AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, MARCH 7, 2018
8:45 A.M.

50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

Public Comment: Comments are restricted to matters within the Board’s jurisdiction. Please be brief and limit comments to three minutes.

I. CALL TO ORDER

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve February 7, 2019 minutes of the SCPA Board of Directors meeting (pg. 3)

III. BOARD OF DIRECTORS REGULAR CALENDAR


3. Receive Legislative and Regulatory Updates and Provide Direction as Necessary (pg. 20)


5. Authorize the General Counsel to Amend SCP’s PG&E Bankruptcy-Related Legal Services Agreements with Boutin Jones, Inc. and Engel Law P.C. (pg. 40)

6. Approve Contract for Construction Management Services with Sixth Dimension, LLC. at 741 4th Street (pg. 43)

IV. BOARD MEMBER ANNOUNCEMENTS

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

VI. ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk of the Board at (707) 890-9491, as soon as possible to ensure arrangements for accommodation.
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<thead>
<tr>
<th><strong>COMMUNALLY USED ACRONYMS/TERMS TO KNOW</strong></th>
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<td><strong>TOU</strong></td>
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I. CALL TO ORDER

Chair Landman called the meeting to order at 8:46am

Present: Chair Landman, Vice Chair Slayter, and Directors Bagby, Gjerde (participating by teleconference), Harrington, King, Rogers, Torrez, and Okrepkie

Staff Present: Geof Syphers, Chief Executive Officer; Stephanie Reynolds, Director of Internal Operations; and Jessica Mullan, General Counsel

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve the January 10 & 25, 2019 meeting minutes of the SCPA Board of Directors

   Public comment:
   George Uberti, spoke about pending PG&E litigation and impacts on SCP’s services
   Deborah Tavares, asked about decommissioning of Potter Valley project, the Humboldt County nuclear generation facility, and any impacts to SCP’s services

   Motion to approve the January 10, 2019 meeting minutes of the SCPA Board of Directors by Vice Chair Slayter
   Second: Director Bagby
   Motion Passed: 8-0-1

   Motion to approve the January 25, 2019 meeting minutes of the SCPA Board of Directors by Vice Chair Slayter
   Second: Director Bagby
   Motion Passed: 7-0-2

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Internal Operations, Monthly Financial Report, update on PG&E bankruptcy, and provide input as appropriate.
CEO Geof Syphers updated the Board on PG&E’s bankruptcy, including SCP’s efforts-to-date to protect ratepayer interests and ensure the strength of the organization.

General Counsel Jessica Mullan detailed her recent focus on ensuring continuity with PG&E and SCP’s shared billing arrangement.

CEO Syphers advised the Board on the updated legal budget, anticipated needs for outside counsel for the remainder of fiscal year, along with an expected increase in this budget area in coming fiscal year.

Director Harrington asked about the centralized Resource Adequacy entity and status of this proposal; CEO Syphers detailed that this proposal is ongoing at the CPUC.

CEO Syphers updated the Board on the ongoing load deviation issues (errors from forecasted load), which are coming from the residential sector alone. Although anecdotal, staff’s investigation found it likely that the majority of the deviation is due to reductions in the cannabis industry. Director Rogers requested that staff provide sources of load deviation with participating jurisdictions.

Director of Internal Operations, Stephanie Reynolds, then updated the Board on the following items: orientation binders for new Board members; status on the 431 E St. building remodel project; EverGreen outreach to member jurisdictions; financial statements through December, which due to the load forecasting issue has resulted in lower revenues and expenses; various programs updates, and the upcoming CAC meeting schedule.

CEO Syphers thanked Director Rogers for the City of Santa Rosa’s efforts to install new EV chargers located in Courthouse Square, which were supported in part by grant-funding from SCP.

Director Slayter noted the recent install of an EV charger that SCP provided grant funding for at the Forestville Wellness Center.

Director Harrington requested that staff post the new member orientation binder to the SCP website.

Public comment:

Deborah Tavares, asked about PG&E bankruptcy, stated concerns over the PG&E Solaren project, sources of SCP grants, and the decommissioning of the Humboldt nuclear generation facility.

Lou, commented on the AER program and local Climate Action Plans.

George Uberti, asked about financial reports and the role of County of Sonoma Auditor Controller Treasurer Tax Collector Office in review SCP’s financial statements.

3. Receive Legislative and Regulatory Updates and provide input as appropriate.

Director of Regulatory Affairs, Neal Reardon, updated the Board on the Application for Rehearing of the PCIA decision, which the CPUC declined to consider. Therefore, the Application is deemed denied and the next procedural step to challenge the decision would be through the courts. He then noted that a Scoping Memo has been released for the 2nd phase of the PCIA.
Director Reardon then detailed PG&E's Energy Resource Recovery Account (“ERRA”) process for setting rates, which has had several delays at the CPUC and that ERRA is on the agenda for Feb. 21st.

Director Harrington asked about the Application for Rehearing decision and what rights SCP has through a decision of the courts. General Counsel Mullan clarified this process and rules for appeal. Director Harrington suggested bringing rate setting for CCAs to citizens through a ballot measure.

Director Slayter asked if the recent PG&E bankruptcy filing would allow for a buyout of the PCIA. General Counsel Mullan stated that these sorts of questions will likely arise later in the bankruptcy hearing process.

Katherine Brandenburg, SCP Lobbyist, provided a legislative update, including the Governor’s budget presentation and the upcoming State of the State. She highlighted that energy is the main topic of conversation at the Capitol. Ms. Brandenburg noted the Governor’s appointments to the CPUC & CAISO along with the creation of a Commission on Wildfire Recovery.

Public comment:
Deborah Tavares, asked about implications of the proposed PG&E rolling blackouts plan, and induction cooktop issues.

Jay Golden, Sebastopol resident, asked about the PCIA and PG&E’s renewable energy contracts.

George Uberti, spoke about the Auditor Controller Treasurer Tax Collector Office and disqualifiers for internal audits.

CEO Syphers spoke to Mr. Golden’s question regarding PCIA, and SCP’s intent that benefits be spread equally.

Director Harrington reminded members of the public that comment should be restricted to items on the agenda.

4. Receive Update on SCP Mission Statement Project
Director of Public Relations and Marketing, Kate Kelly, updated the Board on SCP’s mission statement project, including efforts-to-date following the recent brand update, project goals, who staff engaged with, and the existing mission statement. She recapped the work of an ad-hoc consisting of Directors Harrington and Tibbetts, survey results, and insights from this process.

Director Harrington then revealed the new mission statement: “SCP is turning the tide on the climate crisis, through bold ideas and practical programs.”

Public comment:
Deborah Tavares, talked about solar radiation programs, weather modification & control, and provided a letter on these issues to the Board.

Tom Conlin, Sonoma Sierra Group, spoke in favor of the updated mission statement.

George Uberti, spoke about the mission statement and SCP as a Joint Powers Authority.
5. Approve SCPA’s new Information Technology Security Policy and Advance Metering Infrastructure Data Security and Privacy Policy

Director of Customer Service Erica Torgerson presented the two new policies to the Board, which are now needed based on CPUC decisions. The purpose of the policies are customer privacy and protection. In addition, the policies also establish an SCP IT security team and restricts staff access to confidential data.

Public comment:

Deborah Tavares, spoke about potential sales of confidential data.

Supervisor Gjerde left the meeting at approximately 10:18am

IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Public comment:

Deborah Tavares, spoke about the use of Calpine and liability issues around hydrogen sulfide emissions from geothermal facilities and liability issues arising from earthquakes at production site.

George Uberti, spoke about the SCP Joint Powers Agreement.

Director King updated Board on new City Manager for Petaluma; in addition, Director King also spoke to a recent New York Times article on energy usage by all 50 states.

Director Landman congratulated Director Hopkins on welcoming her new baby.

V. ADJOURN

Chair Landman adjourned the meeting at 10:27
NEW SCP TEAM MEMBER

SCP has formally filled the position of Compliance and Risk Manager and the new team member will be starting on April 1st! This position will be filling a vacancy we currently have. A few of the many responsibilities of this position include handling the ongoing multitude of compliance filings with our regulatory agencies and assisting the Procurement Team with managing our risk factors and Integrated Resource Planning. The recruitment for the SCP Chief Operating Officer has had a remarkable response. Due to the large number of very qualified candidates, the closing date for submitting applications has been changed to Wednesday, March 6th. Initial interviews for this position will begin this month.

LOAD DEVIATIONS

Staff continues to research the load deviations that were reported on in the last few meetings. For the past several months, SCP customer load has been about 7% below forecast. This is more than normal deviation and appears to be largest with residential customers.

Staff met with PG&E on February 5th to discuss the load decline issue. Together, it was determined that there is a subset of residential customers that use significantly more than normal residential customers (“super-users” that use 7x- 300x the normal residential customers). These residential “super-
users” make up less than 1% of residential customers, but more than 10% of residential load. They also tend to be on EV or Time-of-Use (TOU) residential rates and appear to be mostly mobile home parks and residences that are conducting non-residential functions within the home. Staff has identified that a significant portion of these customers have closed accounts or reduced their load drastically in 2018 from previous years. The decrease in load from these customers alone appears to account for around half of the residential load decline. Given that these customers make up only 1% of our residential accounts, staff believes that it is reasonable that normal forecasting variables (i.e. weather, net-metered solar, energy efficiency, price-shock from electricity bills during 2017’s record setting temperatures) would account for the remaining deviation. We have also received reports from PG&E that as normal E-1 flat residential rate users are switching over to TOU rates, their average total daily usage is declining on average up to almost 1%. The departure and decline of “super-user” residential load and the residential TOU has had a significant effect on load and staff will be adjusting forecasts to account for this.

PG&E BANKRUPTCY

SCP continues to monitor PG&E’s bankruptcy protection and restructuring case to ensure SCP’s needs are met through this process. A Creditors Committee and a Fire Victims Committee were established, and those committees requested a one-month delay in finalizing PG&E’s debtor-in-possession financing agreement to give them time to review the details. That final approval is linked with SCP’s motion to ensure continuous billing operations for CCAs, and will now be heard on or about March 13. Staff are optimistic the decision will be favorable.

CalCCA filed comments in the CPUC’s Order Instituting Investigation of PG&E’s Safety Culture asking the CPUC to refocus PG&E on safety, with a partial solution including a phase-out of PG&E from retail electric generation. This concept has been floated widely, including by PG&E itself, and is referred to as a “wires-only” option, implying an exit from electric generation.

CEO Syphers also met with the Governor’s “Strike Team” to educate that team about CCAs.

NEW BOARD MEMBER/COMMITTEE MEMBER ORIENTATION MATERIALS

At the last meeting staff was directed to make available an electronic version of our orientation binder for new Directors and Committee members. This is
available now and can be provided upon request. The information in the “binder” is updated regularly, so placement on the SCP website was not practical.

CONSENT CALENDAR PROCEDURE

At a previous meeting, staff stated the benefits of utilizing a consent calendar/agenda and that the specifics for utilizing a consent calendar would be reviewed. A consent agenda (also known by Roberts Rules of Order as a “consent calendar”) organizes routine meeting discussion points into a single agenda item. In so doing, the grouped items can be approved in one action, rather than through the filing of multiple motions. SCP staff may place agenda items on the consent calendar that are routine in nature, consistent with adopted Board policies, and do not require individual consideration.

Common procedures for use of a consent calendar that staff intend to apply in future SCP and CAC Board meetings are as follows:

- Any member of the governing board may request that an item be removed from the consent calendar.
- The consent calendar will be enacted by one motion and vote for approval of the recommended actions.
- There will be no separate discussion of consent calendar items prior to the time the governing board votes on the motion unless any member of the governing board has a simple clarifying question.
- Any governing board member may ask the Clerk to record a “no” or “abstention” vote on any individual consent calendar item.

BUILDING UPDATE

EHDD has completed the Detailed Design of the 431 E Street renovation project. On February 15th, staff met with EHDD and the various engineers working on the project at a Value Engineering (VE) workshop to reconcile costs of the project and discuss potential enhancements as well as cost cutting measures. There will be a follow-up meeting in March to continue the discussion and come to a consensus on changes. The next step is completion of the construction documents, which is estimated in June of this year.
LEAD LOCALLY (CEC GRANT)

The Lead Locally Research Team has executed participation agreements with 13 of the 15 pilot homes and is currently performing energy audits to assure each home is a viable site for the applied research experiments for advance technologies including: heat pump water heaters, radiant ceiling heating and cooling panels, residential attic phase change materials, and air to water heat pumps. Next steps are to install the pre-monitoring instrumentation and evaluate the baseline energy use prior to the addition of those new technologies. A Phase 2 research study on daylighting retrofits for 3 commercial properties will occur this spring.

A Request for Proposals to solicit manufacturers and vendors to deploy their innovative energy efficient technologies at the Advanced Energy Center has been issued publicly. Those responses are due by March 29, 2019. Additionally, TLCD Architecture is developing a schematic design for the renovations of the Advanced Energy Center. A meeting with City of Santa Rosa staff to discuss structural concerns is needed prior to finalizing this phase of the design. Following this meeting with the City, an update to the renovations and design plan will be made to both the CAC and Board.

MONTHLY COMPILED FINANCIAL STATEMENTS

The winter rate season continues into January, a period where aggregate rates are less than in the summer. The year-to-date growth in net position is slightly below projections due primarily to lower than anticipated electricity sales. Year-to-date electricity sales reached $106,349,000.

Electricity sales (as reported on the Statement of Revenues, Expenses and Changes in Net Assets) is being offset by our estimate of uncollectible accounts, which is currently set at approximately 0.5% of electricity sales. As historical data is gathered on the collection patterns specific to SCP customers, this rate will be revisited and adjusted as necessary. Note that the accounts receivable line on the Statement of Net Position is presented net of allowance for uncollectibles.

SCP continues to procure electricity from multiple sources. Net position reached a positive $88,988,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately $60,971,000 is set aside for reserves (Operating Reserve: $50,734,000; Program Reserve: $9,146,000; and Collateral Reserve: $1,091,000).
Overall, other operating expenses continued near or slightly below planned levels for the year.

**BUDGETARY COMPARISON SCHEDULE**

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2018/19 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is under the year-to-date budget by approximately 5%. The cost of electricity is also slightly under budget-to-date by approximately 8%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees are based on the customer account totals. While Data Management fees are closely aligned to the annual budgeted amount, PG&E fees exceed the year-to-date budget due to a change in the per meter rate, with an unexpected MDMA fee added. SCP intends to adjust the budget for this category in future months.

**UPCOMING MEETINGS:**

CAC MEETING – March 25, 2019
BOD MEETING – April 4, 2019
CAC MEETING – April 16, 2019
BOD MEETING – May 2, 2019
ACCOUNTANTS’ COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended January 31, 2019, 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
February 24, 2019
### SONOMA CLEAN POWER AUTHORITY
### OPERATING FUND
### BUDGETARY COMPARISON SCHEDULE
### July 1, 2018 through January 31, 2019

#### REVENUE AND OTHER SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>2018/19 Budget</th>
<th>2018/19 YTD Actual</th>
<th>2018/19 YTD Budget Variance</th>
<th>2018/19 YTD Actual/Budget %</th>
<th>2018/19 Budget Remaining</th>
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<tbody>
<tr>
<td>Electricity (net of allowance) *</td>
<td>$112,286,379</td>
<td>$106,348,875</td>
<td>$(5,937,504)</td>
<td>95%</td>
<td>$76,387,125</td>
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<td>Evergreen Premium (net of allowance)</td>
<td>253,163</td>
<td>260,024</td>
<td>6,861</td>
<td>103%</td>
<td>412,000</td>
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<tr>
<td>CEC Grant</td>
<td>1,350,000</td>
<td>789,850</td>
<td>$(560,150)</td>
<td>59%</td>
<td>2,600,000</td>
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<tr>
<td>BAAQMD grant</td>
<td>-</td>
<td>17,250</td>
<td>17,250</td>
<td>0%</td>
<td>-</td>
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<tr>
<td>Interest income</td>
<td>357,583</td>
<td>585,080</td>
<td>227,497</td>
<td>164%</td>
<td>613,000</td>
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<tr>
<td>Miscellaneous Income</td>
<td></td>
<td>503</td>
<td>503</td>
<td>0%</td>
<td>(503)</td>
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<tr>
<td><strong>Total revenue and other sources</strong></td>
<td><strong>114,247,125</strong></td>
<td><strong>108,001,582</strong></td>
<td><strong>(6,245,543)</strong></td>
<td><strong>95%</strong></td>
<td><strong>186,361,000</strong></td>
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#### EXPENDITURES AND OTHER USES:

**CURRENT EXPENDITURES**

<table>
<thead>
<tr>
<th>Category</th>
<th>2018/19 Budget</th>
<th>2018/19 YTD Actual</th>
<th>2018/19 YTD Budget Variance</th>
<th>2018/19 YTD Actual/Budget %</th>
<th>2018/19 Budget Remaining</th>
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<tbody>
<tr>
<td>Cost of energy and scheduling</td>
<td>$93,968,421</td>
<td>$86,915,204</td>
<td>$(7,053,217)</td>
<td>92%</td>
<td>$154,377,000</td>
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<tr>
<td>Data management</td>
<td>1,801,917</td>
<td>1,839,233</td>
<td>37,316</td>
<td>102%</td>
<td>3,089,000</td>
</tr>
<tr>
<td>Service fees- PG&amp;E</td>
<td>329,000</td>
<td>552,267</td>
<td>223,267</td>
<td>168%</td>
<td>564,000</td>
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<tr>
<td>Personnel</td>
<td>2,135,583</td>
<td>1,905,241</td>
<td>$(230,342)</td>
<td>89%</td>
<td>3,661,000</td>
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<tr>
<td>Outreach and communications</td>
<td>667,333</td>
<td>644,014</td>
<td>$(23,319)</td>
<td>97%</td>
<td>1,144,000</td>
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<td>Customer service</td>
<td>280,000</td>
<td>164,585</td>
<td>$(115,415)</td>
<td>59%</td>
<td>440,000</td>
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<tr>
<td>Legal</td>
<td>180,833</td>
<td>220,013</td>
<td>39,180</td>
<td>122%</td>
<td>310,000</td>
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<tr>
<td>Accounting and auditing</td>
<td>119,000</td>
<td>92,715</td>
<td>$(26,285)</td>
<td>78%</td>
<td>204,000</td>
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<tr>
<td>Technical consultants</td>
<td>110,833</td>
<td>89,073</td>
<td>$(21,760)</td>
<td>80%</td>
<td>190,000</td>
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<tr>
<td>Legislative and regulatory advocacy</td>
<td>74,667</td>
<td>45,500</td>
<td>$(29,167)</td>
<td>61%</td>
<td>82,500</td>
</tr>
<tr>
<td>Other consultants</td>
<td>151,667</td>
<td>45,635</td>
<td>$(106,032)</td>
<td>30%</td>
<td>260,000</td>
</tr>
<tr>
<td>Program implementation</td>
<td>3,214,167</td>
<td>2,060,841</td>
<td>$(1,153,326)</td>
<td>64%</td>
<td>5,510,000</td>
</tr>
<tr>
<td>Program - CEC grant</td>
<td>1,773,333</td>
<td>689,989</td>
<td>$(1,083,344)</td>
<td>39%</td>
<td>3,040,000</td>
</tr>
<tr>
<td>Program development and evaluation</td>
<td>102,083</td>
<td>-</td>
<td>$(102,083)</td>
<td>0%</td>
<td>350,000</td>
</tr>
<tr>
<td>General and administration</td>
<td>329,750</td>
<td>300,414</td>
<td>$(29,336)</td>
<td>91%</td>
<td>531,000</td>
</tr>
<tr>
<td>CalCCA Trade Association</td>
<td>175,000</td>
<td>175,000</td>
<td>-</td>
<td>100%</td>
<td>348,000</td>
</tr>
<tr>
<td><strong>Total current expenditures</strong></td>
<td><strong>105,413,587</strong></td>
<td><strong>95,739,724</strong></td>
<td><strong>(9,673,863)</strong></td>
<td><strong>91%</strong></td>
<td><strong>174,146,000</strong></td>
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**OTHER USES**

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<thead>
<tr>
<th>Category</th>
<th>2018/19 Budget</th>
<th>2018/19 YTD Actual</th>
<th>2018/19 YTD Budget Variance</th>
<th>2018/19 YTD Actual/Budget %</th>
<th>2018/19 Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateral deposit payments</td>
<td>1,000,000</td>
<td>1,408,034</td>
<td>408,034</td>
<td>141%</td>
<td>(408,034)</td>
</tr>
<tr>
<td>Collateral deposit payments returned</td>
<td>(372,500)</td>
<td>(372,500)</td>
<td>-</td>
<td>-</td>
<td>(372,500)</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>116,667</td>
<td>500,194</td>
<td>383,527</td>
<td>429%</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Total expenditures, Other Uses and Debt Service</strong></td>
<td><strong>106,530,254</strong></td>
<td><strong>97,275,452</strong></td>
<td><strong>(9,254,802)</strong></td>
<td><strong>91%</strong></td>
<td><strong>175,346,000</strong></td>
</tr>
<tr>
<td>Net increase (decrease) in available fund balance</td>
<td>$7,716,871</td>
<td>$10,726,130</td>
<td>$3,009,259</td>
<td>139%</td>
<td>$11,015,000</td>
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</tbody>
</table>

* Represents sales of approximately 1,434,000 MWh for 2018/19 YTD actual.

#### RESERVES

<table>
<thead>
<tr>
<th>Category</th>
<th>Balance</th>
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<tbody>
<tr>
<td>Operating Cash Reserve</td>
<td>$50,733,836</td>
</tr>
<tr>
<td>Program Cash Reserve</td>
<td>9,146,032</td>
</tr>
<tr>
<td>Collateral Cash Reserve</td>
<td>1,091,444</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$60,971,312</strong></td>
</tr>
</tbody>
</table>

*See accountants' compilation report.*
Net increase (decrease) in available fund balance per budgetary comparison schedule: $ 10,726,130

Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtract depreciation expense</td>
<td>(34,895)</td>
</tr>
<tr>
<td>Add back capital asset acquisitions</td>
<td>500,194</td>
</tr>
<tr>
<td>Subtract collateral deposits returned</td>
<td>(372,500)</td>
</tr>
<tr>
<td>Add back collateral deposits</td>
<td>1,408,034</td>
</tr>
<tr>
<td>Change in net position</td>
<td>$ 12,226,963</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
ACCOUNTANTS’ COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of January 31, 2019, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy
San Rafael, CA
February 24, 2019
### SONOMA CLEAN POWER AUTHORITY

**STATEMENT OF NET POSITION**

*As of January 31, 2019*

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 51,453,144</td>
</tr>
<tr>
<td>Investment in Sonoma County Investment Pool</td>
<td>15,318,831</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance</td>
<td>19,113,390</td>
</tr>
<tr>
<td>Other receivables</td>
<td>633,284</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>7,685,273</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,885,373</td>
</tr>
<tr>
<td>Deposits</td>
<td>182,079</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>96,271,374</strong></td>
</tr>
<tr>
<td>Land</td>
<td>860,520</td>
</tr>
<tr>
<td>Capital assets, net of depreciation</td>
<td>2,994,674</td>
</tr>
<tr>
<td>Deposits</td>
<td>5,459,242</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td><strong>9,314,436</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>105,585,810</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>923,917</td>
</tr>
<tr>
<td>Accrued cost of electricity</td>
<td>14,365,210</td>
</tr>
<tr>
<td>Advanced from grantors</td>
<td>482,750</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>425,179</td>
</tr>
<tr>
<td>User taxes and energy surcharges due to other governments</td>
<td>400,664</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>16,597,720</strong></td>
</tr>
</tbody>
</table>

#### NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in capital assets</td>
<td>3,855,194</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>85,132,896</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$ 88,988,090</strong></td>
</tr>
</tbody>
</table>
**SONOMA CLEAN POWER AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

_July 1, 2018 through January 31, 2019_

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>$ 106,348,875</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td></td>
</tr>
<tr>
<td>Evergreen electricity premium</td>
<td>260,024</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>807,100</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>107,415,999</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>95,774,619</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>86,915,204</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>1,905,241</td>
</tr>
<tr>
<td>Data manager</td>
<td>1,839,233</td>
</tr>
<tr>
<td>Service fees - PG&amp;E</td>
<td>552,267</td>
</tr>
<tr>
<td>Consultants and other professional fees</td>
<td>1,608,910</td>
</tr>
<tr>
<td>Legal</td>
<td>220,013</td>
</tr>
<tr>
<td>Communications</td>
<td>809,942</td>
</tr>
<tr>
<td>General and administration</td>
<td>517,352</td>
</tr>
<tr>
<td>Program rebates and incentives</td>
<td>1,371,562</td>
</tr>
<tr>
<td>Depreciation</td>
<td>34,895</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>95,774,619</strong></td>
</tr>
<tr>
<td>Operating income</td>
<td>11,641,380</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONOPERATING REVENUES (EXPENSES)</th>
<th>585,583</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>585,080</td>
</tr>
<tr>
<td>Gain on sale of equipment</td>
<td>503</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td><strong>585,583</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET POSITION</th>
<th>$ 88,988,090</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of period</td>
<td>76,761,127</td>
</tr>
<tr>
<td>Net position at end of period</td>
<td></td>
</tr>
</tbody>
</table>

See accountants' compilation report.
# Statement of Cash Flows

**Sonoma Clean Power Authority**  
*July 1, 2018 through January 31, 2019*

## Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from electricity sales</td>
<td>$107,265,663</td>
</tr>
<tr>
<td>Receipts from grantees</td>
<td>$263,436</td>
</tr>
<tr>
<td>Receipts from supplier for security deposits</td>
<td>$14,600</td>
</tr>
<tr>
<td>Tax and surcharge receipts from customers</td>
<td>$1,415,717</td>
</tr>
<tr>
<td>Deposits and collateral returned</td>
<td>$372,500</td>
</tr>
<tr>
<td>Payments to purchase electricity</td>
<td>($87,185,297)</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>($1,933,570)</td>
</tr>
<tr>
<td>Payments for contract services</td>
<td>($4,109,569)</td>
</tr>
<tr>
<td>Payments for communications</td>
<td>($1,086,430)</td>
</tr>
<tr>
<td>Payments for general and administration</td>
<td>($570,253)</td>
</tr>
<tr>
<td>Payments for program rebates and incentives</td>
<td>($1,302,222)</td>
</tr>
<tr>
<td>Tax and surcharge payments to other governments</td>
<td>($1,509,802)</td>
</tr>
<tr>
<td>Deposits and collateral paid</td>
<td>($1,408,034)</td>
</tr>
<tr>
<td>Payments for charitable contributions</td>
<td>($108,000)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>$10,118,739</td>
</tr>
</tbody>
</table>

## Cash Flows from Capital and Related Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>($420,895)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by capital and financing activities</strong></td>
<td>($420,895)</td>
</tr>
</tbody>
</table>

## Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income received</td>
<td>$626,313</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>$626,313</td>
</tr>
</tbody>
</table>

Net change in cash and cash equivalents (including County Investment Pool)  
10,324,157

Cash and cash equivalents at beginning of year  
$56,447,818

Cash and cash equivalents at end of year  
$66,771,975

## Reconciliation to the Statement of Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$51,453,144</td>
</tr>
<tr>
<td>Investment in Sonoma County Investment Pool</td>
<td>$15,318,831</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$66,771,975</td>
</tr>
</tbody>
</table>
SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2018 through January 31, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$ 11,641,380</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net</td>
<td></td>
</tr>
<tr>
<td>cash provided (used) by operating activities</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>33,251</td>
</tr>
<tr>
<td>Revenue reduced for uncollectible accounts</td>
<td>535,724</td>
</tr>
<tr>
<td>Charitable contributions considered an operating activity for cash flow</td>
<td>(108,000)</td>
</tr>
<tr>
<td>purposes only</td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in net accounts receivable</td>
<td>(1,784,966)</td>
</tr>
<tr>
<td>(Increase) decrease in other receivables</td>
<td>(491,771)</td>
</tr>
<tr>
<td>(Increase) decrease in accrued revenue</td>
<td>1,887,749</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(1,354,842)</td>
</tr>
<tr>
<td>(Increase) decrease in current deposits</td>
<td>(982,290)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(175,921)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued cost of electricity</td>
<td>271,680</td>
</tr>
<tr>
<td>Increase (decrease) in advance from grantors</td>
<td>(17,250)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued liabilities</td>
<td>725,223</td>
</tr>
<tr>
<td>Increase (decrease) in user taxes and energy</td>
<td></td>
</tr>
<tr>
<td>surcharges due to other governments</td>
<td>(75,828)</td>
</tr>
<tr>
<td>Increase (decrease) in supplier security deposits</td>
<td>14,600</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$ 10,118,739</td>
</tr>
</tbody>
</table>
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Staff Report – Item 03

To: Sonoma Clean Power Authority Board of Directors
From: Geof Syphers, CEO
Neal Reardon, Director of Regulatory Affairs
Katherine Brandenburg, Lobbyist

Issue: Receive Legislative and Regulatory Report and Provide Direction as Necessary

Date: March 7, 2019

REGULATORY REPORT

Power Charge Indifference Adjustment (PCIA)

Phase 2 of the PCIA Proceeding is underway, and will evaluate a variety of topics, including how utilities should optimize their portfolios, developing accurate benchmarks to reflect the value of contract attributes, and creating a calculation for a one-time lump sum payment of exit fees. On March 1st, the first working group meeting on developing an accurate benchmark was held at the CPUC. The first meeting on the lump sum payment topic is also expected later in March. SCP plans to engage both on behalf of our customers and through CalCCA.

PG&E’s Energy Resource Recovery Account (ERRA)

On February 21st, the Commission approved the Alternate Proposed Decision implementing PG&E’s Energy Resource Recovery Account “ERRA” forecast. This alternate proposal, issued by Commissioner Guzman-Aceves, denies PG&E’s attempt to change the allocation of PCIA across vintage as well as PG&E’s attempt to use different values than the market price benchmark, and orders the IOUs to implement a brown-power true up based on 2018 prices. These three changes benefit CCA customers and will partially offset the expected increases in PCIA for 2019.
PG&E will submit an Advice Letter to implement rate changes by mid-March, which would be subject to protests and PG&E responses to those protests. The earliest PCIA and generation rates would be changes is May 1st. In the meantime, PG&E to raised delivery rates for all customers in March 1st.

**Resource Adequacy (RA)**

On February 21st, the CPUC approved a modified Proposed Decision in the Resource Adequacy “RA” Proceeding. This Proposed Decision incorporates opposition from many stakeholders to directing the IOUs to serve as the central procurement entity for all Local RA in their territory. CalCCA and many stakeholders – most notably including San Diego Gas and Electric – opposed this proposal. It maintains that while a central procurement entity is a solution to problems in the RA market, it is not ready for implementation at this time. The Decision directs stakeholders to convene over the next 6 months to develop proposals for how central procurement could be achieved and implemented. SCP will collaborate with a variety of market participants, including direct access providers, generators, and at least one IOU to develop a proposal that would meet preserve our responsibility to procure on behalf of our customers while bringing stability to the RA market.

**LEGISLATIVE REPORT**

February 22nd was the deadline for bills to be introduced. A total of 2,576 bills were introduced for 2019, of which 1,799 were Assembly measures and 777 were Senate measures. These figures do not include special session bills, constitutional amendments, or resolutions. A large number of bills introduced are “spot” bills. Spot bills make technical, non-substantive changes in the law and act as a placeholder for a later proposal and they must be amended prior to being heard in a committee. The Speaker of the Assembly has given its members a hard deadline of March 1 to have all amended language for “spot” bills to be sent to the Legislative Counsel’s office for drafting. The Senate has not provided a date. Because there are so many “spot” bills this year, we anticipate a large amount of bills will be amended starting March 22nd, which is the 31st day after the introduction date of many of the bills. Once the “spot” bills are amended, we will have a better understanding of the impact the bills may have or not have on SCP and CCAs.

The number of bill introductions for 2019 is consistent with those in prior years. Generally, the Legislature has introduced about 2,100 bills per year and the first year of the 2-year session usually has a higher number of bill
introductions. By way of comparison, the following are the bill introduction totals from the past five years:

- Total 2018 bill introductions as of the deadline: 2,177
- Total 2017 bill introductions as of the deadline: 2,495
- Total 2016 bill introductions as of the deadline: 1,993
- Total 2015 bill introductions as of the deadline: 2,297
- Total 2014 bill introductions as of the deadline: 1,930
- Total 2013 bill introductions as of the deadline: 2,256

We have identified 127 bills that could have an effect on CCAs and SCP. The topics surrounding energy are:

- How will California move forward in light of PG&E’s bankruptcy proceedings?
- How will California’s electrical grid operate?
- Will California move to a central procurement system?
- Who will control and maintain the transmission lines?
- In light of the wildfires, there are a few bills related to the creation of wildfire insurance.

Last year, inverse condemnation was the main topic. However, 2019 is a new year and there isn’t one legislator who is willing to bring this topic up for discussion at this time.

Senator Dodd, Insurance Commissioner Ricardo Lara, and Treasurer Fiona Ma proposed a new model of insurance to reduce wildfire risk with California Disaster Insurance (SB 290). SB 290 will authorize the Governor, Insurance Commissioner, and Treasurer to enter into an insurance policy that pays out when California has unexpected costs for disaster response. California Disaster Insurance would function like home insurance, but for the State of California—allowing California to pay a premium using a portion of existing emergency funds that would trigger a payment to California in the event of a disaster.

Policy committee hearings will start in full force in April.
Informational Hearings

Senate Energy, Utilities and Communications has an information hearing scheduled for Tuesday, March 5th to discuss PG&E’s Chapter 11 Reorganization Bankruptcy and the implications for California.

Assembly Utilities and Energy Committee has an informational hearing scheduled for Wednesday, March 8th to discuss how California will maintain reliability and affordability as California moves to decarbonization.
**SB 295**  
(McGuire D) Public utility districts: ordinances.  
*Current Text:* Introduced: 2/14/2019  [html](#)  [pdf](#)  
*Introduced:* 2/14/2019  
*Status:* 2/15/2019-From printer. May be acted upon on or after March 17.  
*Location:* 2/14/2019-S. RLS.  

**Summary:** The Public Utility District Act provides for the election of a board of directors to govern each district and authorizes a board to act only by ordinance, resolution, or motion. The act prohibits an ordinance passed by the board from taking effect less than 30 days after its passage, requires the clerk of the district to post copies of the ordinance at 3 public places in the district, and, if there is a newspaper of general circulation printed and published in the district, requires the ordinance to be published in the newspaper, as specified. This bill would prohibit an ordinance passed by the board from taking effect less than 45 days, instead of 30 days, after its passage and would make conforming changes.  

**Notes 1:** CalCCA Sponsored bill

**Alternative Fuels**

**SB 662**  
(Archuleta D) Green electrolytic hydrogen.  
*Current Text:* Introduced: 2/22/2019  [html](#)  [pdf](#)  
*Introduced:* 2/22/2019  
*Status:* 2/25/2019-From printer. May be acted upon on or after March 27. Read first time.  
*Location:* 2/22/2019-S. RLS.  

**Summary:** Would require the PUC and Energy Commission to take into account opportunities to increase grid-responsive production of green electrolytic hydrogen for use in the transportation sector.

**Bankruptcy**

**AB 1609**  
(Chen R) Public utilities: fireproofing programs.  
*Current Text:* Introduced: 2/22/2019  [html](#)  [pdf](#)  
*Introduced:* 2/22/2019  
*Status:* 2/25/2019-Read first time.  
*Location:* 2/22/2019-A. PRINT  

**Summary:** Would require the Public Utilities Commission to direct each electrical corporation and gas corporation to file an application for programs to provide financial assistance to owners of residential properties in fire-prone areas within their respective service territories to install improvements to reduce or eliminate wildfire impacts on those properties or to purchase emergency equipment or supplies for use in case of a deenergization event. The bill would require that the programs be funded through voluntary contributions from customers of the corporations.

**Central Procurement**

**AB 56**  
(Garcia, Eduardo D) Statewide central electricity procurement entity.  
*Current Text:* Introduced: 12/3/2018  [html](#)  [pdf](#)  
*Introduced:* 12/3/2018
Summary: Current law requires the Public Utilities Commission (PUC) and the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake various actions in furtherance of meeting the state’s clean energy and pollution reduction objectives. This bill would require the PUC and the Energy Commission to provide to the Legislature, by March 31, 2020, a joint assessment, as specified, of options for establishing a central statewide entity to procure electricity for all end-use retail customers in the state.

### Climate Change/GHG

#### AB 1276  
(Bonta D)  
**Green New Deal.**

- **Current Text:** Introduced: 2/21/2019  [html](#), [pdf](#)
- **Introduced:** 2/21/2019
- **Status:** 2/22/2019-From printer. May be heard in committee March 24.
- **Location:** 2/21/2019-A. PRINT

**Summary:** Current law establishes various environmental and economic policies. This bill would state the intent of the Legislature to enact legislation to develop and implement a Green New Deal with the objective of reaching specified environmental outcomes within the target window of 10 years from the start of execution of the plan and accomplishing certain social goals.

#### AB 1284  
(Carrillo D)  
**Carbon neutrality.**

- **Current Text:** Introduced: 2/21/2019  [html](#), [pdf](#)
- **Introduced:** 2/21/2019
- **Status:** 2/22/2019-From printer. May be heard in committee March 24.
- **Location:** 2/21/2019-A. PRINT

**Summary:** This bill would require the State Air Resources Board to adopt a regulation defining carbon neutrality, as specified.

#### SB 1  
(Atkins D)  
**California Environmental, Public Health, and Workers Defense Act of 2019.**

- **Current Text:** Introduced: 12/3/2018  [html](#), [pdf](#)
- **Introduced:** 12/3/2018
- **Status:** 2/12/2019-Set for hearing March 20.
- **Location:** 1/16/2019-S. E.Q.
- **Calendar:** 3/20/2019 Upon adjournment of Environmental Quality Committee - Room 3191, SENATE ENVIRONMENTAL QUALITY, ALLEN, Chair

**Summary:** Current state law regulates the discharge of air pollutants into the atmosphere. The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species, and generally prohibits the taking of those species. This bill would require specified agencies to take prescribed actions regarding certain federal requirements and standards pertaining to air, water, and protected species, as specified.

### Data Collection

#### AB 654  
(Rubio, Blanca D)  
**Public records: utility customers: disclosure of personal information.**

- **Current Text:** Introduced: 2/15/2019  [html](#), [pdf](#)
- **Introduced:** 2/15/2019
- **Status:** 2/19/2019-From printer. May be heard in committee March 21.
- **Location:** 2/15/2019-A. PRINT
Summary: Would authorize a local agency to disclose the name, utility usage data, and home address of utility customers to an officer or employee of another governmental agency when the disclosure is not necessary for the performance of the other governmental agency’s official duties but is to be used for scientific, educational, or research purposes, and the requesting agency receiving the disclosed material agrees to maintain it as confidential in accordance with specified criteria.

Direct Access

**AB 923**
(Wicks D) Bay Area Rapid Transit District: electricity procurement and delivery.

Current Text: Introduced: 2/20/2019  [html](#)  [pdf](#)

Introduced: 2/20/2019

Status: 2/21/2019-From printer. May be heard in committee March 23.

Location: 2/20/2019-A. PRINT

Summary: Would authorize BART to elect to obtain electricity purchased from an electrical corporation or marketer, as defined, and electricity purchased through a market operated by the Independent System Operator or any other electricity market.

Distributed Energy Resources

**AB 801**
(Levine D) Solar energy systems.

Current Text: Introduced: 2/20/2019  [html](#)  [pdf](#)

Introduced: 2/20/2019

Status: 2/21/2019-From printer. May be heard in committee March 23.

Location: 2/20/2019-A. PRINT

Summary: Would state the intent of the Legislature to enact legislation to remove obstacles to the expansion of community-shared solar electric generation systems as an option for onsite solar electric generation requirements in California.

**SB 288**
(Wiener D) Electricity: self-generation and storage.


Introduced: 2/13/2019

Status: 2/21/2019-Referred to Com. on E., U. & C.

Location: 2/21/2019-S. E., U., & C.

Summary: Would, by January 1, 2021, require the PUC and the governing board of each local publicly owned electric utility to, among other things, create one or more tariffs that offer fair compensation for customer-sited energy storage systems that export electricity to the electrical grid and to consider one or more tariffs for customer-sited energy storage and renewable energy systems to support grid reliability and community resiliency in the event of emergencies or grid outages.

Diversity

**SB 255**
(Bradford D) Women, minority, disabled veteran, and LGBT business enterprise procurement: electric service providers: energy storage system companies: community choice aggregators.

Current Text: Introduced: 2/12/2019  [html](#)  [pdf](#)

Introduced: 2/12/2019

Status: 2/21/2019-Referred to Com. on E., U. & C.

Location: 2/21/2019-S. E., U., & C.
Summary: Current law directs the Public Utilities Commission to require every electrical corporation, gas corporation, water corporation, wireless telecommunications service provider, and telephone corporation with annual gross revenues exceeding $25,000,000, and their regulated subsidiaries and affiliates, to annually submit a detailed and verifiable plan for increasing procurement from women, minority, disabled veteran, and LGBT business enterprises, as defined, in all categories, including a renewable energy project, as defined, and wireless telecommunications, broadband, smart grid, and rail projects. Existing law requires the reporting of certain information about the implementation of the plans. This bill would extend these requirements to electric service providers, community choice aggregators, and energy storage system companies, as defined, and would change the $25,000,000 annual gross revenue threshold above which these requirements become applicable to $1,000,000 in gross annual California revenues.

Electric Vehicles

AB 40
(Ting D) Zero-emission vehicles: comprehensive strategy.
Introduced: 12/3/2018
Status: 1/24/2019-Referred to Coms. on TRANS. and NAT. RES.
Location: 1/24/2019-A. TRANS.
Summary: Would, no later than January 1, 2021, require the State Air Resources Board to develop a comprehensive strategy to ensure that the sales of new motor vehicles and new light-duty trucks in the state have transitioned fully to zero-emission vehicles, as defined, by 2040, as specified.

Energy Planning

AB 961
(Reyes D) Energy programs and projects: nonenergy benefits.
Current Text: Introduced: 2/21/2019 html, pdf
Introduced: 2/21/2019
Location: 2/21/2019-A. PRINT
Summary: Would require the Public Utilities Commission to (1) establish common definitions of nonenergy benefits and attempt to determine consistent values for use in all energy programs, (2) meaningfully consider and prioritize producing nonenergy benefits in clean energy programs and projects, (3) give preference to producing nonenergy benefits in clean energy programs and projects in low-income and disadvantaged communities, as defined, and (4) track the nonenergy benefits produced in energy programs and report those benefits during program evaluations.

EV Infrastructure

AB 983
(Boerner Horvath D) Transportation electrification.
Current Text: Introduced: 2/21/2019 html, pdf
Introduced: 2/21/2019
Location: 2/21/2019-A. PRINT
Summary: Would require an electrical corporation to work with local agencies or regional planning agencies in its service territory with responsibility for planning electric vehicle deployment to determine where to install new electrical charging stations along local transit corridors. The bill would authorize an electrical corporation to file an application with the PUC by December 31, 2020, with the support of the local or regional planning agency, for the infrastructure investments required to support electrical charging stations at transit corridor entry and exit points or other locations.

SB 638
(Allen D) Leases: electric vehicle charging stations: insurance coverage.
**GHG Planning**

**AB 315**  (Garcia, Cristina  D)  Stationary sources: emissions reporting.  
Current Text: Introduced: 1/30/2019  [html](#)  [pdf](#)  
Introduced: 1/30/2019  
Status: 2/11/2019-Referred to Com. on NAT. RES.  
Location: 2/11/2019-A. NAT. RES.  

Summary: Current law authorizes the State Air Resources Board to require, as appropriate, a stationary source to verify or certify the accuracy of its annual emissions reports by a 3rd-party verifier or certifier that is accredited by the state board. This bill instead would require, instead of authorize, the state board to require, as appropriate, a stationary source to verify or certify the accuracy of its annual emissions reports by a 3rd-party verifier or certifier that is accredited by the state board.

**Governance**

**SB 155**  (Bradford  D)  Public utilities: regulation.  
Introduced: 1/23/2019  
Status: 1/31/2019-Referred to Com. on RLS.  
Location: 1/23/2019-S. RLS.  

Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities. This bill would state the intent of the Legislature to enact legislation reforming the regulation of public utilities.  

Notes 1: SPOT BILL TO WATCH

**SB 646**  (Morrell  R)  Local agency utility services: extension of utility services.  
Current Text: Introduced: 2/22/2019  [html](#)  [pdf](#)  
Introduced: 2/22/2019  
Status: 2/25/2019-From printer. May be acted upon on or after March 27. Read first time.  
Location: 2/22/2019-S. RLS.  

Summary: Would prohibit a city or district providing the extended service from denying the extension of a utility service to a property owner located within the extended service area based upon a property owner’s election not to participate in an annexation or preannexation proceeding.

**Grid Restructuring**

**SB 550**  (Hill  D)  Public utilities: merger, acquisition, or control of electrical or gas corporations.  
Current Text: Introduced: 2/22/2019  [html](#)  [pdf](#)  
Introduced: 2/22/2019  
Status: 2/25/2019-From printer. May be acted upon on or after March 27. Read first time.
Summary: Would require the Public Utilities Commission, before authorizing a merger, acquisition, or change in control of an electrical or gas corporation involving a party that meets that revenue threshold, to additionally ensure the proposal includes specified elements and find, on balance, that the proposal improves the safety of the utility service provided by the electrical or gas corporation.

**Labor**

**AB 1028** (Gonzalez D) **Clean Energy Job Creation Program.**

*Current Text: Introduced: 2/21/2019*  [html](#)  [pdf](#)

*Introduced: 2/21/2019*  [html](#)  [pdf](#)

*Status: 2/22/2019-From printer. May be heard in committee March 24.*

*Location: 2/21/2019-A. PRINT*

Summary: Would require the State Energy Resources Conservation and Development Commission, in allocating grants to local educational agencies as part of the program, to also give priority based on a local educational agency’s utilization of apprentices from state-approved apprenticeship and pre-apprenticeship programs, as specified. The bill would explicitly authorize program expenditures associated with employee training and energy managers. The bill would transfer $300,000,000 dollars from the General Fund to the Clean Energy Job Creation Fund and would, for the 2019–20 fiscal year, appropriate that money to the State Energy Resources Conservation and Development Commission for the purpose of the program.

**SB 241** (Moorlach R) **Public agencies: joint powers authorities: contracts.**

*Current Text: Introduced: 2/11/2019*  [html](#)  [pdf](#)

*Introduced: 2/11/2019*  [html](#)  [pdf](#)

*Status: 2/21/2019-Referred to Coms. on GOV. & F. and L., P.E. & R.*

*Location: 2/21/2019-S. GOV. & F.*

Summary: Would require the governing body of each member agency of an agency established pursuant to a joint powers agreement to approve and ratify each memorandum of understanding negotiated between the joint powers agency and its employees. This bill would further require each member agency to a joint powers agreement to approve and ratify each contract for municipal services or functions, as defined, negotiated between the joint powers agency and the entity providing the services or functions.

**Natural gas**

**AB 1799** (Friedman D) **Natural gas.**

*Current Text: Introduced: 2/22/2019*  [html](#)  [pdf](#)

*Introduced: 2/22/2019*  [html](#)  [pdf](#)

*Status: 2/25/2019-Read first time.*

*Location: 2/22/2019-A. PRINT*

Summary: Would require the Energy Commission to identify, collect, and analyze certain data regarding the natural gas market to determine causes of natural gas price volatility experienced by end-use customers. The bill would require the Energy Commission, in coordination with the Public Utilities Commission (PUC), to establish the Joint Agency Natural Gas Market Oversight Committee to review the data gathered and analyzed and to provide ongoing comments, insight, and recommendations about natural gas market behavior and transactions related to potential exercise of market power and market manipulation and methods to deter those activities.

**Procurement**

Page 6/11
**AB 56**  
(Garcia, Eduardo D) Statewide central electricity procurement entity.

**Current Text:** Introduced: 12/3/2018  [html](#)  [pdf](#)

**Introduced:** 12/3/2018

**Status:** 1/17/2019-Referral to Coms. on U. & E. and NAT. RES.

**Location:** 1/17/2019-A. U. & E.

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**Summary:** Current law requires the Public Utilities Commission (PUC) and the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake various actions in furtherance of meeting the state’s clean energy and pollution reduction objectives. This bill would require the PUC and the Energy Commission to provide to the Legislature, by March 31, 2020, a joint assessment, as specified, of options for establishing a central statewide entity to procure electricity for all end-use retail customers in the state.

**AB 1083**  
(Burke D) Energy and energy infrastructure procurement requirements: California Council on Science and Technology.

**Current Text:** Introduced: 2/21/2019  [html](#)  [pdf](#)

**Introduced:** 2/21/2019

**Status:** 2/22/2019-From printer. May be heard in committee March 24.

**Location:** 2/21/2019-A. PRINT

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**Summary:** Would request the California Council on Science and Technology upon request by the chairperson of a fiscal committee or certain policy committees of either the Assembly or Senate, the Speaker of the Assembly, or the President pro Tempore of the Senate, to undertake and complete an analysis of the effects of legislation proposing to mandate procurement of electricity products, gas products, energy storage resources, or electrical or gas infrastructure by an electrical corporation, gas corporation, community choice aggregator, electric service provider, local publicly owned electric or gas utility, or any state-level energy procurement entity.

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**Rates**

**AB 1293**  
(Levine D) Public Utilities Commission: reports.

**Current Text:** Introduced: 2/21/2019  [html](#)  [pdf](#)

**Introduced:** 2/21/2019

**Status:** 2/22/2019-From printer. May be heard in committee March 24.

**Location:** 2/21/2019-A. PRINT

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**Summary:** Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law requires the commission to annually prepare a written report on the costs of programs and activities conducted by certain electrical corporations and gas corporations. Existing law requires the report to identify specified information including each program mandated by statute or by the commission and its annual cost to ratepayers. Existing law requires the commission, before the commencement of certain meetings, to make copies of a meeting agenda available to the public. This bill would require the report to also identify the average cost to gas corporation or electrical corporation ratepayers, provided separately for residential, commercial, and industrial ratepayers, per therm or per kilowatt-hour, as applicable, of each program mandated by statute during the preceding year and over the lifetime of the program, and would require that information to be included as an attachment to the agenda for each commission meeting.

**SB 549**  
(Hill D) Public Utilities Commission: rates: capital structure changes.

**Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)

**Introduced:** 2/22/2019

**Status:** 2/25/2019-From printer. May be acted upon on or after March 27. Read first time.

**Location:** 2/22/2019-S. RLS.

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**Summary:** Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Current law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. This
bill would prohibit the commission from approving any capital structure change or increase in rates for the Pacific Gas and Electric Company unless the Legislature, by statute, authorizes the capital structure change or increase in rates.

**Reliability**

**SB 520** *(Hertzberg D)*  Electrical service: provider of last resort.
- **Current Text:** Introduced: 2/21/2019  [html](#)  [pdf](#)
- **Introduced:** 2/21/2019
- **Status:** 2/22/2019-From printer. May be acted upon on or after March 24.
- **Location:** 2/21/2019-S. RLS.

**Summary:** Would authorize the Public Utilities Commission to develop threshold attributes, as specified, for a load-serving entity to serve as a provider of last resort to provide electrical service to retail end users in California. The bill would authorize the commission to establish a structure, such as an auction, to determine which load-serving entity should serve as the provider of last resort and what benefits a load-serving entity would receive if selected to serve as the provider of last resort.

**Renewable Portfolio Standard**

**AB 915** *(Mayes R)*  California Renewables Portfolio Standards Program.
- **Current Text:** Introduced: 2/20/2019  [html](#)  [pdf](#)
- **Introduced:** 2/20/2019
- **Status:** 2/21/2019-From printer. May be heard in committee March 23.
- **Location:** 2/20/2019-A. PRINT

**Summary:** Would require that retail sellers and local publicly owned electric utilities procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kilowatthours of those products sold to their retail end-use customers achieve 68% of retail sales by December 31, 2033, 76% by December 31, 2036, and 80% by December 31, 2038. The bill would revise the definition of “eligible renewable resource” for purposes of the program to include, on and after January 1, 2026, an electrical generation facility that has a specified point source emission level of carbon dioxide equivalent at, or below, a specified level, if the marginal increase in the cost of procurement from other eligible renewable energy resources exceeds a specified level.

**AB 1371** *(Cunningham R)*  California Renewables Portfolio Standard Program: offshore wind generation.
- **Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)
- **Introduced:** 2/22/2019
- **Status:** 2/25/2019-Read first time.
- **Location:** 2/22/2019-A. PRINT

**Summary:** Would require the Public Utilities Commission to determine appropriate targets for the procurement of offshore wind generation on behalf of retail end-use customers of retail sellers in California in order to meet the goals that eligible renewable energy resources supply 60% of retail sales of electricity to California end-use customers by December 31, 2030, and that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045.

**AB 1513** *(Holden D)*  Electricity procurement contracts: assignment: California Renewables Portfolio Standard Program.
- **Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)
- **Introduced:** 2/22/2019
- **Status:** 2/25/2019-Read first time.
- **Location:** 2/22/2019-A. PRINT

**Summary:** Would authorize an electrical corporation, upon receiving approval of an application by the
Public Utilities Commission, to assign all or part of a contract for the procurement of eligible renewable energy resources to a retail seller, local publicly owned electric utility, electrical cooperative, the Department of Water Resources, or a military facility.

**SB 515**  (Caballero D)  **California Renewables Portfolio Standard Program: bioenergy renewable feed-in tariff.**

*Current Text:* Introduced: 2/21/2019  [html](#)  [pdf](#)

*Introduced:* 2/21/2019

*Status:* 2/22/2019-From printer. May be acted upon on or after March 24.

*Location:* 2/21/2019-S. RLS.

**Summary:** Pursuant to current law, the Public Utilities Commission has adopted resolutions establishing fuel or feedstock procurement requirements for generation from bioenergy projects intended to reduce wildfire risks that are applicable to the state’s 3 largest electrical corporations. This bill would expand the fuels and feedstocks that are eligible to meet these wildfire risk reduction fuel and feedstock requirements to include salvaged vegetation from wildlife clean up, biomass diverted from specified higher fire-risk zones, and biomass from commission-designated sources.

### Resource Adequacy

**AB 1584**  (Quirk D)  **Electricity: cost allocation.**

*Current Text:* Introduced: 2/22/2019  [html](#)  [pdf](#)

*Introduced:* 2/22/2019

*Status:* 2/25/2019-Read first time.

*Location:* 2/22/2019-A. PRINT

**Summary:** Would require the Public Utilities Commission to develop and use methodologies for allocating costs imposed on the electrical system by each load-serving entity based on the entity’s portfolio’s contribution to the electric system conditions that created those costs.

**Notes 1:** Spot bill for central procurement?

**SB 350**  (Hertzberg D)  **Electricity: resource adequacy: multiyear centralized resource adequacy mechanism.**

*Current Text:* Introduced: 2/19/2019  [html](#)  [pdf](#)

*Introduced:* 2/19/2019

*Status:* 2/20/2019-From printer. May be acted upon on or after March 22.

*Location:* 2/19/2019-S. RLS.

**Summary:** Would authorize the Public Utilities Commission to consider a multiyear centralized resource adequacy mechanism, among other options, to most efficiently and equitably meet specified resource adequacy objectives.

### Storage

**AB 1144**  (Friedman D)  **Energy storage resources: report.**

*Current Text:* Introduced: 2/21/2019  [html](#)  [pdf](#)

*Introduced:* 2/21/2019

*Status:* 2/22/2019-From printer. May be heard in committee March 24.

*Location:* 2/21/2019-A. PRINT

**Summary:** Would require the Public Utilities Commission, by January 1, 2021, to prepare and submit to the Legislature and to post on its internet website a report that provides guidance to local publicly owned electric utilities and the Independent System Operator on measures that remove barriers to the participation of energy storage resources in the capacity, energy, and ancillary services markets to assist those utilities and Independent System Operator to comply with the federal order.
**SB 772** *(Bradford D)*  Long duration bulk energy storage: procurement.

**Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)

**Introduced:** 2/22/2019  
**Status:** 2/25/2019-From printer. May be acted upon on or after March 27. Read first time.  
**Location:** 2/22/2019-S. RLS.

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**Summary:** Would require the ISO, on or before June 30, 2022, to complete a competitive solicitation process for the procurement of one or more long duration energy storage projects that in aggregate have at least 2,000 megawatts capacity, but not more than 4,000 megawatts, except as provided. The bill would require that the competitive solicitation process provide for cost recovery from load-serving entities within the ISO-controlled electrical grid that the ISO determines is just and reasonable and that takes into account the distribution of benefits from the long duration bulk energy storage.

**SB 774** *(Stern D)*  Electricity: local clean energy generation and storage systems.

**Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)

**Introduced:** 2/22/2019  
**Status:** 2/25/2019-From printer. May be acted upon on or after March 27. Read first time.  
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**Summary:** The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission with various responsibilities with respect to developing and implementing the state’s energy policies. This bill would state the intent of the Legislature to enact later legislation to require the commission to develop and implement a program to deploy local clean energy generation and storage systems throughout California, as specified.

**Notes 1:** Spot Bill

### Transmission

**AB 281** *(Frazier D)*  Transmission and distribution lines: undergrounding.

**Current Text:** Introduced: 1/28/2019  [html](#)  [pdf](#)

**Introduced:** 1/28/2019  
**Status:** 1/29/2019-From printer. May be heard in committee February 28.  
**Location:** 1/28/2019-A. PRINT

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**Summary:** Would state the intent of the Legislature to enact legislation to require electrical corporations and local publicly owned electric utilities to take certain actions related to electric transmission and distribution lines and equipment in high fire risk areas.

### Wildfires

**AB 740** *(Burke D)*  Wildfires: Wildfire Victim Restitution Fund.

**Current Text:** Introduced: 2/19/2019  [html](#)  [pdf](#)

**Introduced:** 2/19/2019  
**Status:** 2/20/2019-From printer. May be heard in committee March 22.  
**Location:** 2/19/2019-A. PRINT

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**Summary:** Would provide that it is the intent of the legislature to enact future legislation to establish the Wildfire Victim Restitution Fund, the purpose of which will be to ensure that victims of wildfires are compensated in a timely manner, to provide reimbursements to insurers for a portion of their wildfire losses, and to avoid lengthy legal proceedings.

**AB 1363** *(Stone, Mark D)*  Electrical corporations: financing wildfire expenses: executive compensation.

**Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)

**Introduced:** 2/22/2019  

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Page 10/11
**SB 167**  
**Dodd D**  
**Electrical corporations: wildfire mitigation plans.**


**Introduced:** 1/28/2019  
**Status:** 2/6/2019-Referred to Com. on E., U. & C.  
**Location:** 2/6/2019-S. E. U., & C.  

**Summary:** Current law requires wildfire mitigation plans to include specified information, including protocols for disabling reclosers and deenergizing portions of the electrical distribution system that consider the associated impacts on public safety, as well as protocols related to mitigating the public safety impacts of those protocols, including impacts on critical first responders and on health and communication infrastructure. This bill would require those protocols to additionally include impacts on customers enrolled in the California Alternative Rates for Energy (CARE) program, receiving medical baseline allowances of electricity or gas, and who the electrical corporation has identified as critical care customers relying on life-support equipment.

**SB 209**  
**Dodd D**  
**Wildfire: California Wildfire Warning Center: weather monitoring.**


**Introduced:** 2/4/2019  
**Status:** 2/13/2019-Referred to Coms. on G.O. and E., U. & C.  
**Location:** 2/13/2019-S. G.O.  

**Summary:** Would establish in the state government the California Wildfire Warning Center (center). The center would be comprised of representatives from the Public Utilities Commission, the Office of Emergency Services, and the Department of Forestry and Fire Protection, as provided. The center would have various responsibilities relating to fire-threat weather conditions, including overseeing the development and deployment of a statewide network of automated weather and environmental stations designed to observe mesoscale meteorological phenomena that contribute to increased wildfire risk, including a statewide fire weather forecasting, monitoring, and threat assessment system.

**Total Measures:** 42  
**Total Tracking Forms:** 42
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Staff Report – Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Stephanie Reynolds, Director of Internal Operations


Date: March 7, 2019

Requested Board Action:

Approve the Proposed Budget Adjustments to the FY 18/19 budget.

Background

The existing SCPA budget for July 2018 through June 2019 was adopted on May 3, 2018. Since that time, several developments have occurred which require budget adjustments.

- A significant load deviation from forecast likely due to a reduced amount of cannabis cultivation in the residential sector.
- The CPUC increased PG&E’s billing Service Fees.
- PG&E filed for Chapter 11 bankruptcy protection, requiring SCP involvement to protect SCP interests related to CCA customer revenues, SCP contracts and other matters.
- A reduction in customer program expenditures.
- SCP’s previously-approved headquarters design fees need to be formally included in the Capital Outlay budget.


**Load Deviation**

After many months of review, SCP staff recently met with PG&E’s technical team and reviewed energy usage data in detail. The result was a consensus that the most likely cause of a majority of the 7% load deviation from forecast is a decline in cannabis cultivation in homes. That decline reduces both sales revenues and energy costs, and is presumed to be a permanent change rather than something that will fluctuate from year to year.

**PG&E Service Fees**

Since SCP’s inception, SCP has paid PG&E a monthly per meter fee for billing services of $0.44. In October 2017, a settlement was reached to update the fee based on actual costs to process CCA charges. The billing service fee was dropped to $0.21 per meter per month starting in March 2018. Unfortunately, in November 2018 SCP realized that although the billing service fee dropped to $0.21 an additional fee was added called the meter data management agent (MDMA) fee. This fee of $0.14 per meter per month results in a total service fee to PG&E of $0.35 per meter per month. Still it is an overall decrease of 25.7% in service fees.

**Legal**

Due to extraordinary circumstances driven by the PG&E bankruptcy, Staff recommends an increase to the legal budget for the remainder of the Fiscal Year of $400,000, which would bring the legal budget from $310,000 to $710,000 for FY 18/19. PG&E filed for Chapter 11 bankruptcy protection on January 29, 2019, which was not anticipated when SCP’s legal budget for FY 2018/19 was previously adopted.

For the remainder of the fiscal year, SCP estimates an increase in $200,000-$250,000 may be required for PG&E bankruptcy-related legal services agreements. In addition, staff expects that the PG&E bankruptcy may result in the need to engage new or additional outside counsel resources:

1. In connection with the bankruptcy filing itself (e.g. expertise in financing, other specialized CPUC/FERC regulatory advice, energy transactional counseling and advice); and

2. To assist with management of work flow on non-bankruptcy issues important to SCP operations that are typically handled in house, when not resource constrained internally due to demands associated with the PG&E bankruptcy (e.g. public contracting and Lead Locally CEC Grant, 431 E Street Construction, participation in ongoing CPUC regulatory proceedings).

Tables that outline the current legal budget, proposed changes, and proposed revised budget are on the following pages.
**Customer Programs**

Due to an expected significant increase in the PCIA fees, likely to go into effect in May 2019, SCP’s Programs were asked to focus on existing programs and reduce the speed of developing and launching new programs. As a result, Programs can plan to end the year approximately 21% below the originally-approved budget.

**Capital Outlay**

The adjustment to Capital Outlay reflects the previously-approved design budget for SCP’s headquarters building project. This adjustment formally adds those expenditures to the budget.
<table>
<thead>
<tr>
<th></th>
<th>Existing Budget FY18-19</th>
<th>Forecast Actuals FY18-19</th>
<th>Proposed Adjustment FY18-19</th>
<th>Revised Budget FY18-19</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES AND OTHER SOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity Sales(^1) (net of allowance)</td>
<td>182,736,000</td>
<td>176,855,000</td>
<td>-5,881,000</td>
<td>176,855,000</td>
<td>Load deviation from forecast may be due to a decline in residential cannabis cultivation.</td>
</tr>
<tr>
<td>EverGreen Premium(^2) (net of allowance)</td>
<td>412,000</td>
<td>432,000</td>
<td>0</td>
<td>412,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>CEC Grant Proceeds</td>
<td>2,600,000</td>
<td>1,927,000</td>
<td>-673,000</td>
<td>1,927,000</td>
<td>Some delays in program implementation are shifting the grant proceeds toward later years.</td>
</tr>
<tr>
<td>BAAQMD Grant</td>
<td>0</td>
<td>62,000</td>
<td>62,000</td>
<td>62,000</td>
<td>Added to budget since original adoption. These funds go to the Advanced Energy Rebuild incentives.</td>
</tr>
<tr>
<td>Interest Income</td>
<td>613,000</td>
<td>946,000</td>
<td>333,000</td>
<td>946,000</td>
<td>Increasing interest rates improve the outlook.</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>186,361,000</td>
<td>180,222,000</td>
<td>6,159,000</td>
<td>180,200,000</td>
<td></td>
</tr>
</tbody>
</table>

**EXPENDITURES**

Product

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Energy and Scheduling(^3)</td>
<td>154,377,000</td>
<td>146,345,000</td>
<td>-8,032,000</td>
<td>146,345,000</td>
<td>Load deviation from forecast may be due to a decline in residential cannabis cultivation.</td>
</tr>
<tr>
<td>Data Management</td>
<td>3,089,000</td>
<td>3,089,000</td>
<td>0</td>
<td>3,089,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Service Fees to PG&amp;E</td>
<td>564,000</td>
<td>959,000</td>
<td>395,000</td>
<td>959,000</td>
<td>The CPUC has increased PG&amp;E billing service fees. See detailed notes for more information.</td>
</tr>
<tr>
<td><strong>Product Subtotal</strong></td>
<td>158,030,000</td>
<td>150,393,000</td>
<td>-7,637,000</td>
<td>150,393,000</td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>3,661,000</td>
<td>3,447,000</td>
<td>0</td>
<td>3,661,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Outreach and Communication</td>
<td>1,144,000</td>
<td>947,000</td>
<td>0</td>
<td>1,144,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Customer Service</td>
<td>440,000</td>
<td>393,000</td>
<td>0</td>
<td>440,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>General and Administration</td>
<td>531,000</td>
<td>481,000</td>
<td>0</td>
<td>531,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Other Professional Services</td>
<td>Existing Budget FY18-19</td>
<td>Forecast Actuals FY18-19</td>
<td>Proposed Adjustment FY18-19</td>
<td>Revised Budget FY18-19</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------------------------</td>
<td>--------------------------</td>
<td>-----------------------------</td>
<td>------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Legal</td>
<td>310,000</td>
<td>710,000</td>
<td>400,000</td>
<td>710,000</td>
<td>Increased legal work from PG&amp;E bankruptcy and some additional regulatory and construction work. See detailed notes.</td>
</tr>
<tr>
<td>Accounting</td>
<td>204,000</td>
<td>193,000</td>
<td>0</td>
<td>204,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Technical</td>
<td>190,000</td>
<td>177,000</td>
<td>0</td>
<td>190,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Legislative and regulatory advocacy</td>
<td>128,000</td>
<td>95,000</td>
<td>0</td>
<td>128,000</td>
<td>No changes.</td>
</tr>
<tr>
<td>Other consultants</td>
<td>260,000</td>
<td>121,000</td>
<td>-100,000</td>
<td>160,000</td>
<td>This category is small due to an improved ability to charge consultant service to specific categories.</td>
</tr>
<tr>
<td>Other Professional Services Subtotal</td>
<td>1,092,000</td>
<td>1,296,000</td>
<td>300,000</td>
<td>1,392,000</td>
<td></td>
</tr>
<tr>
<td>CalCCA Trade Association</td>
<td>348,000</td>
<td>400,000</td>
<td>52,000</td>
<td>400,000</td>
<td>Increase due to PCAI regulatory work and PG&amp;E bankruptcy legal work.</td>
</tr>
<tr>
<td>Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Implementation</td>
<td>5,510,000</td>
<td>4,509,000</td>
<td>-1,000,000</td>
<td>4,510,000</td>
<td>Programs is able to hold back on launching new programs at this time to help build reserves in anticipation of higher PG&amp;E PCAI fees.</td>
</tr>
<tr>
<td>CEC Grant Program</td>
<td>3,040,000</td>
<td>2,415,000</td>
<td>-625,000</td>
<td>2,415,000</td>
<td>Some delays in program implementation are shifting the grant proceeds toward later years.</td>
</tr>
<tr>
<td>Program Development and Evaluation</td>
<td>350,000</td>
<td>100,000</td>
<td>-250,000</td>
<td>100,000</td>
<td>Reduced need anticipated.</td>
</tr>
<tr>
<td>Programs Subtotal</td>
<td>8,900,000</td>
<td>7,024,000</td>
<td>-1,875,000</td>
<td>7,025,000</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>174,146,000</td>
<td>164,381,000</td>
<td>-9,160,000</td>
<td>164,986,000</td>
<td></td>
</tr>
<tr>
<td>Revenues Less Expenditures</td>
<td>12,215,000</td>
<td>15,841,000</td>
<td>3,626,000</td>
<td>15,216,000</td>
<td></td>
</tr>
<tr>
<td>OTHER USES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>200,000</td>
<td>986,000</td>
<td>990,000</td>
<td>1,190,000</td>
<td>Need to formally include the previously-approved headquarters design fees in Capital Outlay</td>
</tr>
<tr>
<td>Collateral Deposits (net outflow)</td>
<td>1,000,000</td>
<td>1,409,000</td>
<td>409,000</td>
<td>1,409,000</td>
<td>Adjustment to reflect current collateral status. In future years, the Collateral Reserve will be used for this purpose first.</td>
</tr>
<tr>
<td>Total Expenditures, Other Uses</td>
<td>175,346,000</td>
<td>166,776,000</td>
<td>-7,761,000</td>
<td>167,585,000</td>
<td></td>
</tr>
<tr>
<td>Net Increase/(Decrease)</td>
<td>11,015,000</td>
<td>13,446,000</td>
<td>1,602,000</td>
<td>12,817,000</td>
<td></td>
</tr>
</tbody>
</table>
To: Sonoma Clean Power Authority Board of Directors

From: Jessica Mullan, General Counsel

Issue: Authorize the General Counsel to Amend SCP’s PG&E Bankruptcy-Related Legal Services Agreements with Boutin Jones, Inc. and Engel Law P.C.

Date: March 7, 2019

Requested Board Action:

Authorize the General Counsel to enter into a second amendment to SCP’s PG&E Bankruptcy-Related Legal Services Agreements with Boutin Jones, Inc. and Engel Law P.C. as follows:

(1) Expand and clarify the scope of work for each Legal Services Agreement, as necessary given SCP’s plans to remain actively engaged in PG&E’s Bankruptcy;

(2) Extend the term of each Legal Services Agreement from an expiration date of December 31, 2019 to June 30, 2020; and

(3) Increase the not-to-exceed amount to an aggregate not-to-exceed amount of $475,000 across both Legal Services Agreements to apply for the entire term of the Agreements, through June 30, 2020.

Background:

On December 1, 2018, SCP executed Legal Services Agreements with Boutin Jones Inc. and Engel Law, P.C. to provide SCP with advice concerning SCP’s potential legal exposure in the event that PG&E filed for Chapter 11 bankruptcy protection. Each Legal Services Agreement included a not-to-exceed amount of $20,000 and the term extended through December 31, 2019.

On January 14, 2018, PG&E issued a 15-day notice to its employees, as requires by SB 901, of PG&E’s intent to file for Chapter 11 Bankruptcy protection. The SCP Board of Directors (“Board”) met in closed session on January 25, 2019 and by unanimous
vote, the Board provided direction to Counsel to take necessary steps to protect SCP and CCAs with shared interests in the event PG&E files for bankruptcy protection, which SCP anticipated would be a possibility as early as Tuesday, January 29.

SCP entered into a First Amendment to each of the Legal Services Agreements, effective January 14, 2018, when it became clear PG&E was likely to seek bankruptcy protection, to increase the not-to-exceed amounts under each Agreement as follows: (1) Boutin Jones, Inc., increasing the not-to-exceed amount from $20,000 to $50,000; and (2) Engel Law, P.C. increasing the not-to-exceed amount from $20,000 to $90,000.

PG&E filed for bankruptcy on Tuesday, January 29. SCP participated in the two hearings related to PG&E’s First-Day Motions the week of January 29 and filed Statements of Support concerning key PG&E First-Day Motions to restart and continue the flow of CCA revenues following PG&E’s Bankruptcy filing.

**DISCUSSION**

Staff now seeks authorization for the General Counsel to enter into a second amendment to its Legal Services Agreements with PG&E-bankruptcy counsel as outlined in the Recommendation section of this Staff Report. A summary of the not-to-exceed amount and recommended changes proposed in this Staff Report is presented below:

<table>
<thead>
<tr>
<th></th>
<th>Original Agreement</th>
<th>First Amendment</th>
<th>Recommendation: Second Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boutin Jones, Inc.</td>
<td>• $20,000 not-to-exceed amount</td>
<td>• $50,000 not-to-exceed amount</td>
<td>• Two separate contracts</td>
</tr>
<tr>
<td></td>
<td>• Expires 12/31/19</td>
<td>• Expires 12/31/19</td>
<td>• Shared not-to-exceed amount across both contracts of $475,000</td>
</tr>
<tr>
<td>Engel Law, P.C.</td>
<td>• $20,000 not-to-exceed amount</td>
<td>• $90,000 not-to-exceed amount</td>
<td>• Expiration date extended to 6/30/2020</td>
</tr>
<tr>
<td></td>
<td>• Expires 12/31/19</td>
<td>• Expires 12/31/19</td>
<td></td>
</tr>
</tbody>
</table>

Within the recommended, aggregate not-to-exceed amount of $475,000 across the two legal services agreements, SCP has spent $138,000 to date. SCP has received a commitment from CalCCA to cost-share for $100,000 of SCP’s existing costs, leaving
$437,000 of the recommended aggregate not-to-exceed amount budget available to SCP through June 30, 2020.

SCP requests this legal budget for PG&E-Bankruptcy counsel because (1) of the highly specialized nature of bankruptcy practice, (2) SCP’s needs to monitor an active and detailed bankruptcy docket for potential issues that could pose concerns for SCP, and (3) SCP desires to remain engaged proactively as issues related to PG&E restructuring emerges as the bankruptcy process proceeds. The time commitment to satisfy these objectives is significant. The PG&E bankruptcy proceeding could last for two years or more.

SCP’s request is based on the assumption that PG&E will work cooperatively with CCAs and that the restructuring plans that emerge through the Chapter 11 process from PG&E and possibly others do not present major issues for SCP that would involve an adversarial process. In addition, SCP plans to continue to look for opportunities to collaborate and cost-share with other parties that share SCP’s interests, though staff’s recommended budget here does not assume any specific cost-sharing going forward. In the event circumstances in the bankruptcy change or opportunities to cost-share do not materialize, staff may return to the CAC and the Board with requests additional budget authority for these contracts.

The Community Advisory Committee unanimously supported taking the requested actions in this item.

**BUDGET IMPACT**

The aggregate not-to-exceed amount staff recommends for the two Legal Services Agreements is $475,000. This aggregate limit would apply to the full term of the agreements, across the remainder of this fiscal year, up through June 30, 2020. SCP intends to use the additional budget authority staff has requested in a prior staff report to fund approximately $200,000-$250,000 of the proposed not-to-exceed amount increase through the end of this fiscal year. The remainder of the total not-to-exceed amount for the next fiscal year will be accounted for in the 2019/2020 budget as normal.
Staff Report – Item 06

To: Sonoma Clean Power Authority Board of Directors

From: Chad Asay, Programs Manager

Issue: Approve Contract for Construction Management Services with Sixth Dimension, LLC. at 741 4th Street

Date: March 7, 2019

Requested Action

Approve Contract for Construction Management Services with Sixth Dimension, LLC., including a not-to-exceed amount of $178,735 with a term ending on January 31, 2020.

Discussion

Project Goal – To provide an Advanced Energy Center for Sonoma Clean Power ("SCP") that maintains a healthy workplace while showcasing energy efficiency and fuel switching in the built environment.

Staff issued an RFP for construction management services on February 1, 2019. Responses to the RFP from interested firms were received on February 14, 2019. Responses were received from two firms. Sixth Dimension, LLC. was selected as the most qualified firm to perform construction management. The Sixth Dimension, LLC. contract includes a not-to-exceed amount of $178,735. This cost will be spread over 2 fiscal years with a term ending on January 31, 2020, with the majority of cost expected in FY19/20.

Services will include the day-to-day management of interactions with the building contractor, including managing submittal review, payment applications, requests for information, change order review, and all of the other activities required for a successful construction project. In addition, during the design process they will provide constructability reviews of our architect’s work. They will also provide Industrial Hygiene services and estimating support. The Community Advisory Committee unanimously supported taking the requested actions in this item.

Attachments for this item can be accessed through this link.