000
Net Position at 6/30/2025	<u>\$ 229,848,000</u>

A graphic depiction of the estimated financial results from FY 2024/25 along with the recommendation to defer \$81,500,000 in revenues appears below.



Fiscal Impact

The impact of deferring \$81,500,000 of revenue from FY 2024/25 will reduce net revenue in that year by that amount but add the same amount to our Rate Stabilization Fund for use in a future year when revenues may be insufficient to cover costs.

Community Advisory Committee Review

The recommended revenue deferral amount was not yet available when the agenda was distributed for the Community Advisory Committee's most recent meeting on October 16, 2025.

Attachments

➤ Attachment 1 - SCP Policy B.2 Financial Reserves, available at [this link](#) or by request to the Clerk of the Board

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Staff Report - 04

To: Sonoma Clean Power Authority Board of Directors

From: Danielle McCants, Customer Operations Manager
Georgia Van Houten, Intern

Issue: Approve Update to the NetGreen 2.0 Tariff to Remove the Bonus Penny Adder from the Net Surplus Compensation Rate Calculation and Rename Tariff to Net Energy Metering

Date: November 6, 2025

Recommendation

Approve revisions to the NetGreen 2.0 Tariff to eliminate the bonus penny adder from the net surplus compensation rate calculation and rename the program from NetGreen 2.0 to Net Energy Metering (NEM) effective January 1, 2026.

Background

SCP established its NetGreen program for solar customers in 2013. This program remained largely unchanged until the CPUC adopted NEM 2.0 in 2016. In response SCP created a formal tariff, NetGreen 2.0 Tariff which was approved by SCP's Board of Directors in 2017. All SCP solar customers were transferred to NetGreen 2.0. Since 2017, the Board has approved small changes to the Tariff in October 2020 and January 2023 which updated the annual cash out process and introduced a new compensation structure.

In October 2023, the Board approved further changes to improve the program's long-term stability. These included updating the Net Surplus Compensation Rate (NSC) calculation mechanism, raising the check threshold from \$100 to \$200 (with smaller amounts credited to bills), and ending the Net Generator Bonus (known as the bonus penny) effective July 1, 2024.

In December 2022 the California Public Utility Commission (CPUC) approved the Net Billing Tariff (NBT), commonly known as Solar Billing Plan (SBP) or NEM 3.0,

California's successor tariff to NEM 2.0. SBP changes how solar customers are credited for the excess electricity they send to the grid. Instead of full retail rate credits, exported power is now valued more closely to wholesale market prices and vary by time of day. SCP's Board approved a Net Billing Tariff for SCP customers on SBP. The NetGreen 2.0 Tariff remains in effect for all customers still on PG&E's legacy NEM or NEM 2.0 Tariffs.

Community Advisory Committee Review

The Community Advisory Committee recommended the Board of Directors approve the revisions to the NetGreen 2.0 tariff at their October 16, 2025, meeting.

Agency Goals

The NetGreen tariff updates directly support SCP's goals to advance equity for underrepresented customers and develop local investments that lower ratepayer costs over time. By removing the bonus penny adder and aligning compensation structures, SCP promotes fair cost-sharing across customers and positions the agency to direct future savings toward programs that enhance affordability and community benefit.

Discussion

Staff proposes revisions to the NetGreen 2.0 Tariff to an updated NSC structure and improve clarity for customers participating in SCP's NetGreen 2.0 Tariff.

Staff recommend two changes:

1. Remove the bonus penny adder from the NSC rate calculation. This change would simplify the compensation structure and create consistency across SCP's solar programs by aligning the NSC for both NEM and Solar Billing Plan customers.
2. Rename the NetGreen 2.0 Tariff to the Net Energy Metering (NEM) Tariff to better match industry terminology and reduce confusion for customers. This change aligns SCP's program name with those used by the CPUC and PG&E.

These changes do not affect customer eligibility or participation requirements. The focus remains on supporting solar customers with fair compensation for solar generation while supporting equitable cost-sharing across SCP's customers.

As SCP continues to evaluate the effectiveness of its customer programs, these updates also create an opportunity to assess how resources are allocated and explore ways to enhance the impact of future customer incentives.

Fiscal Impact

Eliminating the bonus penny adder from SCP's NetGreen 2.0 program, effective January 1, 2026, is projected to reduce SCP's annual cash-out liability by approximately \$200,000. These savings will go back into programs for customers, such as GridSavvy, rebates, and energy efficiency projects. In addition, this adjustment supports the long-term financial sustainability of SCP's NEM program and contributes to a more balanced distribution of costs/benefits among customers.

Separately, renaming the NetGreen tariff to Net Energy Metering (NEM) is an administrative update and does not carry direct fiscal implications, but will improve clarity and transparency with customers.

Attachments

- Attachment 1 - Redlined NetGreen Tariff
- Attachment 2 - Final Net Energy Metering Tariff

~~NetGreen 2.0 Tariff~~ Net Energy Metering Program Tariff

APPLICABILITY:	This net energy metering (NEM) schedule is applicable to customers who use a Renewable Electrical Generation Facility (REGF) as defined in Pacific Gas & Electric Company (PG&E)'s Electric Schedule NEM, NEM2, or a California Public Utilities Commission (CPUC) approved successor NEM schedule. This rate schedule is available to customers that have a completed PG&E NEM Application, complied with all PG&E NEM interconnection requirements, received Permission to Operate, and are placed on PG&E Electric Schedule NEM, NEM2, or a successor NEM schedule. This includes customers served by Virtual Net Energy Metering (NEMV), Virtual Net Energy Metering for Multifamily Affordable Housing (NEMVMASH), NEM Aggregation (NEMA), Multiple Tariff facilities, and any other forms of Net Energy Metering as defined by PG&E Electric Schedules NEM, NEM2 and successor NEM schedules.
TERRITORY:	This tariff is available to active Sonoma Clean Power (SCP) customers located in SCP's service territory, which includes the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, the Town of Windsor, and the unincorporated areas of Sonoma County and Mendocino County (excludes the Cities of Healdsburg & Ukiah).
RATES:	All SCP rates charged under this schedule will be in accordance with the customer-generator's CleanStart Rate Schedule. A customer-generator served under this schedule is responsible for all applicable SCP charges from its CleanStart Rate Schedule including energy and demand charges, EverGreen premium (for EverGreen customers), taxes, and surcharges. Charges or credits for energy (kWh) supplied or delivered to SCP will be based on net metered usage in accordance with the customer CleanStart Rate Schedule and this Tariff. PG&E NEM tariffs and rates still apply. SCP customers will continue to be subject to the terms, conditions, and billing procedures of PG&E for services other than electric generation. SCP rates and rate design, including the rates and rate design reflected in this Tariff, are subject to change from time to time. Customers should take this into consideration when making any long-term decisions based on rate structures that are currently in place.
BILLING:	For customer-generators taking service on the CleanStart Rate Schedule, any net monthly consumption or generation shall be valued as follows:

1. Monthly Settlement of SCP Charges and/or Credits:

- a. "Net Electric Consumption" is defined as when customer energy usage exceeds generation during any billing cycle and shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the CleanStart Rate Schedule and Rates.
- b. "Net Electric Generation" is defined as when customer energy generation exceeds usage during any billing TOU period and shall be credited in accordance with applicable TOU period-specific rates/charges, as described in the customer-generator's CleanStart Rate Schedule.
- c. "EverGreen Premium" is defined as SCP's voluntary 100% renewable service. The EverGreen Premium is charged on all net consumption of energy during a billing cycle. It is not credited to customers for over-generation.
- d. Any charges due for Net Electric Consumption will be assessed in each monthly statement. If the customer's account has available credits from current or previous Net Electric Generation, these credits will be applied against usage charges first before any charges are assessed.
- e. Any excess Net Electric Generation credits will be tracked by SCP on the customer's bill as a credit and will be applied to future billing cycles within the same SCP Annual Cash Out period as defined below.
- f. Credit balances do not have any cash value except as defined in the Cash Out process below.

2. SCP Annual Cash Out and True-Up:

- a. Following the final date and bill for each customer's April billing cycle (if the customer does not have an April meter read, the prior or next available month will be used), SCP will initiate a True-Up of each customer account's NEM balance. Any accrued credit balance will be reset to zero at the beginning of the next 12-month period.
- b. A review will be conducted for each customer's kilowatt-hour consumption and generation during the spring to spring annual true-up. If the customer's account generated more electricity than it consumed, it is eligible for a Cash Out payment at SCP's Net Surplus Compensation (NSC) rate.
- c. SCP's "Net Surplus Compensation" rate is ~~a \$0.01/kWh increase based on~~ PG&E's 12-month Net Surplus Compensation (NSC) average for the calendar year preceding the Cash Out.
- d. SCP's NSC rate will be updated annually as part of SCP's rate setting process, with consideration for changes in PG&E's NSC rate and other market factors. PG&E's NSC is set monthly at the rolling average of PG&E's default load aggregation point price from 7 a.m. to 5 p.m.
- e. The NSC rate is located on SCP's Rate Sheets located on its website at www.sonomacleanpower.org.
- f. NSC payments are subject to a cap of \$5,000 per account annually.
- g. Customers will receive NSC payments automatically, paid by check if they have \$200 or more, to the customer's mailing address on their PG&E account.

Customers with surplus credit balances of less than \$200 will receive an on-bill credit on their monthly statement.

3. Customers Returning to PG&E Bundled Service and Account Closures:

- a. SCP customers with NEM service may opt out and return to PG&E service at any time, subject to SCP and PG&E's terms and conditions for return to bundled service. Customers are advised that PG&E will perform a True-Up of their account for any PG&E charges at the time of return to PG&E bundled service.
- b. Customers returning to PG&E service or closing their PG&E account will have an SCP True-Up to determine if the customer is eligible for NSC. NSC will be paid automatically (if applicable) by check to the customer's PG&E mailing addresses unless another address is provided by the customer. There is no minimum threshold for receiving a NSC check, but the maximum NSC is \$5,000 and any credits above that will be forfeited.

4. Aggregated NEM

- a. Per the California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." SCP's aggregated NetGreen accounts are ineligible to receive NSC payments and will have credits re-set to zero during the SCP True-Up period.

TERMS AND
CONDITIONS:

Nothing in the ~~NetGreen 2.0~~[Net Energy Metering](#) Tariff precludes or supersedes SCP's Terms and Conditions. SCP's Terms and Conditions can be found at sonomacleanpower.org/terms-and-conditions.

More information about SCP's ~~NetGreen~~[Net Energy Metering](#) program can be found online at sonomacleanpower.org/solar-customersprograms/netgreen or by calling 1 (855) 202-2139.

Net Energy Metering Program Tariff

APPLICABILITY:	This net energy metering (NEM) schedule is applicable to customers who use a Renewable Electrical Generation Facility (REGF) as defined in Pacific Gas & Electric Company (PG&E)'s Electric Schedule NEM, NEM2, or a California Public Utilities Commission (CPUC) approved successor NEM schedule. This rate schedule is available to customers that have a completed PG&E NEM Application, complied with all PG&E NEM interconnection requirements, received Permission to Operate, and are placed on PG&E Electric Schedule NEM, NEM2, or a successor NEM schedule. This includes customers served by Virtual Net Energy Metering (NEMV), Virtual Net Energy Metering for Multifamily Affordable Housing (NEMVMASH), NEM Aggregation (NEMA), Multiple Tariff facilities, and any other forms of Net Energy Metering as defined by PG&E Electric Schedules NEM, NEM2 and successor NEM schedules.
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RATES:	All SCP rates charged under this schedule will be in accordance with the customer-generator's CleanStart Rate Schedule. A customer-generator served under this schedule is responsible for all applicable SCP charges from its CleanStart Rate Schedule including energy and demand charges, EverGreen premium (for EverGreen customers), taxes, and surcharges. Charges or credits for energy (kWh) supplied or delivered to SCP will be based on net metered usage in accordance with the customer CleanStart Rate Schedule and this Tariff. PG&E NEM tariffs and rates still apply. SCP customers will continue to be subject to the terms, conditions, and billing procedures of PG&E for services other than electric generation. SCP rates and rate design, including the rates and rate design reflected in this Tariff, are subject to change from time to time. Customers should take this into consideration when making any long-term decisions based on rate structures that are currently in place.
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- c. "EverGreen Premium" is defined as SCP's voluntary 100% renewable service. The EverGreen Premium is charged on all net consumption of energy during a billing cycle. It is not credited to customers for over-generation.
- d. Any charges due for Net Electric Consumption will be assessed in each monthly statement. If the customer's account has available credits from current or previous Net Electric Generation, these credits will be applied against usage charges first before any charges are assessed.
- e. Any excess Net Electric Generation credits will be tracked by SCP on the customer's bill as a credit and will be applied to future billing cycles within the same SCP Annual Cash Out period as defined below.
- f. Credit balances do not have any cash value except as defined in the Cash Out process below.

2. SCP Annual Cash Out and True-Up:

- a. Following the final date and bill for each customer's April billing cycle (if the customer does not have an April meter read, the prior or next available month will be used), SCP will initiate a True-Up of each customer account's NEM balance. Any accrued credit balance will be reset to zero at the beginning of the next 12-month period.
- b. A review will be conducted for each customer's kilowatt-hour consumption and generation during the spring to spring annual true-up. If the customer's account generated more electricity than it consumed, it is eligible for a Cash Out payment at SCP's Net Surplus Compensation (NSC) rate.
- c. SCP's "Net Surplus Compensation" rate is based on PG&E's 12-month Net Surplus Compensation (NSC) average for the calendar year preceding the Cash Out.
- d. SCP's NSC rate will be updated annually as part of SCP's rate setting process, with consideration for changes in PG&E's NSC rate and other market factors. PG&E's NSC is set monthly at the rolling average of PG&E's default load aggregation point price from 7 a.m. to 5 p.m.
- e. The NSC rate is located on SCP's Rate Sheets located on its website at www.sonomacleanpower.org.
- f. NSC payments are subject to a cap of \$5,000 per account annually.
- g. Customers will receive NSC payments automatically, paid by check if they have \$200 or more, to the customer's mailing address on their PG&E account.

Customers with surplus credit balances of less than \$200 will receive an on-bill credit on their monthly statement.

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- a. SCP customers with NEM service may opt out and return to PG&E service at any time, subject to SCP and PG&E's terms and conditions for return to bundled service. Customers are advised that PG&E will perform a True-Up of their account for any PG&E charges at the time of return to PG&E bundled service.
- b. Customers returning to PG&E service or closing their PG&E account will have an SCP True-Up to determine if the customer is eligible for NSC. NSC will be paid automatically (if applicable) by check to the customer's PG&E mailing addresses unless another address is provided by the customer. There is no minimum threshold for receiving a NSC check, but the maximum NSC is \$5,000 and any credits above that will be forfeited.

4. Aggregated NEM

- a. Per the California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." SCP's aggregated NetGreen accounts are ineligible to receive NSC payments and will have credits re-set to zero during the SCP True-Up period.

TERMS AND
CONDITIONS:

Nothing in the Net Energy Metering Tariff precludes or supersedes SCP's Terms and Conditions. SCP's Terms and Conditions can be found at sonomacleanpower.org/terms-and-conditions.

More information about SCP's Net Energy Metering program can be found online at sonomacleanpower.org/solar-customers or by calling 1 (855) 202-2139.

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Staff Report - Item 05

To: Sonoma Clean Power Authority Board of Directors

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

Issue: Receive Internal Operations Report and Provide Direction as Appropriate

Date: November 6, 2025

CAPITAL PROJECTS AND ENGINEERING

As part of SCP's efforts to find local energy resource investments that can produce revenues to offset customer rates, SCP recently entered into a partnership with Santa Rosa Water to explore a specific opportunity. SCP will conduct an in-depth feasibility study and determine if it would be fruitful to complete a detailed design for the expansion and improvements to the Laguna Wastewater Treatment Plant (LTP) biogas electric power system.

The goal of the project is to increase renewable power produced, reduce wasted biogas flaring, reduce energy costs for Santa Rosa Water, provide revenues to offset SCP customer rates, and reduce greenhouse gas emissions.

SCP will lead the overall feasibility study as well as pursue design, permitting, construction, and ownership of the system if feasibility results are favorable and achieve the goals described above. SCP will collaborate with Santa Rosa to develop the final scope for each stage to ensure the project is consistent with Santa Rosa Water requirements. Ultimately, it is the goal for SCP to provide the capital funds for and take ownership of the project. Santa Rosa Water will compensate SCP for costs and provide operations and maintenance for the project through a mutually negotiated energy offtake agreement, or other funding mechanism to be identified, only if the project is constructed.

The term sheet for this partnership does not have a dollar value associated with it. Staff will return to the Board for approval of any resulting contracts.

PROGRAMS UPDATE

Bay Area Air District No NOx Appliance

In March 2023, the Bay Area Air District (formerly BAAQMD) adopted amendments to building appliance rules 9-4 and 9-6 which prohibit the sale and installation of new gas water heaters and furnaces to set zero nitrogen oxide (NOx) emission standards. The only zero NOx space and water heating appliances currently available are electric and therefore, in some cases, implementation presents specific challenges switching from natural gas to electric appliances.

Sonoma Clean Power staff, at the direction of the Board of Directors, has been working collaboratively with other CCAs in the Air District to develop regional efforts to support residential customers with this mandate. Some of the developmental efforts include:

- Regional financing through a private lender to offer more advantageous consumer loan terms
- Contractor outreach and engagement
- Expedited building permits
- Enhanced rebates in advance of the mandate

As these efforts mature, staff will bring forward proposals and updates for initiatives that align with SCP's mission and the Agency's goals.

MARKETING UPDATE

In response to feedback from market research and ongoing customer and community interactions, Sonoma Clean Power has implemented marketing and public relations efforts to improve public understanding of who we are, the services we provide, and how we work with PG&E. These efforts also aim to correct common misconceptions that SCP is a solar company or an additional charge on customers' bills.

To support this goal, SCP has developed new television commercials now airing on cable networks, public broadcasting, and streaming services within Sonoma and Mendocino counties. Companion radio commercials are also running in both English and Spanish.

A link to the cable TV commercials can be viewed here:

<https://vimeo.com/1132248214>

"PARDON OUR DUST"

Work recently began on the renovations at our building at 421 E Street in Santa Rosa (next door to the Business Office). We anticipate being able to utilize the office for office workspace, storage, and meeting space by mid-2026. Photos and updates are coming soon, as progress continues.

ART RECEPTION ANOTHER SUCCESS

We have been privileged to share 34 works of art from 5 local artists at the Business Office over the past few months. The most recent art installation showcased photographs from Peter Spencer with poetry by Viola Weinberg, along with art from three local young artists, Celia Cervantes, Sydney Chapin and Kate Jernigan. We invited the public to a final viewing of the exhibit on October 24th before it was closed. Look for information on our next art exhibition in 2026.

UPOMING MEETINGS

- Community Advisory Committee - November 20, 2025
- Board of Directors - December 4, 2025
- Community Advisory Committee - December 18, 2025
- Board of Directors - January 8, 2026

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Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directions

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

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

Date: November 6, 2025

Requested Action

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

Regulatory Updates

California Public Utilities Commission (CPUC) Notifies County of Sonoma It Does Not Have Data Regarding Power Charge Indifference Adjustment Impact

The CPUC recently adopted a proposal to delay financial credits PG&E owes to Community Choice Aggregation (CCA) customers by up to 4 years. This means that SCP customers will be required to loan millions of dollars to PG&E interest free in 2026. This decision will create more volatility in electric bills, increasing the risk of years with higher total bills.

Specifically, this Decision modified how the Resource Adequacy (RA) - a product required to support grid reliability - credit is calculated. There were five modifications introduced by CPUC staff. The stated goal of the modifications was to increase the number of transactions included and to increase the accuracy of the result. Sonoma Clean Power staff, working in conjunction with CalCCA, supported 4 of these: removing affiliate transactions, removing sleeve transactions, combining all RA into the calculation, and calculating monthly values. The Decision adopted those except for calculating monthly values.

However, it also adopted the modification CalCCA and SCP were most strongly opposed to using historical RA prices instead of the current prices to determine market value. Most problematically, it did so retroactively. In practice, this means the elevated RA prices observed in 2024 would not be fully granted to our customers but would instead be blended with transactions from 2021-2024. As the earlier years had lower prices, the blended value is depressed which results in a lower credit for our customers and higher PCIA charge. We still do not have the underlying data from the earlier transactions to calculate the impact on our customers. However, we estimate the impact will be in the millions of dollars.

This rushed, retroactive change to rates without clear data on the impact is troubling. However, blending the higher 2024 RA prices into years 2025-2027 would be beneficial for customers' PCIA credit in the case that future prices do not remain as high. Ultimately, the most significant risk is that there is no guarantee this methodology - using four years instead of one - will stay in place. If the CPUC were to later adjust the credit calculation back to using one year of cost data in the future, the effect would be to transfer costs from one group of customers to another. Such an outcome would violate the CPUC's obligation to maintain cost indifference, so SCP staff will be watching closely for any indication that the CPUC might be considering this type of future action.

The Decision implements these rapid changes to the methodology by this Fall and grants utilities the ability to apply them immediately. SCP staff, joined by Supervisor Hopkins, met with four Commissioner Offices on this topic. In addition, staff submitted opening comments on this proposal outlining the need for transparency and rate stability. Despite working to educate them on the negative impacts and dangerous precedent this sets, the Decision was adopted.

On July 28th, CalCCA submitted an Application for Rehearing of the Decision. This Application highlights how the CPUC engaged in retroactive ratemaking and relied on a limited procedural record. The CPUC now has 120 days to act on this Application. If they fail to do so, it is considered denied. Such a denial would provide for CalCCA to take this to the Appellate Court.

On September 8th, the County of Sonoma submitted a Public Records Act ("PRA") request seeking information on the impact of this decision on ratepayers. The PRA, Request 25-516, is posted on the CPUC website. The CPUC responded on September 18th and indicated they will provide a complete response to the request or, if necessary, a status update no later than October 2, 2025. On October 2nd, the

CPUC responded and indicated they did not have any of the information requested by the County of Sonoma.

California Public Utilities Commission Issues Proposed Decision Removing Barrier for CCA Customers to Receive Incentives for Heat Pump Water Heaters and Storage

On October 30th, the California Public Utilities Commission will vote on a Proposed Decision to remove a barrier to participation in a statewide incentive program, the Self-Generation Incentive Program ("SGIP"). That Proposed Decision would eliminate an obstacle enacted in a prior CPUC Decision which required that any customer seeking to take advantage of financial incentives for the installation of heat pump water heaters on onsite energy storage to enroll in a "Qualified" demand response program. The stated intent of that requirement - enacted in early 2024 - was to ensure that customers who received incentives were providing benefits to the grid.

SCP staff strongly encourage the deployment of behind-the-meter resources to provide affordable, reliable, and clean support to the grid. However, the 2024 CPUC Decision contained an appendix listing what it defined as "Qualified" demand response programs. No CCA had a program that was considered "qualified", and many IOU programs were omitted. Staff met with Commissioner Darcie Houck as well as with Energy Division staff to highlight the issue. Several CCAs also submitted filings to the CPUC detailing the operations of their demand response programs and requesting that they be added to the list of eligible demand response programs. After a year and a half of advocacy at the CPUC, a group of legislators sent a letter to the CPUC directing them to address this barrier. Following that letter, a CPUC judge issued the Proposed Decision removing that requirement for low-income residential customers.

Legislative Updates

This past year, Sonoma Clean Power sponsored three pieces of legislation at the state level aimed at improving California's ability to deploy geothermal power in partnership with the International Union of Operating Engineers, Fervo Energy, and others. Two of those bills ultimately made it to the Governor's desk. On October 6, the Governor signed Assembly Bill 531 (Rogers) but vetoed Assembly Bill 527 (Papan). The third bill, AB 526 (Papan), had been killed in the Assembly Appropriations Committee. Sonoma

Clean Power staff are now pursuing many of the key ideas of that bill at the regulatory level.

Assembly Bill 531 (Rogers), when it takes effect on January 1, 2026, will allow proposed geothermal power plants to be approved through an existing “one-stop shop” process at the California Energy Commission, known as the “opt-in” process (because a renewable energy developer can voluntarily opt in to using it). While geothermal power plants can theoretically use this process today, there is a 50 MW minimum project size that functionally excludes most geothermal development (which is typically more like 20, 30, or 40 MW in size). Given the value of geothermal power to the grid and the capital-intensive nature of even “small” geothermal projects, this bill ensures that all proposed geothermal power plants have this option available.

Assembly Bill 527 (Papan) would have mirrored federal policy by exempting geothermal exploration wells meeting a high standard of environmental stewardship from review under the California Environmental Quality Act (CEQA), so long as the projects use a skilled and trained workforce that is paid at least the prevailing wage. The subsequent buildout phase would have remained subject to CEQA. The Governor’s veto message (attached below) stated that the bill would have led to delays in regulation development at the California Geologic Energy Management Division and an increase in developer fees that might disincentivize future geothermal development. The message also notes his signing of Assembly Bill 1359 (Papan) last year and a need to understand its impact prior to granting the proposed CEQA exemption in Assembly Bill 527. Sonoma Clean Power staff are exploring the possibility of pursuing this bill again in the 2026 legislative year. Sonoma Clean Power is also continuing to lead efforts to drive the adoption of a more adaptable, cost-effective framework for planning new transmission. We hosted a successful summit on transmission planning in Sacramento this past summer and are exploring the possibility of sponsoring legislation on this topic next year. In that vein, staff worked closely with the office of Assembly Utilities & Energy Committee Chair Cottie Petrie-Norris to support her in submitting a letter to the California Public Utilities Commission (attached below) calling for a more thoughtful approach to transmission planning along the lines of what we have suggested.

Separately, Sonoma Clean Power also submitted a statement in support of Congressman Mike Thompson’s recently introduced legislation that would restore clean energy tax credits from the Inflation Reduction Act that were eliminated under President Trump’s recent megabill. The statement read: “The Sonoma Clean Power Authority is proud to support this urgently needed legislation, and thanks

Congressman Thompson for his continued leadership in confronting the defining challenge of our time: the climate crisis,” said Geof Syphers, CEO of the Sonoma Clean Power Authority. “We urge Congress to enact this proposal without delay.”

Attachments

- Attachment 1 – Governor Gavin Newsom Veto Message for AB 527 (Papan)
- Attachment 2 – Assemblymember Cottie Petrie-Norris Letter to California Public Utilities Commission Regarding Transmission Planning



OFFICE OF THE GOVERNOR

OCT 06 2025

To the Members of the California State Assembly:

I am returning Assembly Bill 527 without my signature.

This bill would create a California Environmental Quality Act (CEQA) exemption through 2030 for qualifying geothermal exploratory projects when a county or the Department of Conservation's California Geologic Energy Management Division (Division) is the lead agency, if those projects meet specified requirements.

This bill also would require the Division to combine new regulations for "enhanced geothermal systems" (EGS) wells with a current geothermal rulemaking by January 1, 2029, and, until those regulations are in effect, operators would be required to provide specified technical information when filing a drilling Notice of Intention for EGS wells in CEQA-exempt projects.

In addition to delaying much-needed regulations that are already in process, the Division would need to substantially increase fees on geothermal operators to implement the new requirements imposed by the bill. While I support the expansion of the geothermal energy industry in California as a much-needed source of baseload clean power, the increased fees caused by this bill could disincentivize geothermal development in California beyond any incentive provided by a CEQA exemption for one part of a project's permitting process.

Additionally, I signed Assembly Bill 1359 (Papan) last year, which made a series of targeted reforms to the review and approval of geothermal exploration

projects. It is prudent that we understand the effects of these changes before granting wholesale CEQA exemptions with costly and complicated conditions.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

A handwritten signature in black ink, appearing to be "Gavin Newsom", written over a horizontal line. The signature is stylized with a large initial "G" and a long horizontal stroke at the end.

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COMMITTEES
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AND HOUSEHOLD IMPACT
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PRIVACY AND CONSUMER PROTECTION
JOINT LEGISLATIVE COMMITTEE ON
CLIMATE CHANGE POLICIES

October 23, 2025

President Alice Busching Reynolds
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Request to Scope Approaches to Portfolio and Transmission Planning That Improves Adaptability

Dear President Reynolds:

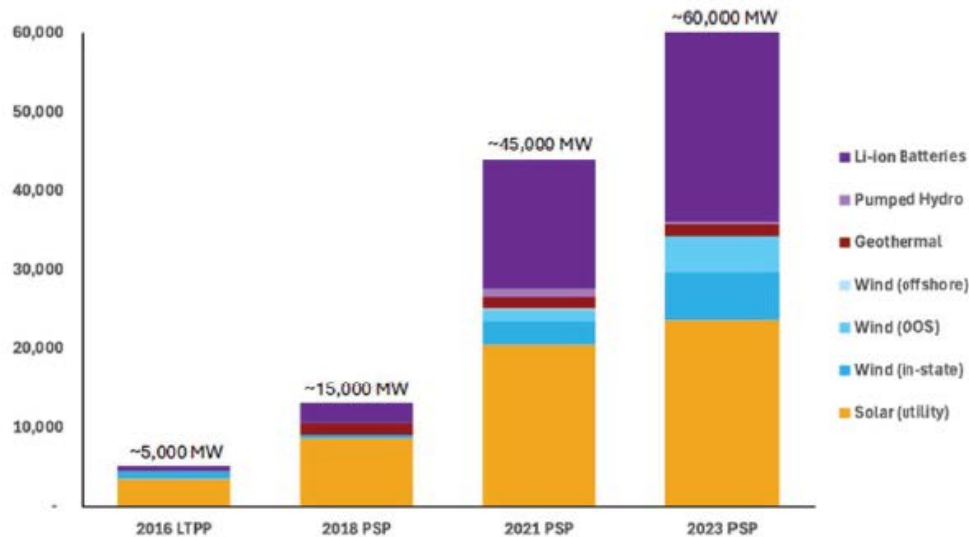
I write to request that the California Public Utilities Commission (CPUC) consider a new approach to portfolio and transmission planning and include such approach as part of the forthcoming scoping memo in the Integrated Resource Planning proceeding (R. 25-06-019).

Currently, the CPUC attempts to identify the lowest-cost portfolio of transmission and other resources through an approach that does not include any uncertainties about the modeling inputs. For example, one recent assumption held that, in 2040, exactly 19 GW of out-of-state wind would be available at a cost of \$55/MWh or less. This is presented to the model as a rigid input. As you know, model outcomes are highly sensitive to input assumptions. Rigid or overly certain input values mask uncertainty and lead to misleading conclusions when underlying conditions change. Historical experience has shown that when those assumptions are incorrect, as many are likely to be, the transmission plan will not perform as intended. While the CPUC has developed a process in the IRP to biennially update the modeling results, with occasional interim updates to key assumptions that help correct the model as new data become available, incorporating uncertainty *initially* will reduce the reliance on these interim updates and minimize the likelihood of surprising swings in the modeling results from cycle to cycle.

I request that the CPUC consider a planning technique known as “decision-making under uncertainty.” Given that the future is fundamentally unknowable, transmission planning relies on identifying a wide range of variables or uncertainties about the future and then attempting to develop the lowest-cost transmission plan based on what is known about those uncertainties today. For example, the chart below depicts anticipated new capacity growth by 2030 in state plans from 2016 to the present:¹

¹ Aaron Burdick, “Planning the Grid Without a Crystal Ball,” presentation at the June 25th, 2025 Sonoma Clean Power & Peninsula Clean Energy transmission planning summit in Sacramento.

Capacity Additions Forecasted for 2030 over the last 4 IRP cycles (Nameplate MW)



In 2016, state regulators thought California would need to add 5,000 MW of new capacity by 2030. Seven years later, their forecast increased to 60,000 MW. It was no one person's fault that those estimates were off by over 1,000% – simply, the world changed: heat pumps, climate targets, electric cars, data centers and AI. This underscores that our approach needs to reflect the high degree of uncertainty inherent in our changing energy system. It also underscores how a model's accuracy diverges significantly the longer you forecast into the future. Decision-making under uncertainty can account for this time variable.

Instead of *explicitly* accepting that the future is unknowable, the CPUC's current planning process develops a cost-optimized plan by incorporating inputs that are principally the "best guess" of today. For example, out-of-state renewable resources could become significantly more available in the future due to an expanded regional energy market, they could become significantly less available due to local siting or political issues, or they could remain roughly as available as they are today. Despite this uncertainty, the portfolio-planning model includes an assumption that the future reality will land in the middle, regardless of the actual odds of that happening.

Over the long term, a lack of adaptability in our transmission system has the potential to drive costs significantly higher than expected when certain key conditions change. In particular, the transmission system planned today is incapable of handling faster load growth or reduced availability of out-of-state renewables—which if left unaddressed, will lead to a future with serious reliability and affordability consequences.

Until recently, the current planning paradigm was our only option, due to modeling techniques not adaptable to a wide range of future scenarios. Plugging in a deterministic set of assumptions about the future was a useful way to develop a system that would minimize ratepayer costs. However, the time has come to update this system. Exciting new modelling techniques allow us to develop a portfolio optimized to provide lower ratepayer costs across a wide range of future scenarios and

secure ratepayer benefits over the long term (as laid out in the August 1st comments in this proceeding from Sonoma Clean Power Authority and Peninsula Clean Energy).

Princeton University's ZERO Lab has demonstrated the ability to use decision-making under uncertainty in optimizing California's energy system at the same granularity and accuracy as the CPUC's existing model². The model and techniques are open-source and, under the CPUC's direction, the CPUC's outside consultants currently supporting resource and transmission planning could utilize the new methodology.

I request that the CPUC consider novel approaches to portfolio planning that are resilient to a range of future conditions and that protect ratepayers, reliability, and the environment in all of those scenarios. Some specific steps in this direction that I would like you to consider including:

- Adopting of a new grid-planning objective that provides affordability and environmental benefits across a range of future scenarios, by focusing on both achieving low costs and minimizing the risk of future high costs and other undesirable outcomes. In other words, changing the current focus on "least cost" to a "least cost *and* least risk" approach that avoids the illusory precision of our current paradigm.
- Adding a "decision-making under uncertainty" capability to the IRP model informing grid-planning decisions.
- Reprioritizing IRP staff and budget to support decision-making under uncertainty and strategic grid upgrades in lieu of adding levels of precision to deterministic plans that may be obsolete not long after they are developed. A portfolio that is adaptable to a wider range of scenarios will be more accommodating to changing inputs, requiring less staff time in the future and freeing up resources for other urgently needed purposes.
- Collaborating with CAISO on how best to leverage the output of robust planning and multiple scenarios to identify opportunities to right-size upgrades and invest in adaptable infrastructure that is in alignment with the requirements of FERC Order 1920.

The implication of building a more resilient, flexible system is to add enough transmission capacity to restore competitive markets and resilience. Considering recently enacted legislation that makes financing new transmission cheaper than ever before, I believe the CPUC and stakeholders would benefit from having the full range of options on the table for building an affordable, reliable, and carbon-free grid, by incorporating assessments of how to limit costs across a future that will continue to evolve.

I urge you to incorporate uncertainty into your IRP modeling, and include consideration of "decision-making under uncertainty" within your forthcoming scoping memo in R. 25-06-019.

Should you have any questions or wish to discuss further, please do not hesitate to contact myself or my Legislative Director, Jacob Moss, at 916-319-2073 or jacob.moss@asm.ca.gov.

² Jesse Jenkins and Gabe Mategna (Princeton ZERO Lab), "Transmission Planning Under Uncertainty for California;" at the June 25th, 2025 Sonoma Clean Power & Peninsula Clean Energy transmission planning summit in Sacramento.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Petrie Norris". The signature is fluid and cursive, with the first name "C." being a large, stylized capital letter.

Assemblywoman Cottie-Petrie Norris, Chair
Assembly Utilities and Energy Committee

cc:

Grant Mack, Office of Governor Newsom

Christine Hironaka, Office of Governor Newsom

Chase Hopkins, Office of Speaker Rivas

Chris Nielsen, Office of Pro Tem McGuire

Kip Lipper, Office of Pro Tem McGuire

Erin Rodriguez, Director, Office of Governmental Affairs, CPUC

Service List of R. 25-06-019

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Staff Report - Item 07

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 Delegate Authority to the Chief Executive Officer or his Designee to Terminate the Geothermal Opportunity Zone Cooperation Agreement with Chevron New Energies and Execute the Memorandum of Understanding with Chevron New Energies for Collaborating to Develop Geothermal in the Western Interconnection

Date: November 6, 2025

Recommended Action

Delegate authority to the Chief Executive Officer or his designee to execute a termination letter ending the Geothermal Opportunity Zone Cooperation Agreement ("cooperation agreement") with Chevron New Energies and execute a separate Memorandum of Understanding ("MOU") with Chevron New Energies to collaborate on development of geothermal more broadly in the Western Interconnection.

Background

SCP and Chevron New Energies ("Chevron") executed a cooperation agreement for partnering in development of geothermal resources in the Geothermal Opportunity Zone ("GeoZone") in March 2023. The cooperation agreement includes mutual obligations to de-risk and progress early project development, including requirements for Chevron to establish site control, initiate permitting, and enter the interconnection queue and expectations for SCP to convene community stakeholders, provide regulatory and legislative advocacy, and a commitment for future offtake. In return for SCP's collaboration in early project development, the

cooperation agreement extends a right-of-first refusal to SCP for any geothermal development by Chevron in the GeoZone.

As an enforcement mechanism, the cooperation agreement requires the completion of several project milestones by Chevron before March 2, 2026. Chevron has satisfied some of its milestones, including assessing geothermal development potential and securing site control for an initial project. However, Chevron will be unable to complete milestones for permitting and interconnection. Unlike SCP's other GeoZone partner Eavor, Chevron is not requesting a timeline extension. Due to technical and regulatory challenges (see Discussion section below) and competing internal priorities, Chevron does not expect to actively progress project development in the GeoZone until after it de-risks technology and builds geothermal expertise in less complex settings. Because Chevron's timeline for restarting activity in the GeoZone is uncertain and likely extended, staff is recommending the Board terminate the cooperation agreement which is better suited to support active project development.

The cooperation agreement allows for termination by mutual agreement in writing. The text of the proposed termination is included as Attachment 1. The termination letter respects provisions in the cooperation agreement that extend SCP's ROFR, and conditions on indemnification and confidentiality for a period of two years following termination. SCP has also added language to the termination letter providing SCP advance notice of any major activities or decisions for the geothermal property Chevron owns in the GeoZone over the next two years, and a commitment from Chevron to engage in good faith community, tribal, and stakeholder engagement for any active development in the GeoZone.

In return for its support for the Chevron GeoZone project to date, SCP has requested Chevron treat SCP as a preferred off-taker for any geothermal projects developed in the Western Interconnection (the twelve western-most U.S. states). SCP also has an interest in supporting Chevron's out-of-state projects to accelerate learnings that can be applied to restarting active development at Chevron's project in the GeoZone. Staff have negotiated an MOU with Chevron that formalizes the preferred off-taker status, facilitates information sharing, and signals a commitment to negotiate a cooperation agreement should active development return to the GeoZone. The MOU also extends Chevron's commitment for sharing major updates on development decisions in the GeoZone past the two-year sunset in the termination letter. The text of the proposed MOU is included as Attachment 2.

Community Advisory Committee Review

The Community Advisory Committee (“Committee”), in two separate votes, unanimously recommended the Board both approve moving forward with the termination agreement and the MOU. After reviewing the termination letter and MOU, the Committee recognized the language was comprehensive in preserving SCP’s interest in future GeoZone development. The Committee also recognized that progressing next-generation geothermal technology is fluid, and appreciates SCP’s approach to adapting partnerships, collecting lessons learned, and finding new opportunities as appropriate. The Committee also has a detailed discussion of first well risk and how that barrier may be mitigated by developer experience in other geologic settings or through public financing support.

Agency Goals

Terminating the Chevron partnership, now that activity has stalled, and forming a broader regional partnership, both support the 2025 agency goals of continuing progress on the GeoZone. The termination agreement allows SCP more flexibility to pursue new industry partnerships while the MOU provides a pathway for supporting Chevron’s development in other states with the prospect of building experience that can unlock future GeoZone development.

Discussion

Chevron’s decision to delay active development in the GeoZone was driven by the technical and regulatory complexity of its GeoZone project relative to other candidate sites in the Western United States, as well as an internal decision to stage development of its geothermal portfolio rather than pursuing opportunities in parallel. Although Chevron’s project is located only several miles from the edge of the Geysers where Calpine actively drills new wells, the geologic complexity of the region makes it difficult to extrapolate geologic conditions and directly apply successful drilling techniques and learnings. Accordingly, the uncertainty in cost and time for drilling Chevron’s first well in the GeoZone was significant and difficult to manage alongside the deployment risk of next-generation geothermal technologies.

Regulatory risk for Chevron’s GeoZone project is also high. Although SCP’s sponsorship of AB 1359 last year enabled Chevron to permit exploration through Sonoma County (in response to experience with unmanageable delays with state-level permitting for geothermal exploration), navigating the California Environmental Quality Act (CEQA) for exploration activities is still a costly and lengthy endeavor.

There is also uncertainty about how the state will permit and regulate next-generation geothermal technologies.

Importantly, although technical and regulatory complexity has delayed active development in the GeoZone, Chevron has no plans to sell the project and sees the GeoZone as a viable follow-up development after it de-risks deployment. The resource quality in the GeoZone is high, and California continues to be the strongest market for geothermal power.

Through its partnership with Chevron, SCP has developed a large set of learnings that are being deployed in its regulatory and legislative advocacy, as well as the design for future GeoZone industry partnerships. As an example, in response to Chevron's experience navigating first-well risk, a top priority for SCP next year is securing state or federal funding for reducing the financial risk of geothermal exploration. As another example, SCP expects to closely scrutinize future partnerships for their characterization of technical risk and select partners who are better aligned with SCP on overcoming first-well risk.

The GeoZone cooperation agreements are structured to support active geothermal development. The agreements include project milestone requirements to give confidence to SCP that its industry partner is investing in progressing project development in exchange for SCP's support in advocacy and community engagement. Because Chevron is uncertain on when active development will proceed in the GeoZone, staff believe it is prudent to end the cooperation agreement and begin the process of looking for new GeoZone industry partners. However, staff believe there is value in continuing to coordinate with Chevron on geothermal development more broadly—and the proposed MOU both improves SCP's access to out-of-state resources it may need and allows for information sharing that could ultimately lead to Chevron's return to active development in the GeoZone.

Other GeoZone Updates

At the end of September, the California Energy Commission ("CEC") announced that Sonoma County has been selected for an award of \$1.36 million as part of its Geothermal Grant and Loan Program, which is funded from California's share of geothermal royalties on federal land in the state. SCP worked closely with Permit Sonoma on the grant application and is part of the project's team, which also includes Mendocino County and the National Renewable Energy Laboratory ("NREL"). The project, titled the "Sonoma-Lake-Mendocino Proactive Regional Geothermal Planning

Project” will involve subsurface mapping, community and tribal engagement, growing planning staff expertise, geospatial analysis, and ground-truthing results with on-the-ground ecological and cultural reconnaissance surveys across the three-county region. The goal of the project is to proactively equip industry and planning agencies with comprehensive datasets and firsthand experiences that enable more informed and efficient project siting and permitting in the region. SCP will be participating in the project as an unfunded partner, with its staff contribution recognized as an in-kind match.

Attachments

- Attachment 1 - Draft Letter Agreement for Mutual Termination of GeoZone Cooperation Agreement
- Attachment 2 - Draft Memorandum of Understanding Between Sonoma Clean Power Authority and Chevron New Energies in Collaborating to Develop Geothermal in the Western Interconnection



November 6, 2025

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

Re: Letter Agreement for Mutual Termination of GeoZone Cooperation Agreement

Dear Mr. Syphers:

Reference is made to the GeoZone Cooperation Agreement (“**Agreement**”), dated March 2, 2023, between Sonoma Clean Power Authority (“**SCPA**”), a California joint powers authority, and Chevron New Energies, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“**Company**”). Capitalized terms used but not defined herein have the meanings ascribed to them in the Agreement.

Pursuant to Section 2.2.1 of the Agreement, the Parties agree that the Agreement shall be mutually terminated effective November 6, 2025.

Pursuant to Section 2.4 of the Agreement, this voluntary, mutual agreement does not affect the validity of Sections 8.3, 10, 13, 14, 15.2, and any other provisions that survive termination for the period set forth in the Agreement. Under Section 8.3, this includes Chevron’s covenant to provide SCPA with a right of first refusal with respect to Products associated with or attributable to new geothermal resource capacity developed by Chevron and located within the GeoZone for two (2) years after the effective termination.

Additionally, Chevron commits to providing SCPA thirty days’ advanced written notice of any decision related to the development, transfer, or use of any property that is or may be used for geothermal purposes in the GeoZone (“GeoZone Property”) over the time period specified in Section 2.4 of the Agreement. Chevron also commits to engaging in good faith community, tribal, and stakeholder engagement for any active development in GeoZone. If Chevron transfers GeoZone Property to any third party, Chevron will include in the instruments effecting such transfer (a) a right of first refusal in favor of SCPA for the purchase of any geothermal energy produced from the GeoZone Property, and (b) a commitment to good faith community, tribal and stakeholder engagement, both of which ((a) and (b)) shall extend until two years after the termination of the Agreement.

If the foregoing reflects our agreement, please so indicate by countersigning in the space provided below and returning this Letter Agreement to us.

We have appreciated our relationship under the Agreement and wish SCPA every success in its GeoZone initiative.

Very truly yours,

AGREED:

CHEVRON NEW ENERGIES,
a division of Chevron U.S.A. Inc.

SONOMA CLEAN POWER AUTHORITY

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

**MEMORANDUM OF UNDERSTANDING BETWEEN
SONOMA CLEAN POWER AUTHORITY
AND
CHEVRON NEW ENERGIES, A DIVISION OF CHEVRON U.S.A. INC.
IN COLLABORATING TO DEVELOP GEOTHERMAL
IN THE WESTERN INTERCONNECTION**

This Memorandum of Understanding (“MOU”) is entered into on the date of the last party signing below by Sonoma Clean Power Authority (“SCPA”) and Chevron New Energies, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“Company”), each individually a “Party” and collectively the “Parties.”.

1. The Parties:

- a. SCPA is a California Joint Powers Authority and Community Choice Aggregator serving Sonoma and Mendocino Counties, whose members include the Counties of Sonoma and Mendocino, the Cities of Cloverdale, Petaluma, Rohnert Park, Sonoma, Cotati, Fort Bragg, Point Arena, Willits, Santa Rosa and Sebastopol, and the Town of Windsor.
- b. Company is an integrated energy company incorporated in the Commonwealth of Pennsylvania with headquarters in Houston, Texas.

2. Background:

- a. SCPA established a Geothermal Opportunity Zone (“GeoZone”) on October 7, 2021 to explore the opportunity to develop local geothermal resources. Mendocino County passed a resolution establishing their membership in the GeoZone on December 7, 2021. Sonoma County passed a resolution to join the GeoZone on February 8, 2022.
- b. SCPA and Company executed a GeoZone Cooperation Agreement (“Cooperation Agreement”) on March 2, 2023 to partner in scaling new geothermal resource development in the GeoZone. The Cooperation Agreement is being mutually terminated due to technical and regulatory complexities of development in the GeoZone that make it infeasible to meet the agreement milestones.
- c. SCPA and Company have a mutual interest in developing geothermal resources in the Western Interconnection of the United States (“Western Interconnection”) that can both provide near-term energy and reliability to SCPA and de-risk technologies for future application in the GeoZone.
- d. Company recognizes that SCPA has provided regulatory and legislative advocacy, market insights, community outreach, and commercial interest with respect to Company’s geothermal development activities.

3. Purpose:

The purpose of this MOU is to collaborate on development of geothermal resources in the Western Interconnection of the United States to increase the supply of clean firm resources to SCPA and de-risk technologies for future application in the GeoZone.

4. Agreement:

As part of this MOU, the Parties agree to the following:

- a. Company will treat SCPA as a preferred off-taker for geothermal projects transmitting power across the Western Interconnection electric grid (each a “WI Project”). As such, the Company will make commercially reasonable efforts to allow SCPA to negotiate capacity from any WI Projects. SCPA will commit to being responsive to negotiations and not unreasonably delay commercial activities;
- b. SCPA will provide Company with semi-annual updates on the market for geothermal resources, and important regulatory, legislative, and strategic considerations in delivering power to California off-takers; and
- c. Company will provide SCPA with semi-annual updates that include non-proprietary information on the status of its geothermal development portfolio within the Western Interconnection, as well as advanced notice on any major decisions or activities for geothermal projects within SCPA’s service territory.
- d. Parties agree to negotiate a new cooperation agreement in good faith to progress local geothermal resource development, should Company begin permitting development in SCPA’s service territory.

5. Confidentiality:

- a. “Confidential Information” means information, whether oral or written, including all documents, data, drawings, studies, projections, plans and other written information that is commercially sensitive or relates to Company’s proprietary capabilities, that is delivered by one Party to the other Party that either Party stamps or otherwise identifies as “confidential” or “proprietary” at the time of disclosure. Confidential Information does not include (i) this MOU; (ii) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this MOU; (iii) information that becomes publicly available through no fault of the recipient after the time of the delivery; (iv) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; (v) information that the recipient independently developed without a violation of this MOU; and (vi) information that is determined by SCPA to be subject to the California Public Records Act. In the event that SCPA determines Confidential Information must be

released pursuant to the California Public Records Act, SCPA agrees to notify Company in advance. In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word "Confidential."

- b. The Party receiving Confidential Information (the "Receiving Party") from the other Party (the "Disclosing Party") shall not disclose Confidential Information to a third party (other than the Party's employees, lenders, counsel, accountants, directors or advisors, or any such representatives of a Party's Affiliates, who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable Law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding applicable to such Party or any of its Affiliates; provided, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

6. Miscellaneous:

a. Termination:

This MOU will terminate for any or no reason upon thirty (30) days written notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

b. Amendment:

Parties may amend this agreement through a written amendment to this document executed by both Parties.

c. No Joint-Venture:

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it create a financial obligation or any liability on behalf of any Party. The Parties will pay their own costs and expenses (whether internal or out-of-pocket, and whether for legal, financial, technical or other consultants, or other purposes) in connection with the MOU. IN NO EVENT SHALL THE PARTIES OR ANY OF THEIR AFFILIATES AND/OR REPRESENTATIVES BE LIABLE FOR ANY INDIRECT DAMAGES, LOST OR PROSPECTIVE PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES UNDER OR IN RESPECT TO THIS MOU.

d. Governing Law; Waiver of Jury Trial; Joint Powers Authority

This MOU is governed by, and construed in accordance with, the laws of the State of California. Each Party irrevocably waives all right to trial by jury in any action or

proceeding arising out of or relating to the provisions of this MOU or the enforcement of any rights hereunder. Partner acknowledges and agrees that SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 *et seq.*) and is a public entity separate from its members. SCPA shall solely be responsible for all commitments accruing and arising out of this MOU. Partner agrees that it shall have no rights and shall not make any claim, take any actions, or assert any remedies against any of SCPA's members in connection with this MOU.

e. Public Announcements

Each Party must submit proposed public notices, announcements or press releases regarding the execution of this MOU or its purpose to the other Party for prior review and approval. Such approval may be granted or withheld by the other Party in their sole discretion, for any reason or no reason. If a Party is required to make any mandatory notice or announcement required under applicable law, then prior approval by the other Party is not required, but such Party will use its reasonable efforts to allow the other Party reasonable time to comment on such notice or announcement in advance of its issuance. Public notices, announcements or press releases subject to this section shall not include SCPA's public agendas, agenda packets, and similar supporting documents.

f. No Conflict; Survival of Prior Obligations

This MOU is not intended to, and shall not be construed to, amend, supersede, waive, or otherwise conflict with any obligations of either Party under any preexisting agreement between the Parties. Without limiting the foregoing, the Parties expressly confirm that obligations, including termination time periods, under the Cooperation Agreement shall remain binding and enforceable in accordance with its terms.

IN WITNESS WHEREOF, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.

SONOMA CLEAN POWER AUTHORITY:

Geof Syphers, Chief Executive Officer

Date: _____

**CHEVRON NEW ENERGIES, A DIVISION OF
CHEVRON U.S.A. INC.:**

TBD

Date: _____



Staff Report – Item 08

To: Sonoma Clean Power Authority Board of Directors

From: Scott Salyer, Senior Program Manager, Decarbonization Strategy
Adam Jorge, Senior Decarbonization Policy Manager

Issue: Receive Update on Sonoma Clean Power Authority Decarbonization Research Efforts

Date: November 6, 2025

Recommendation

Receive a presentation on Sonoma Clean Power (SCP) research efforts into decarbonization strategies, local grid challenges, and long-term electrification and policy planning.

Background

As Sonoma Clean Power pursues its mission of turning the tide on the climate crisis and meeting strategic and state goals, the Agency has recognized a need to conduct in-depth research on the barriers, challenges, and opportunities in the decarbonization space.

Significant policy, technical, and financial challenges to territory-wide electrification threaten to undermine progress toward grid decarbonization and attainment of statewide climate goals. Moreover, SCP's economically disadvantaged and rural communities are at great risk of being left behind in this transition. And initial estimates suggest that the cost of converting all residential homes in our service territory to all-electric could exceed \$6 billion.

To ensure that decarbonization occurs cost-effectively, equitably, and in a timely manner, detailed long-term planning will be essential.

Discussion

Over the past year, SCP has been conducting foundational research in key areas to better inform decarbonization efforts and identify the best strategies to support our customers through the energy transition. A few of the most prominent efforts and their expected outcomes are described below:

Energy Use Emissions Inventory

SCP staff has created an internal dashboard for estimating territory-wide greenhouse gas emissions (GHG) from electricity and gas consumption. This analysis found that in 2024, energy use in SCP service territory accounted for 848,025 metric tons of CO₂, with Sonoma County making up 87% and Mendocino County 13%. Of the total GHG, 65% comes from natural gas combustion, 20% from electricity, and the rest (15%) from propane and wood. Emissions from residential buildings account for 64% of the total compared to 36% for commercial and other non-residential buildings. Agricultural sector (non-residential) energy use makes up a little over 3% of total emissions.

Analysis of the transportation sector is ongoing, but initial findings suggest that territory light-duty vehicle emissions may exceed 2,000,000 metric tons of CO₂.

Electric Outage Customer Impact Study

SCP's Community Needs Assessments conducted in 2023 and 2024 revealed a strong customer concern around electric reliability. Between 2019 and 2020, over 200,000 meters were affected by Public Safety Power Shutoff (PSPS) events. Although PSPS events have become less frequent in the past two years, PG&E has begun to implement broader use of Enhanced Powerline Safety Settings (EPSS), also known as "fast trip" settings, to cut power automatically when a dangerous condition is detected.

SCP staff has been working in recent months to acquire data on customer outage frequency and duration. Using this new information source, the agency will be able to identify areas and customers experiencing reliability challenges, and work to provide solutions. The team currently has three years of customer outage statistics and is actively analyzing this data set to uncover trends and evaluate community impacts.

Substation and Circuit Analysis

This work aims to provide an overview of SCP's local grid constraints, including the location of overloaded circuits and an overview of planned investor-owned utility infrastructure improvements.

SCP staff has obtained relevant data and conducted initial analysis of the service territory's current and expected infrastructure needs and limitations. Going forward, this critical information will allow the agency to identify customer reliability issues, anticipate grid barriers to local electrification, and design circuit-level solutions to minimize costly infrastructure upgrades. This research has already identified the significant infrastructure barriers to electrification in the Roseland neighborhood, with area circuits expected to reach over 110% capacity by 2029.

GFO-24-501: Paving the Way for California's Gas Transition

On June 26, SCP submitted a proposal for the California Energy Commission's *"Paving the Way for California's Gas Transition"* (GFO-24-501), titled *"A Community-based Assessment of Energy Transition Barriers in Rural and Tribal Areas."* The project, if selected, would conduct multidisciplinary research to uncover and address the unique local challenges of electrifying homes and businesses, while minimizing costs to customers, improving grid reliability, and ensuring an equitable transition. The project team would conduct this feasibility work in close collaboration with the partner communities of City of Willits, unincorporated Hopland and the Hopland Band of Pomo Indians, and unincorporated Graton.

SB 1221 Decarbonization Zones

Sonoma Clean Power is leading Joint CCA coalition efforts in the CPUC's Senate Bill 1221 proceeding (R.24-09-012) to advocate for a fair, data-driven, and customer-led SB 1221 Pilot Program. This proceeding directs the utilities to begin planning for 30 targeted decarbonization zones in specific neighborhoods by substituting gas infrastructure replacement with increased electrical capacity. Each pilot project would need to gain buy-in from 67% of impacted customers and *voluntarily* transition the accounts within the project area from gas to all-electric service.

The CPUC is currently expected to identify the first series of pilots by July 1, 2026. Successful completion of Senate Bill 1221 pilots would represent a major step toward understanding the feasibility of and methodologies required to facilitate large-scale gas system retirements.

Next Steps

In the next phase of decarbonization planning, SCP staff will leverage the tools developed to inform territory-wide planning processes and set long-term program goals. A major outcome of this work will be a Decarbonization Roadmap, which will provide a 20-year outlook on the decarbonization opportunity in Sonoma Clean Power territory. This scope of this analysis will be all infrastructure and services that connect to and support a future electrified economy.

Additional near-term tasks include:

- Calculating emissions trajectories for the buildings and transportation sectors.
- Estimating customer bill and SCP load impacts of electrification.
- Evaluating the feasibility of project sites for implementation under SB 1221.
- Identifying circuits and substations with near- and long-term load capacity constraints.
- Assessing potential funding sources (e.g., the next round of CEC EPIC grants).

As a result of this important work, SCP will be better positioned to: 1) design effective programs to support our customers through the energy transition, 2) utilize funding streams as they become available, and 3) ensure these changes are pursued cost-effectively and equitably.

Fiscal Impact

None.

Agency Goals

This research directly supports several adopted agency goals. If SCP is selected to implement the GFO-24-501 grant, the resulting research would serve to help advance equity priorities (Goal 2) by providing detailed insight into the costs and impacts of electrification in rural communities. The data on grid constraints and outages will inform the Agency's implementation of building electrification policies (Goal 6). SCP advocacy and policy leadership on SB 1221 will provide key contributions to this goal as well. Together, these projects will help facilitate the Agency's integrated resource planning efforts to reduce natural gas power (Goal 3).

Attachments

- None.



Staff Report - Item 09

To: Sonoma Clean Power Authority
From: Geof Syphers, Chief Executive Officer
Issue: Receive Update on Lake County
Date: November 6, 2025

Update on Lake County

As reported in the media and shared with SCP's Board of Directors last week, the Lake County Supervisors ultimately decided they were not ready to vote on joining SCP on October 21. This means that they have closed the door to CCA service at least until May 2028, and potentially longer. While no action is needed from the SCP Board in this meeting, staff invite questions and input.

Background

Lake County first asked SCP to offer service in 2015, at a time when SCP was only one-year old. At that time, SCP told Lake County we were not ready to consider expanding beyond Sonoma County.

Lake County asked for an offer again in 2019 and SCP completed a detailed feasibility study then, finding that PG&E's fees on new CCA customers would be prohibitively high. As a result, SCP and Lake County mutually agreed that tabling the idea would be prudent.

In the latest round, Lake County ask SCP for an offer of service in March of 2025 and SCP staff again completed a detailed feasibility study. This time the results were strongly favorable; in fact, PG&E's fees on new customers were found to be considerably lower than on existing SCP customers. This meant that new Lake County customers of SCP would have enjoyed a structural price advantage over customers in Sonoma and Mendocino Counties and would have had total bill savings more often than SCP's other customers.

These results were shared with the Supervisors in Lake County and the Cities of Clearlake and Lakeport, and community interest was strong – but skeptical.

SCP's efforts in May 2025 to invite Lake County Supervisors to introduce us to local tribes was not an option they chose. Instead, Supervisor Owen asked us to speak to all of the Municipal Advisory Councils (aka Town Halls) around the Lake, and CEO Syphers agreed. In retrospect, CEO Syphers felt this was a mistake since the meetings were received by the public as a sales pitch rather than an explanation of a new local service and support system for customers. Staff feel that a much better outcome would have been possible if Supervisors had introduced SCP as an "implementer" of their needed services rather than outside organization trying to convince people of its value.

In the final moments of the October 21 meeting, CEO Syphers asked the Lake County Supervisors to consider that if they make a fourth request for service to please come and visit SCP and get to know us. The one-way effort of SCP responding to Lake County's requests and spending 20 in-person public meetings probably backfired. It was perceived that we were the one driving this, and that we must have some profit motive, rather than the reality that staff at the Cities of Clearlake and Lakeport and the County of Lake were actively recruiting SCP to serve their jurisdictions and the elected officials had asked for the offer.

Staff's advice at this point is to respect Lake County's decision that they do not wish to join SCP, while leaving the door open to Lake County building a case in the future that we should revisit this matter a fourth time.

Attachments

None.



Staff Report - Item 10

To: Sonoma Clean Power Authority Board of Directors

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

Issue: Approve Parameters for Customer Rate Reductions on January 1, 2026, Approve a Second Set of Parameters for Rate Adjustment for February 1, 2026, and Waive Prior Board Decision to Allocate 2% of Revenues from Calendar Year 2025 to the Local Investment Fund

Date: November 6, 2025

Recommended Action

Approve parameters to reduce customer rates on January 1, 2026 that target total electric bills for SCP customers of 3% above total bills for bundled service customers, approve parameters for adjusting rates on February 1, 2026 to correct for any errors in forecast, and waive the December 5, 2024 board decision to allocate 2% of revenues from calendar year 2025 to the Local Investment Fund.

Background

Starting January 1, 2026, customer electric costs are forecast to decline significantly when PG&E will be required to lower generation costs. This is good news – though long overdue.

In stark contrast with this news, the PG&E fee on SCP customers to ensure PG&E can fully pay for all power supply contracts the company no longer needs is forecast to rise sharply. PG&E's so-called Power Charge Indifference Adjustment (PCIA) is expected to jump to \$68 million for SCP customers in 2026, eroding much of the customer savings from PG&E's rate decrease. The jump in PCIA is due to two factors: first, the forecast of 2026 energy prices is lower than PG&E agreed to pay for its legacy contracts, so SCP's customers must make sure PG&E is protected against any losses from reselling those contracts; and second, PG&E's estimate of energy prices in 2025 was incorrect and a

“true-up” is now needed to ensure that PG&E does not lose any money for the past year.

The recommended SCP rate reduction on January 1, 2026, will ensure that customers benefit from an overall cost reduction in total electric charges of about \$11 dollars per month for a typical household while avoiding chasing PG&E’s rate changes (which are extreme) and ensuring that SCP will minimize losses and can cover expenses from current and deferred revenues.

While it is impossible to know precisely what PG&E’s rates or fees will be on January 1, 2026, until around 5 PM the night before, SCP staff routinely review PG&E’s preliminary data and take input from experts around California in an attempt to make a reasonable forecast. Nevertheless, staff have learned that relying on PG&E’s forecasts can introduce significant error, so a two-part solution is recommended that relies on estimates only for the month of January 2026 and then establishes more accurate rates for February 1, 2026 once PG&E’s actual fees and rates are adopted, and subject to ensuring that SCP’s revenue requirement is met. Staff will use the most recent forecast available on December 1, 2025, to establish the January 1, 2026, rates.

A Long Time Coming

Since its inception in 2014, SCP has focused on building financial reserves and more recently on dedicating deferred revenues into a rate stabilization fund to mitigate against the large fluctuations in PG&E’s rates and fees. Through June 30 of this year, staff expect that \$137.5 million in deferred revenues will be available for offsetting PG&E fees in 2026. That should roughly cover the expected costs and protect customers, but it is estimated to leave less than \$61 million in that fund to offset excess PG&E fees in 2027.

By planning long in advance, SCP has two more sources to protect customers.

If the deferred revenues run out in 2027, SCP has additional dedicated operating reserves that are projected to be approximately \$232 million as of December 31, 2025, which can be utilized down to a minimum balance of 180 days of cash on hand per Financial Policy B.2. Second, SCP has an established \$100 million line of credit with Royal Bank of Canada to provide liquidity through periods where short-term problems like this will be resolved over the coming few years.

With all this careful planning, SCP’s rates have beaten PG&E’s rates 84% of the time over the past 11 years while delivering much lower emission power and many other customer benefits.

However, SCP's most powerful tool for protecting customers is to adjust rates far in advance of expected problems to protect customers from rate shock. SCP has used this tool several times over the past 11 years, and staff are recommending doing so again.

California is Unique

In the United States, only California requires that CCA customers pay an exit fee in perpetuity with no obligation for the legacy utility to actively seek out ways to reduce and eventually eliminate the fee over time. The upshot of this regulatory landscape is that California investor-owned utilities view CCAs as a "free hedge," or in other words, a way to lower their financial risk. Other states generally require that fees like the PCIA get completely settled within a fixed time period (often 10 years) or that an active process be used to ensure that unusable contracts are resold or legally terminated within the allowable rights of the contract.

Community Advisory Committee Review

At their October 16, 2025, meeting, the Community Advisory Committee discussed and unanimously voted in favor of the Board approving the recommended rate changes. Several members discussed their on-going concerns regarding the PCIA.

Discussion

To remain competitive with PG&E, SCP staff recommend a rate reduction for January 2026 that will allow customers to realize average bill savings of approximately \$11/month or \$132/year for a typical household.

SCP has proactively been building reserves and deferring revenue over the past 3-4 years while providing over \$90 million in savings to customers in the same time period. We have done this to address the possibility of dramatic swings in PG&E rates and PCIA charges. To lower customer rates, it is expected that about \$117 million in a combination of deferred revenue and operating reserves will flow back to SCP customers in calendar 2026.

PG&E is expected to implement changes to the PCIA and PG&E's rates on January 1, 2026, or soon after that. If PG&E's updates are delayed, then staff propose to make SCP's rate change as soon as feasible after the information becomes available.

In order for SCP to implement rates on January 1, 2026, estimates will be relied on for the month of January 2026. Once PG&E's actual fees and rates are adopted, SCP will establish more accurate rates for February 1, 2026. The Board will also have an

opportunity to ratify the continued use of the February 1, 2026, rates at the February board meeting.

Staff are recommending that the Board approve the following proposed rate-setting parameters effective January 1, 2026:

- Using the best available forecasts on December 1, 2025, establish SCP rates at 3% above PG&E's expected January 1, 2026, bundled service total bills, while projecting that SCP's revenues (including deferred revenues) will cover all expenses; and
- Utilize the December 2025 rate structure for cost allocation among the rate classes; and
- Reset all rate classes so SCP customer total bills have an equal 3% difference from PG&E's bundled service total bills.

To correct for any errors in forecast once PG&E's actual fees and rates are adopted, staff is recommending a rate change effective February 1, 2026, or as soon as feasible following any delay to PG&E's January 1, 2026, updates, using the following parameters:

- Establish SCP rates at 3% above PG&E's January 1, 2026, bundled service total bills, while projecting that SCP's revenues (including deferred revenues) will cover all expenses; and
- Reset all rate classes so SCP customer total bills have an equal 3% difference from PG&E's bundled service total bills; and
- Requires that staff return to the Board following rate implementation to have the final rates ratified for continued use.

Staff recommend skipping a contribution for 2025 into the Local Investment Fund to support an estimated \$5 million in lower rates at a time when additional local investments will take more than 1 year to materialize. SCP's Capital Projects & Engineering department is actively creating development opportunities for local investments in solar and storage, and the existing \$12.8 million in that fund is likely sufficient to cover all the expected 2026 investments. As a result, staff recommend returning those funds to ratepayers to directly offset energy costs.

Fiscal Impact

Staff currently projects that the impact of reducing rates per the above parameters starting on January 1, 2026, will require using approximately \$117 million of deferred revenue and operating reserves in calendar 2026. The recommended decision will also improve the future financial reserves of SCP by approximately \$18 million relative to sustaining rate parity with PG&E in 2026. The further waiver to avoid contributing funds to local investments in 2026 will additionally reduce rates by an estimated \$5 million.

Attachments

- None.