**AGENDA**
**BOARD OF DIRECTORS MEETING**
**THURSDAY, MAY 02, 2019**
**8:45 A.M.**

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

## I. CALL TO ORDER

## II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve April 4, 2019 minutes of the SCPA Board of Directors meeting (page 3)
2. Approve and authorize the CEO to execute an amendment to the professional services agreement with EHDD (page 9)

## III. BOARD OF DIRECTORS REGULAR CALENDAR

3. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (page 25)
4. Receive Legislative and Regulatory Updates and Approve Legislative Positions as Appropriate (page 39)

## IV. BOARD MEMBER ANNOUNCEMENTS

## V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Comments are restricted to matters within the Board jurisdiction. Please be brief and limit comments to three minutes.

## 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) 890-8491, as soon as possible to ensure arrangements for accommodation.*

## COMMONLY USED ACRONYMS AND TERMS

| | |
|---|---|
| AER | Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes). |
| CAC | Community Advisory Committee |
| CAISO | California Independent Systems Operator |
| CAM | Cost Allocation Mechanism |
| CCA | Community Choice Aggregation |
| CEC | California Energy Commission |
| CleanStart | SCP's default service |
| CPUC | California Public Utility Commission |
| DER | Distributed Energy Resource |
| ERRA | Energy Resource Recovery Account |
| EverGreen | SCP's 100% renewable, 100% local energy service |
| Geothermal | A locally-available, low-carbon baseload renewable resource |
| GHG | Greenhouse gas |
| GRC | General Rate Case |
| IOU | Investor Owned Utility (e.g., PG&E) |
| IRP | Integrated Resource Plan |
| JPA | Joint Powers Authority |
| LSE | Load Serving Entity |
| MW | Megawatt (Power = how fast energy is being used at one moment) |
| MWh | Megawatt-hour (Energy = how much energy is used over time) |
| NEM | Net Energy Metering |
| NetGreen | SCP's net energy metering program |
| PCIA | Power Charge Indifference Adjustment (*This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.)* |
| ProFIT | SCP's "Feed in Tariff" program for larger local renewable energy producers |
| PV | Photovoltaics for making electric energy from sunlight |
| RA | Resource Adequacy – a required form of capacity for compliance |
| REC | Renewable Energy Credit – process used to track renewable energy for compliance in California. |
| SCP | Sonoma Clean Power |
| TOU | Time of Use, used to refer to rates that differ by time of day and by season |

**MEETING MINUTES**
**BOARD OF DIRECTORS MEETING**
**THURSDAY, APRIL 4, 2019**

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

## I. CALL TO ORDER

Chair Landman called the meeting to order at 8:47 a.m.

Present: Chair Landman, Vice Chair Slayter, and Directors Babgy, Belforte, Fudge, Gjerde, Hopkins, King, and Tibbetts

Staff present: Geof Syphers, CEO; Stephanie Reynolds, Director of Internal Operations; and Jessica Mullan, General Counsel

## II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve March 7, 2019 minutes of the SCPA Board of Directors meeting

Motion to approve March 7, 2019 minutes of the SCPA Board of Directors meeting by Director Belforte

Second: Director Bagby

Motion passed: 6-0-3

*Alternate Director Madge Strong arrived at approximately 8:51 a.m.*

## III. BOARD OF DIRECTORS REGULAR CALENDAR

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

Director of Internal Operations Stephanie Reynolds introduced the item by noting SCP's newly hired Risk and Regulatory Compliance Officer, Carole Hakstian, and speaking on her regulatory background. CEO Geof Syphers updated the Board on CalCCA's new website and campaign that has been launched to promote community choice power services.

Director of Public Relations & Marketing Kate Kelly discussed outreach efforts in the County of Mendocino, including attending a recent meeting of the Mendocino Latinx Alliance, staff presenting at an energy forum in Willits, and sponsorship of the upcoming Ukiah Earth Day event. Director

Kelly then detailed SCP winning the North Bay Biz's Gold Award for "Best Company to do Business with in Sonoma County," and Senior Programs Manager Rachel Kuykendall receiving the North Bay Business Journal's "40 Under 40" award.

Director Reynolds provided an update on the DIY Energy Efficiency Toolkits, which are available at local libraries and have been checked out over 300 times, and following that, a summary of SCP's monthly financial statements.

Director King suggested that staff work with participating jurisdictions for financing mechanisms and programs that could assist with the installation of solar photovoltaic arrays on municipal owned land. CEO Syphers noted interest from the cities of Rohnert Park and Cotati in this area, as well as his preference for incorporating storage options such as batteries with these types of projects.

Public comment: None

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

SCP Lobbyist Katherine Brandenburg provided a legislative report by noting the large number of bills that are being monitored and amended. She then recapped CalCCA's recent lobby day at the Capitol, including meetings with the Governor's office, elected officials, and members of their staff.

CEO Syphers recounted his meeting with the Governor's team regarding wildfire mitigation, cost allocation and PG&E restructuring. He then noted two bills which SCP has taken positions on: AB 56 by Garcia (oppose) and SB 255 by Bradford (support).

*Director Harrington arrived at approximately 9:21 a.m.*

Director Hopkins asked if SCP is monitoring SB 54 *[note: actual bill is SB 45],* which is an initiative that would provide funding for wildfire risk reduction, and whether SCP could take a position of support. CEO Syphers stated this bill is not currently on the organization's watch list but could be added.

CEO Syphers then outlined the following bills which he is seeking Board approval for taking legislative positions on: SB 520 by Hertzberg, AB 1326 by O'Donnell, and AB 684 by Levine; Chair Landman noted the Board's support for taking the positions as requested by staff.

Director King noted that AB 684 does not stipulate the size of multifamily housing projects and he would prefer that staff work towards defining

multifamily housing with the smallest pragmatic number. Directors Bagby and Hopkins both asked that staff work to ensure a threshold for smaller units is included in the bill. Director Strong expressed support, with a balance for ensuring that small units aren't disproportionately burdened under the bill.

Public comment: None

4. Update on Default Time-of-Use Pilot and Full Default Time-of-Use Transition

Director of Customer Service Erica Torgerson provided an update on the Time-of-Use ("TOU") pilot project by detailing the background of the CPUC decision to transition customers to TOU, proposed bill protections for customers shifting to TOU, and reasoning for implementing TOU during peak periods.

Director King asked about customer loss, and if there was any way to determine If these customers would be leaving SCP anyways; Director Torgerson stated that the opt-out numbers would be compared with SCP's traditional opt-out rate for further analysis. Director Torgerson stated any financial costs associated with bill protection would be brought back to the Board once the costs are clear.

Public comment: None

5. Review and Provide Direction on the Annual Budget and Rates for Fiscal Year 2019/2020, Including a Possible Exemption from Financial Reserves Policy

CEO Syphers started by recounting the Board's prior decision to authorize a conditional rate change, which ultimately wasn't implemented due to the CPUC not updating the PCIA fee on January 1, 2019. He then detailed a proposed schedule for adopting a budget, and if needed, rate adjustments following the budget approval.

Community Advisory Committee Chair Dick Dowd was invited to speak on the topic and noted the Committee's support and deliberations for the proposed budget, his preference for stable customer rates that provide savings over PG&E, continuing with the building of SCP's new headquarters, and the thoroughness of CEO Syphers' presentation.

Director Belforte asked about the Reserve Policy and what percentage of the targets are currently in the Operating Reserves, Program Reserves, and Credit Reserves categories; CEO Syphers stated that SCP's reserve fund is still well below the long-term target balance.

*Director Belforte left at approximately 10:29 a.m.*

Director Tibbetts asked if SCP is forecasting power needs based off planned PG&E outages or other de-energization events. CEO Syphers confirmed this is the case. Director Tibbetts asked if SCP is considering growth to other jurisdictions in order to remain competitive with PG&E's rates; CEO Syphers noted benefits and disadvantages of expanding territory. CEO Syphers stated that separate from rate savings, SCP has significant value to customers through customer programs, electric vehicle incentives, working with local agencies on energy and climate issues, and classroom trainings for area youth.

Vice Chair Slayter asked about the Advanced Energy Center as a capital project, and what happens to the State of California Energy Commission Lead Locally grant should SCP not proceed; Director of Programs Cordel Stillman detailed how SCP would be liable for any costs incurred by the State should SCP not move forward with the project.

Director Tibbetts noted his support for maintaining rates at a parity level, a strong renewable energy mix, continued contributions to reserves, evaluating service area growth opportunities.

Public comment: Ben Peters, Petaluma resident, spoke about financing options, strategies for investment, rate-setting, and microgrid projects.

Ken Wells, CAC member, spoke in support of a 0.5% bill savings scenario with a $1 million contribution to Operating Reserves, and a $3.3 million reduction in Program Reserves.

Director Gjerde voiced support for higher savings for commercial customers (at the expense of residential saving) and a $1 million contribution to Operating Reserves; CEO Syphers recommended that before the Board adopt differential savings for residential and commercial customers, that they review regulatory and legal basis for doing so.

Director King noted his support for delaying contributions to Operating Reserves under an exemption from Financial Policy B2, maintaining some level of customer bill savings relative to PG&E, and the ability of the Board to adopt a mid-year budget adjustment, if necessary.

CEO Syphers recapped CAC Member Wells' proposed budget scenario, and stated it should be considered as an option.

Director Hopkins noted her support for staff's recommendation and up to 0.5% savings, continuing contributions to Operating Reserves, as well as the proposed scenario brought forward by CAC Member Wells.

*Director Gjerde left at approximately 11:13 a.m.*

Vice Chair Slayter supported some level of rate savings, reducing Program Reserves to ensure contributions to Operating Reserves, and moving forward with the capital projects.

Director Harrington noted her support for the modified proposal brought forward by CAC Member Wells, and an increase of rates up to 0.5% higher than PG&E. Chair Landman recounted MCE's short-term rate increase and how that had limited impacts on customers opting out of their service.

Director Tibbetts offered support for CAC Member Wells proposal and the equal cost scenario brought forward by staff, and questioned any adverse impacts to credit due to a suspension in contributions in Operating Reserves; CEO Syphers stated no downward impacts on SCP's credit are likely due to slowing the rate of contributions into reserve funds.

Director Strong stated the importance of some level of savings over PG&E such as 0.5% to 1%, continued contributions to Operating Reserves, and completing the capital projects that are currently underway.

*Director Tibbetts left at approximately 11:21 a.m.*

Director Bagby voiced support for a 0.5% savings over PG&E, suspension of Financial Policy B2 for a limited period, and using Program Reserves for the building headquarters.

Director Fudge supported the modified proposal brought forward by CAC Member Wells, the 0.5% savings scenario, ongoing contributions to Operating Reserves, and maintaining Program Reserves given the visibility and effectiveness of the various programs.

Chair Landman expressed his support for maintaining savings over PG&E at the 1% level, as this proposal does not impact existing programs and can be recouped in a relatively short period.

*Director Hopkins left at approximately 11:31 a.m.*

6. Authorize the CEO to Negotiate and Execute Agreement with NRTC to Provide Smart Thermostats for the GridSavvy Community

Senior Programs Manager Rachel Kuykendall introduced the item by detailing the agreement with NRTC, which has a not-to-exceed amount for $189,500, and would provide a $50 discount for SCP customers on the purchase of a Nest thermostat. She noted the CAC's unanimous recommendations and discussion on this item, including that a significant amount of the contract value is pass-through funding, only paying discounts for thermostats purchased, so the actual budget is much lower.

She also discussed efforts to bring other smart thermostat manufacturers into the program.

Chair Landman agreed with the CAC's interest in expanding to multiple thermostat vendors and asked about protecting customer information under this agreement. Senior Programs Manager Kuykendall detailed customer data protection measures.

Public comment: Ben Peters, Petaluma resident, spoke about the Home Connect program.

Motion to authorize the CEO to negotiate and execute agreement with NRTC to provide smart thermostats for the GridSavvy community by Director Harrington

Second: Director Fudge

Motion passed: 6-0-0

## IV. BOARD MEMBER ANNOUNCEMENTS

Vice Chair Slayter announced dates for the Apple Blossom Festival, Director King noted the upcoming Butter and Eggs Day parade in Petaluma, and Director Strong thanked staff for presenting at the recent Willits Energy Forum.

## V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

## VI. ADJOURN

Chair Landman adjourned the meeting at approximately 11:40 a.m.

Sonoma Clean Power

Staff Report – Item 02

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To: Sonoma Clean Power Authority Board of Directors

From: Cordel Stillman, Director of Programs

Issue: Approve and Authorize First Amendment to Professional Services Agreement with EHDD

Date: May 2, 2019

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**Requested Board Action**:

Approve and authorize the CEO to execute an amendment to the professional services agreement with EHDD to increase the not-to-exceed amount by $64,548.

**Discussion:**

On November 1, 2018, Sonoma Clean Power (SCP) entered into an Amended and Restated Agreement with EHDD for a full scope of architectural design services for the renovation of a building at 431 E Street in Santa Rosa. Work on that contact has been proceeding in a satisfactory manner.

As part of EHDD's due diligence, an inspection of the existing elevator was performed at 431 E Street. The elevator was found to be significantly out of code. SCP staff directed EHDD to develop an estimate of design services to upgrade the elevator to current standards ($21,098).

EHDD and their sub-consultants have been working with SCP staff on the design of features in the building that will make it responsive to the needs of the grid and of the building. This entails the design of building control features that can be pro-active and responsive to changing conditions. For

example, storing renewable energy in the battery when there is excess, and then pulling from the battery when prices are high, or there is a shortage of energy. As designing this system was not contemplated in the original agreement, SCP staff directed EHDD to provide an estimate for these services ($43,450).

SCP staff are requesting that the Board authorize the CEO to execute an amendment to the Amended and Restated Agreement with EHDD in the amount of $64,548 to accomplish the items of work described above. The First Amendment recommended by staff here would increase the total not-to-exceed amount under the Agreement from $1,285,551 to $1,350,099 and expand the Services provided by EHDD to provide (a) consulting services for one hydraulic elevator and the relocation of the machine room at an additional $21,098; and (b) and implementation of the Grid Optimal initiative at an additional cost of $43,450 The draft First Amendment is attached to this report for review.

**FIRST AMENDMENT TO THE AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT FOR THE SONOMA CLEAN POWER AUTHORITY WITH ESHERICK HOMSEY DODGE AND DAVIS, ARCHITECTS, A PROFESSIONAL CORPORATION FOR THE SONOMA CLEAN POWER AUTHORITY HEADQUARTERS**

This First Amendment ("First Amendment") to the Amended and Restated Professional Service Agreement for the Sonoma Clean Power Authority with Esherick Homsey Dodge and Davis, Architects, a Professional corporation for the Sonoma Clean Power Authority Headquarters (the "Agreement") is entered into between the Sonoma Clean Power Authority ("SCPA"), a California Joint Powers Authority, and Esherick Homsey Dodge and Davis, Architects, a professional corporation ("Consultant") as of _____, 2019 ("First Amendment Effective Date"). SCPA and Consultant are, at times individually referred to herein as "Party" and collectively as "Parties".

WHEREAS, the Parties entered into the Agreement dated November 1, 2018 for Consultant to provide engineering, architectural, design and other related support services for SCPA's renovation of at 14,400 +/- sf office building and surrounding property in downtown Santa Rosa; and

WHEREAS, SCPA now desires to increase the total not-to-exceed amount under the Agreement from $1,285,551 to $1,350,099 and to expand the Services provided by Consultant, which includes (a) consulting services for one hydraulic elevator and the relocation of the machine room at an additional $21,098; and (b) implementation of the Grid Optimal initiative at an additional cost of $43,450; and

WHEREAS, in accordance with section 28.5 all changes to the Agreement must be in writing and signed by all Parties.

NOW, THEREFORE, the Parties agree as follows:

1. The "Appendices Included" List on the Cover Page of the Agreement is hereby amended as follows:

APPENDICES INCLUDED:

APPENDIX A (Scope of Services)
- EXHIBIT A1 (Consultation Services - One Hydraulic Elevator and the Relocation of the Machine Room)
- EXHIBIT A2 (Implementation of Grid Optimal Initiative)

APPENDIX B (Compensation Schedule), including:
- EXHIBIT B1 (Fixed Fees for Base Services)
- EXHIBIT B2 (Hourly Rates)

APPENDIX C (Insurance)

2. The definition of "Agreement" in Section 1 (Definitions) of the Agreement is hereby amended as follows:

| | |
|---|---|
| Agreement | This Agreement together with all attachments and appendices and other documents incorporated herein by reference, including, but not limited to, Appendices "A," (including Exhibits "A1" and "A2") "B," (including Exhibits "B1" and "B2") and "C," attached hereto. |

3. Exhibit A1 (Consultation Services – One Hydraulic Elevator and the Relocation of the Machine Room) attached to the First Amendment is hereby added to the Agreement following Appendix A.

4. Exhibit A2 (Implementation of Grid Optimal Initiative) attached to the First Amendment is hereby added to the Agreement following Exhibit A1.

5. Section 1.1 in Appendix B of the Agreement is hereby superseded and replaced as follows:

> "1.1 Excluding Additional Services only, the amount of compensation to be paid to Consultant for all services under this Agreement shall not exceed one million, three hundred fifty thousand, ninety-nine dollars ($1,350,099) referred to hereafter as the Not-To-Exceed Amount ("NTE"). Total compensation due Consultant shall be the actual amount invoiced based upon the Consultant's hourly billing, which may be less than the NTE amount. Reimbursable Expenses are included in the NTE. The NTE also includes within its scope the scope of all subconsultants and their reimbursables, and shall constitute full compensation for the Services."

6. Except as set forth above, all terms and conditions of the Agreement remain in full force and effect.

By signing below, the signatories warrant that each has authority to execute this First Amendment on behalf of their respective Parties, and that this Agreement is effective as of the First Amendment Effective Date.

**SONOMA CLEAN POWER AUTHORITY**

BY: _____
Geof Syphers
Chief Executive Officer

DATE: _____

APPROVED AS TO FORM

BY: _____
General Counsel

DATE: _____

**ESHERICK HOMSEY DODGE AND DAVIS, ARCHITECTS**

BY: _____

TITLE: _____

DATE: _____

**EXHIBIT A1**

Consultation Services - One Hydraulic Elevator and the Relocation of the Machine Room

# additional services memorandum

**Date:** 4/8/2019

**To:** Cordel Stillman
Sonoma Clean Power Authority
50 Santa Rosa Avenue, 5th Floor; Santa Rosa CA 95404

**Project:** Sonoma Clean Power Authority Headquarters

**Job No:** 18044 **Add. Svc. No:** 1 **Phase Nos:** 5,6,7

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**Note:**

☐ This memorandum confirms your verbal/written request to provide architectural services or consultation for the above project.

☑ This memorandum advises you of our additional services necessary to complete work for the above project.

**Description:** Provide vertical transportation consulting services for one (1) hydraulic elevator and the relocation of the machine room. Construction Documents, Bidding, and Construction Administration phases included. EHDD to specify, pit ladder, finishes, and code required signage, as well as provide consultant coordination.

**Proposed Fees:**

| | |
|---|---|
| EHDD | $3,910 |
| Van Deusen and Associates (VDA) | $17,188 |
| | |
| **Total Add. Services Fee:** | **$21,098** |
| | |
| **Reimbursables:** | (as allowed per the Prime Agreement) |

**Form of billing proposed:**

☑ Hourly to a maximum

☐ Fixed fee, billable by per cent complete.

Invoices will be sent to you monthly as work progresses. Please sign and remit one copy as your authorization to proceed with the work and your acceptance of the fee described above. Your signature also acknowledges our additional services to complete the work for the project.

**Agreed and approved by:**

Signature Date

Prepared by: a.fashimpar

ARCHITECTURE INTERIORS PLANNING URBAN DESIGN
500 TREAT AVE. #201 SAN FRANCISCO CA 94110 USA
T 415-285-9193 F 415-285-3866 WWW.EHDD.COM

File F1.1
cc: m.alfano, Accounting

consultant fee proposal

| | | | |
|---|---|---|---|
| Proposal Date: | March 8, 2018 | | |
| Project Name: | Sonoma Clean Power Headquarters | Project Number: | 18044 |
| Discipline: | Elevator | | |

| | | |
|---|---|---|
| Consultant Name and Address: | Van Deusen and Associates (VDA)<br>1388 Sutter Street, Suite 608, San Francisco CA 94109 | |
| Phone / Fax: | 415-243-0313 | 415-243-0781 |
| Principal In Charge: | Michael D. Farris | |
| Project Manager: | Same | |
| Primary Contact | Same | 415-243-0313 |

**Services cover all vertical transportation scope as described in the Prime Agreement, as well as the Terms and Conditions therein.**

I. SCOPE OF WORK

A. Provide vertical transportation consulting services for the modernization of one (1) hydraulic and the relocation of the machine room at the referenced location, as outlined in Section III below.

II. SERVICES TO BE PERFORMED

PHASE 1 – SCHEMATIC DESIGN

A. Meet with Client to review project intent and determine survey requirements for system improvements.

B. Establish the design criteria for modernization of the vertical transportation system.

C. Survey the referenced unit to provide:
1. An overview audit of existing system
2. An identification of the major equipment and/or system components
3. A local law and/or Code compliance audit applicable to the existing system
4. An ADA overview survey to evaluate general conditions related to disabled compliance
5. The feasibility of machine room relocation and scope of work involved
6. A recommended scope of work for remedial improvements
7. Major equipment and/or system modernization upgrades
8. Provide ongoing telephone and e-mail consultation.

D. Prepare a report with the findings of our preliminary work. The report will include:
1. An Executive Summary
2. A Listing of Major Itemized Maintenance Deficiencies

3. A Life Cycle Analysis Matrix
4. Remedial Improvement Options including Equipment Renewals, Modernization and/or Upgrading Alternatives including Budget Estimates
5. A Code Analysis Based on Local Laws and Current Safety Standards
6. An ADA Disabled Accessibility Overview Audit
7. A System Equipment Profile Overview
8. General Schedule Information for Project Planning and Implementation

E. Provide preliminary mechanical, electrical and structural design information, directly related to the needs of the elevator systems, for your consultants. The preliminary information will cover:
   1. Main and auxiliary electrical power requirement
   2. Information for air conditioning and/or ventilation systems based on equipment heat emissions

   **NOTE:** Designing of Electrical and HVAC systems to be completed by others.

F. Prepare an outline draft form specification based on the project review and Client's instructions.
G. Attend a meeting in San Francisco or Santa Rosa and/or otherwise consult with the Client and/or their representatives to review preliminary findings.

PHASE 2 – DOCUMENT PREPARATION

A. Re-survey the existing equipment and/or physical conditions as required to prepare documents for:
   1. Upgrading / modernization of systems
   2. Remedial improvements

B. Provide a letter report with the conclusions and recommendations of our re-survey including budget estimates and projected schedules.
C. Confirm our original recommendations for systems improvements with supplemental applicable information.
D. Finalize the design engineering of the vertical transportation systems and the layout drawings (if required). Prepare drawings, as required for:
   1. Machine Room

E. If required, update the mechanical, electrical and structural design data.
F. Attend a design and coordination meeting in San Francisco or Santa Rosa.
G. Based upon data gathered and Client instructions, develop specifications which focus on long-term dependability and improved performance. Specifications shall also give particular attention to any code-related issues.

   **NOTE:** Specifications shall be reviewed and approved by the Client prior to their issuance for bidding. Specifications will include a cab allowance or provisions for a cab interior design written by others to be incorporated into our documents.

H. In a separate section of the project specifications, provide detailed terms and conditions governing the manner in which all work must be performed. Included in this section, along

with warranty information, insurance requirements, and applicable code listing, shall be procedures for:

1. Material handling and storage
2. Disposal of old equipment
3. Erecting barricades / property protection
4. Obtaining approval of submittal drawings
5. Submitting progress payment requests
6. Obtaining permits and/or approvals
7. Conducting code and acceptance inspections
8. Resolving disputes over interpretation of the specifications
9. Guaranteeing materials and workmanship
10. Turning over wiring diagrams, instruction manuals and diagnostic tools
11. Training personnel on new control safety features
12. Obtaining final acceptance of completed work
13. Project execution requirements / personnel

I. Provide an opinion of probable cost estimates as required.

J. Assist in identifying contractors with the expertise and logistical support necessary to successfully complete the specified work.

K. Issue the following bid documents to identified contractors:

1. A formal invitation to bid
2. General terms and conditions governing the technical specifications
3. Technical specifications for the work authorized
4. Specifications and contract for preventive maintenance services
5. A bid proposal form
6. Contractor qualification form / references

PHASE 3 – BIDDING

A. Attend a pre-bid meeting with representatives of the Client and the invited bidders.

B. Respond to bidder inquiries regarding the specifications and issue addenda when necessary.

C. Provide spreadsheet analysis of bid proposals.

D. Attend a meeting in San Francisco or Santa Rosa with the Client to interview bidders whose proposals are viable and competitive.

E. Issue a written recommendation for contract award based upon bid proposal review and contractor interviews.

A. Review vertical transportation shop drawings for compliance with the project specifications as well as applicable codes. Return two (2) marked-up copies or one (1) electronic copy in the standard turn-around period of ten (10) working days. VDA will not be responsible for expediting shop drawing submissions received from the Trade Contractor.

   **NOTE:** If more than two (2) drawing resubmittals and/or if cab drawing reviews are required, they will be performed by VDA on a timecard basis and billed as an extra on contract.

B. Conduct one (1) job site visit during construction to evaluate work in progress by the Contractor. Subsequent to this visit, issue a letter report on our findings. Progress payment application approval, if required, shall be made during this site visit only.
C. Upon completion of all work, conduct a thorough examination to compile a deficiency punch list. Monitor systems operation and record pertinent operating performance data for comparison purposes. Upon completion of this audit issue a list of items which require corrective action by the contractor.
D. Perform a follow-up survey to verify that all punch-list items are addressed by the contractor in a satisfactory manner.

**EXHIBIT A2**

Implementation of Grid Optimal Initiative

# additional services memorandum

**Date:** 4/10/2019

**To:** Cordel Stillman
Sonoma Clean Power Authority
50 Santa Rosa Avenue, 5th Floor; Santa Rosa CA 95404

**Project:** Sonoma Clean Power Authority Headquarters

**Job No:** 18044 **Add. Svc. No:** 2 **Phase Nos:** 4,5 and 7

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**Note:**

☐ This memorandum confirms your verbal/written request to provide architectural services or consultation for the above project.

☑ This memorandum advises you of our additional services necessary to complete work for the above project.

**Description:** Design services for implementation of Grid Optimal initiative. Includes simulation of design strategies, demand response and control; battery integration and controls; electrical infrastructure design; advanced metering design; oversight for implementation of sequences of operation for controls during construction. Note that construction phase service needs are uncertain so that portion of scope is identified as a budget in case the need arises. See attached G&B proposal for detail.

**Proposed Fees:**

| | |
|---|---|
| EHDD | $0 |
| Guttman & Blaevoet | $39,500 |
| +10% of sub-consultants fee | $3,950 |
| Total | **$43,450** |
| | |
| (as allowed per the Prime Agreement) | |

**Total Add. Services Fee:**

**Reimbursables:**

**Form of billing proposed:**

☑ Hourly to a maximum

☐ Fixed fee, billable by per cent complete.

Invoices will be sent to you monthly as work progresses. Please sign and remit one copy as your authorization to proceed with the work and your acceptance of the fee described above. Your signature also acknowledges our additional services to complete the work for the project.

**Agreed and approved by:**

Signature Date

ARCHITECTURE INTERIORS PLANNING URBAN DESIGN
500 TREAT AVE. #201 SAN FRANCISCO CA 94110 USA
T 415-285-9193 F 415-285-3866 WWW.EHDD.COM

File F1.1
cc: m.alfano, Accounting

April 10, 2019

Brad Jacobson
**EHDD**
Pier 1 Embarcadero, Bay 2
San Francisco, CA 94111

**Subject: Sonoma Clean Power Headquarters Building**
**Additional Work Authorization Request #1**
**GridOptimal Initiative Implementation**

Dear Brad,

This Additional Services request is intended to define the scope of work that we have undertaken and will need to perform under the New Buildings Institute (NBI) GridOptimal Initiative Pilot. We have performed work for the analyses of strategies to implement this Initiative, and the results of these analyses will require the inclusion of specific design elements into the project.

These services were part of our original proposal under an hourly task authorization, because the scope of work was not defined. At this point in the project, we have a much better understanding of the scope of work to be implemented as well as the time spent to date on analyses and identification of desired design elements. This Additional Services request will replace the hourly task allowance in the original signed proposal with a defined scope of work to be performed on an hourly not to exceed basis.

**Scope and Description of Additional Services**

There are three (3) main elements outlined below where the GridOptimal Initiative impacts our project scope:

1. Simulation and analysis in addition to what is required for California Energy Code (Title-24) compliance modeling for the building (Title-24 compliance modeling and the structure of models are part of the base scope of work and fees, as defined in the original signed proposal). The elements below are necessary to translate data to NBI and coordinate with them on the report results:

    a. Simulation of advanced demand response and control strategies.
    b. Hourly simulation of solar photovoltaic systems.
    c. Simulation of battery storage control strategies, system sizing, and optimizing for carbon.
    d. Integration of car charging stations with control strategies.

2. Additional design time for GridOptimal controls, equipment, metering, and potential user interface for energy displays or data site.

a. Controls design.
b. Coordination and development of sequences of operation for GridOptimal implementation.
c. Electrical infrastructure, sequences of operations, and controls equipment.
d. Advanced metering design and points list.

3. Construction Phase Services and Commissioning Coordination.

a. Oversight for the implementation of sequences of operation for GridOptimal controls including the custom microgrid controller.
b. Participation in and facilitation of the collaboration between the various contractors related to grid optimization and systems architecture.
c. Detailed coordination with the controls contractor.

**Assumptions**

A. Assumptions in the Master Agreement shall apply to this request for additional services.

**Schedule**

These services shall be completed in the Design Development, Construction Documents and Construction Administration phases alongside the base scope of work.

**Fees**

Our total fee for the design and construction phases (including all applicable time spent to date) under this additional services authorization request shall be an hourly not to exceed amount of **$27.500** for design services through CD**,** and an hourly not to exceed allowance of **$12,000** for construction administration, billed monthly ~~on a percentage of completion basis~~. Our fees are broken down by phase as follows.

Our services in the **Design Development Phase** shall be an hourly not to exceed amount of $15,500, broken down between tasks as listed below. The fee for Design Development is based on actual time spent in this phase under the hourly authorization we received as part of our current contract.

Simulation and Data Coordination: $12,500
Design Impacts: $3,000

Our services for the **Construction Documents Phase** shall be an hourly not to exceed amount of $12,000, broken down between tasks as listed below.

Simulation and Data Coordination: $4,000
Design Impacts: $8,000

Our services for the **Construction Administration Phase** shall be an hourly not to exceed amount of $12,000, broken down between tasks as listed below.

Implementation and commissioning support for the MicroGrid controller and other GridOptimal control strategies: $12,000

**Direct Expenses**

Included in the fees quoted above.

**Other Terms and Conditions**

A. The Terms and Conditions from the Master Agreement are incorporated into, and made a part of, this work authorization and any contract made between the parties relating to this work.

B. Payment shall be made in accordance with the terms of the Master Agreement.

Trusting this meets with your approval, please sign and return a copy to our office authorizing us to proceed. Work will begin upon receipt of your authorization.

We are committed to the successful completion of this project. We appreciate the opportunity to participate in this important project and look forward to discussing our services with you further.

If you have any questions, please feel free to call.

Very truly yours,

**GUTTMANN & BLAEVOET**

Steven Guttmann, PE, LEED Fellow, BCxP
*Principal*

Authorized on behalf of **EHDD** by:

Signature Date

Print Name, Title

SG/JB/TT
P:\EHD-094 Sonoma Clean Power Headquarters\Contract\AWA's\AWA-1 GridOptimal Implementation\AWA-1 EHD-094 GridOptimal.doc

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Sonoma Clean Power

**Staff Report – Item 03**

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To: Sonoma Clean Power Authority Board of Directors

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

Issue: Receive Internal Operations Report and Provide Input as Appropriate

Date: May 2, 2019

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## NEW SCP TEAM MEMBER

SCP recently made an offer that was accepted for the position of Chief Operations Officer, and information about the new employee will be shared in the board meeting.

## CalCCA ENVIRONMENTAL JUSTICE AND EQUITY WORKING GROUP (EJ&E)

SCP staff began participating in the EJ&E working group last November. The working group meets monthly to discuss and learn from other CCAs how to better serve CCA customer communities, more specifically underrepresented and hard-to-reach groups. Recent informational presentations include topics such as: CalEnviroScreen, a mapping tool that helps identify communities affected by pollution and vulnerable to its effects; working with CARE customers in mobile home parks; multicultural outreach and engagement (co-presented by MCE and SCP), which focused on past experiences and what questions CCAs should ask before starting an engagement in a new area; and other topics such as social media, events, partnerships, translations and other topics.

## FLOOD RELIEF DONATIONS

At the April Board meeting, staff reported on program planning to provide relief to flood victims in our service territory. A program with the Bay Area Regional Energy Network was explored to support customers who had lost appliances and/or HVAC systems. That program, while a good concept, was not fast enough to help victims who wanted to replace affected appliances in their home(s) immediately. SCP determined donating funds to local non-profits was the best course of action to make a difference. After speaking with Chair Landman, Vice Chair Slayter and Director Hopkins, a total of $50,000 in donations was split between three non-profit organizations that were already providing relief to the flood victims. The organizations and donated amounts are:

- $15,000 to West County Community Services
- $15,000 to West County Health Centers
- $20,000 to the 501(c)3 fund, established to support small businesses affected by floods, operated by the Chambers of Commerce of Russian River, Sebastopol, Santa Rosa Metro and the Sonoma County Economic Development Board.

## BUILDING UPDATE

EHDD is working to complete Construction Documents for the improvements to the new Headquarters Building. They have submitted planning level documents to the City of Santa Rosa for review. A pre-qualification RFQ has been circulated to building contractors and Builders Exchanges in order that we may create a pool of contractors to bid on the project. SCP staff will be soliciting proposals from local artists to provide a piece to display at the Headquarters to comply with the City of Santa Rosa's Public Art ordinance.

## PROGRAMS

Several Board members have asked that SCP staff investigate an incentive program for municipal solar projects. In response, staff are researching how battery storage could be added to existing and planned solar projects on municipal properties. Battery storage would provide flexibility for solar projects to contribute to grid reliability and future-proof them to changes in net metering rules and increase the value as significant increases in evening energy costs are implemented.

*Lead Locally (CEC Grant)*

The Lead Locally Research Team has installed monitoring equipment in 13 of the 15 pilot homes and will measure the energy use over a 4-6 month period to establish a baseline use for the applied research experiments of: heat pump water heaters, radiant ceiling heating and cooling panels, residential attic phase change materials, and air to water heat pumps. A Phase 2 Technology Demonstration study on market ready technologies such as; daylighting retrofits for three commercial properties, phase change materials, night ventilation, induction cooktops, and economizers will occur this summer.

An initial Request for Proposals to solicit manufacturers and vendors resulted in multiple technologies to be deployed from the Advanced Energy Center such as: residential battery storage, HVAC units, heat pump water heaters, and phase change materials. A second recruitment to add vendors will be released this month. Additionally, TLCD Architecture submitted construction documents for the Advanced Energy Center's improvements to the City of Santa Rosa for permitting. The Lead Locally team plans to put out to bid for construction services in May and hopes to bring back to the Board a construction contract with associated costs for approval in a near-term meeting.

*Electrification of Transit Vehicles*

SCP staff is currently in negotiations with Cadmus Group to perform the Transit Electrification Study for the four transit agencies in our service territory. The Cadmus Group was selected from a competitive bid released in February. Staff is aiming to bring a contract to the May Community Advisory Committee meeting for review and recommendation.

*Induction Cooktops*

Staff has engaged with Daily Acts to lend out induction cooktops from their Petaluma office. A Memorandum of Understanding is currently being developed. Staff is aiming to start the lending program with Daily Acts this month and is actively looking for other nonprofit entities throughout various regions of Sonoma and Mendocino County *(e.g. West Sonoma County, Sonoma Valley, Northern Sonoma, Coastal Mendocino, Inland Mendocino, and Anderson Valley)* to partner on this program.

*GridSavvy*

After Board approval during the April board meeting, contract negotiations with NRTC for adding Nest thermostats to the GridSavvy program have stalled. While the Programs team works to find other potential contractors and solutions to continue integrating Nest into the GridSavvy Community, we

do not anticipate this will be complete by the previous proposed launch date of mid-May 2019.

*Advanced Energy Rebuild*

189 homes have now applied for Advanced Energy Rebuild, about one third of which have chosen to rebuild all-electric homes. SCP staff is working with both PG&E and Southern California Edison to expand the Advanced Energy Rebuild program to fire-affected areas within their service territories, and has started looking at the potential for a 2020 Advanced Energy Rebuild program.

*Low Carbon Reach Codes*

An "all-electric" reach code would mandate that all new construction within a jurisdiction use high efficiency electric equipment, reducing the greenhouse gas emissions of new homes by more than two thirds. SCP's Senior Program Manager, Rachel Kuykendall, is currently working with the following jurisdictions on reach codes: Sonoma County, Santa Rosa, Windsor, Sebastopol, Petaluma, and Cloverdale. If this sounds of interest to your jurisdiction, Rachel will follow up after the board meeting to connect with your jurisdiction's appropriate staff.

## MONTHLY COMPILED FINANCIAL STATEMENTS

The winter rate season continues into March, 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 $130,444,000.

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 $88,710,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately $61,156,000 is set aside for reserves (Operating Reserve: $50,872,000; Program Reserve: $9,174,000; and Collateral Reserve: $1,110,000).

Overall, other operating expenses continued near or slightly below planned levels for the year.

## BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2018/19 amended budget approved by the Board of Directors in March 2019.

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 1%.

The cost of electricity is a near match to the budget-to-date. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

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

**UPCOMING MEETINGS**:

CAC MEETING – MAY 21, 2013 (budget review)

BOD MEETING – JUNE 6, 2019 (final FY budget presentation and vote)

CAC MEETING – JUNE, TBD (possible rates discussion)

BOD MEETING – JULY 11, 2019 (off schedule, possible rates presentation and vote)

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Financial Plumbline

# 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 March 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
April 25, 2019

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# SONOMA CLEAN POWER AUTHORITY
## OPERATING FUND
## BUDGETARY COMPARISON SCHEDULE
## July 1, 2018 through March 31, 2019

| | 2018/19 YTD Amended Budget | 2018/19 YTD Actual | 2018/19 YTD Amended Budget Variance (Under) Over | 2018/19 YTD Actual/ Amended Budget % | 2018/19 Amended Budget | 2018/19 Amended Budget Remaining |
|---|---|---|---|---|---|---|
| **REVENUE AND OTHER SOURCES:** | | | | | | |
| Electricity (net of allowance) * | $ 131,544,055 | $ 130,097,898 | $ (1,446,157) | 99% | $ 176,855,000 | $ 46,757,102 |
| Evergreen Premium (net of allowance) | 306,444 | 346,519 | 40,075 | 113% | 412,000 | 65,481 |
| CEC Grant | 1,580,800 | 1,254,812 | (325,988) | 79% | 1,927,000 | 672,188 |
| BAAQMD grant | 46,500 | 42,125 | (4,375) | 0% | 62,000 | 19,875 |
| Interest income | 709,500 | 769,470 | 59,970 | 108% | 946,000 | 176,530 |
| Miscellaneous Income | - | 503 | 503 | 0% | - | (503) |
| Total revenue and other sources | 134,187,299 | 132,511,327 | (1,675,972) | 99% | 180,202,000 | 47,690,673 |
| **EXPENDITURES AND OTHER USES:** | | | | | | |
| CURRENT EXPENDITURES | | | | | | |
| Cost of energy and scheduling | 109,083,163 | 109,277,404 | 194,241 | 100% | 146,345,000 | 37,067,596 |
| Data management | 2,316,750 | 2,364,894 | 48,144 | 102% | 3,089,000 | 724,106 |
| Service fees- PG&E | 719,250 | 710,222 | (9,028) | 99% | 959,000 | 248,778 |
| Personnel | 2,745,750 | 2,488,488 | (257,262) | 91% | 3,661,000 | 1,172,512 |
| Outreach and communications | 858,000 | 779,339 | (78,661) | 91% | 1,144,000 | 364,661 |
| Customer service | 344,000 | 188,540 | (155,460) | 55% | 440,000 | 251,460 |
| General and administration | 408,250 | 366,327 | (41,923) | 90% | 531,000 | 164,673 |
| Legal | 532,500 | 314,956 | (217,544) | 59% | 710,000 | 395,044 |
| Accounting and auditing | 153,000 | 120,215 | (32,785) | 79% | 204,000 | 83,785 |
| Technical consultants | 142,500 | 91,233 | (51,267) | 64% | 190,000 | 98,767 |
| Legislative and regulatory advocacy | 96,000 | 89,500 | (6,500) | 93% | 128,000 | 38,500 |
| Other consultants | 120,000 | 65,674 | (54,326) | 55% | 160,000 | 94,326 |
| CalCCA Trade Association | 273,000 | 225,000 | (48,000) | 82% | 400,000 | 175,000 |
| Program implementation | 3,382,500 | 2,321,332 | (1,061,168) | 69% | 4,510,000 | 2,188,668 |
| Program - CEC grant | 1,316,250 | 1,114,662 | (201,588) | 85% | 2,415,000 | 1,300,338 |
| Program development and evaluation | 55,000 | - | (55,000) | 0% | 100,000 | 100,000 |
| Total current expenditures | 122,545,913 | 120,517,786 | (2,028,127) | 98% | 164,986,000 | 44,468,214 |
| OTHER USES | | | | | | |
| Collateral deposit payments | 1,409,000 | 1,408,034 | (966) | 100% | 1,409,000 | 966 |
| Collateral deposit payments returned | - | (372,500) | (372,500) | - | - | 372,500 |
| Capital outlay | 900,000 | 612,934 | (287,066) | 68% | 1,190,000 | 577,066 |
| Total expenditures, Other Uses and Debt Service | 124,854,913 | 122,166,254 | (2,688,659) | 98% | 167,585,000 | 45,418,746 |
| Net increase (decrease) in available fund balance | $ 9,332,386 | $ 10,345,073 | $ 1,012,687 | 111% | $ 12,617,000 | $ 2,271,927 |

** Represents sales of approximately 1,837,000 MWh for 2018/19 YTD actual.*

| RESERVES | Current Balance | % of FY Target | FY Target Balance |
|---|---|---|---|
| Operating Cash Reserve | $ 50,872,129 | 61% | $ 83,088,000 |
| Program Cash Reserve | 9,173,691 | 55% | 16,617,600 |
| Collateral Cash Reserve | 1,109,883 | 8% | 14,634,500 |
| | $ 61,155,702 | | |



See accountants' compilation report.

**SONOMA CLEAN POWER AUTHORITY**

**OPERATING FUND**
**BUDGET RECONCILIATION TO STATEMENT OF**
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**July 1, 2018 through March 31, 2019**

| | | |
|---|---|---|
| Net increase (decrease) in available fund balance per budgetary comparison schedule: | $ | 10,345,073 |
| Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position: | | |
| Subtract depreciation expense | | (44,699) |
| Add back capital asset acquisitions | | 612,934 |
| Subtract collateral deposits returned | | (372,500) |
| Add back collateral deposits | | 1,408,034 |
| Change in net position | $ | 11,948,842 |


See accountants' compilation report.

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Financial Plumbline

# ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 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
April 25, 2019

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# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION
## As of March 31, 2019

| | |
|---|---|
| **ASSETS** | |
| Current assets | |
| Cash and cash equivalents | $ 51,654,032 |
| Investment in Sonoma County Investment Pool | 15,318,831 |
| Accounts receivable, net of allowance | 16,087,137 |
| Other receivables | 949,210 |
| Accrued revenue | 6,942,160 |
| Prepaid expenses | 1,898,909 |
| Deposits | 182,079 |
| Total current assets | 93,032,358 |
| Noncurrent assets | |
| Land | 860,520 |
| Capital assets, net of depreciation | 3,276,496 |
| Deposits | 5,459,242 |
| Total noncurrent assets | 9,596,258 |
| Total assets | 102,628,616 |
| **LIABILITIES** | |
| Current liabilities | |
| Accounts payable | 1,258,078 |
| Accrued cost of electricity | 11,048,402 |
| Advanced from grantors | 457,875 |
| Other accrued liabilities | 647,431 |
| User taxes and energy surcharges due to other governments | 506,861 |
| Total current liabilities | 13,918,647 |
| **NET POSITION** | |
| Investment in capital assets | 4,137,016 |
| Unrestricted | 84,572,953 |
| Total net position | $ 88,709,969 |

See accountants' compilation report.

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## July 1, 2018 through March 31, 2019

| | |
|---|---|
| **OPERATING REVENUES** | |
| Electricity sales, net | $ 130,097,898 |
| Evergreen electricity premium | 346,519 |
| Grant revenue | 1,296,937 |
| Total operating revenues | 131,741,354 |
| **OPERATING EXPENSES** | |
| Cost of electricity | 109,277,404 |
| Staff compensation | 2,488,488 |
| Data manager | 2,364,894 |
| Service fees - PG&E | 710,222 |
| Consultants and other professional fees | 2,274,739 |
| Legal | 314,956 |
| Communications | 969,222 |
| General and administration | 649,124 |
| Program rebates and incentives | 1,468,737 |
| Depreciation | 44,699 |
| Total operating expenses | 120,562,485 |
| Operating income | 11,178,869 |
| **NONOPERATING REVENUES (EXPENSES)** | |
| Interest income | 769,470 |
| Gain on sale of equipment | 503 |
| Total nonoperating revenues (expenses) | 769,973 |
| **CHANGE IN NET POSITION** | 11,948,842 |
| Net position at beginning of period | 76,761,127 |
| Net position at end of period | $ 88,709,969 |

See accountants' compilation report.

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS
## July 1, 2018 through March 31, 2019

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from electricity sales | $ 134,856,906 |
| Receipts from grantors | 480,822 |
| Receipts from supplier for security deposits | 14,600 |
| Tax and surcharge receipts from customers | 1,798,182 |
| Deposits and collateral returned | 372,500 |
| Payments to purchase electricity | (112,727,855) |
| Payments for staff compensation | (2,493,708) |
| Payments for contract services | (5,114,205) |
| Payments for communications | (1,246,693) |
| Payments for general and administration | (655,781) |
| Payments for program rebates and incentives | (1,510,987) |
| Tax and surcharge payments to other governments | (1,772,429) |
| Deposits and collateral paid | (1,408,034) |
| Payments for charitable contributions | (108,000) |
| Net cash provided (used) by operating activities | 10,485,318 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Acquisition of capital assets | (730,976) |
| Net cash provided (used) by capital and financing activities | (730,976) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest income received | 770,703 |
| Net cash provided (used) by investing activities | 770,703 |
| Net change in cash and cash equivalents (including County Investment Pool) | 10,525,045 |
| Cash and cash equivalents at beginning of year | 56,447,818 |
| Cash and cash equivalents at end of year | $ 66,972,863 |
| **Reconciliation to the Statement of Net Position** | |
| Cash and cash equivalents | $ 51,654,032 |
| Investment in Sonoma County Investment Pool | 15,318,831 |
| Cash and cash equivalents | $ 66,972,863 |

# SONOMA CLEAN POWER AUTHORITY

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

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | | |
|---|---|---|
| Operating income | $ | 11,178,869 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | |
| Depreciation expense | | 43,054 |
| Revenue reduced for uncollectible accounts | | 655,501 |
| Charitable contributions considered an operating activity for cash flow purposes only | | (108,000) |
| (Increase) decrease in net accounts receivable | | 1,121,510 |
| (Increase) decrease in other receivables | | (767,697) |
| (Increase) decrease in accrued revenue | | 2,630,862 |
| (Increase) decrease in prepaid expenses | | (1,368,378) |
| (Increase) decrease in current deposits | | (982,290) |
| Increase (decrease) in accounts payable | | 176,696 |
| Increase (decrease) in accrued cost of electricity | | (2,756,737) |
| Increase (decrease) in advance from grantors | | (42,125) |
| Increase (decrease) in accrued liabilities | | 659,084 |
| Increase (decrease) in user taxes and energy surcharges due to other governments | | 30,369 |
| Increase (decrease) in supplier security deposits | | 14,600 |
| Net cash provided (used) by operating activities | $ | 10,485,318 |

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Sonoma Clean Power

**Staff Report – Item 04**

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To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Neal Reardon, Director of Regulatory Affairs

Issue: Receive Legislative and Regulatory Updates and Approve Legislative Positions as Appropriate

Date: May 2, 2019

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**Requested Committee Action:**

Receive the regulatory and legislative updates and approve legislative positions as appropriate.

## REGULATORY REPORT

### Power Charge Indifference Adjustment (PCIA)

Phase 2 of the PCIA Proceeding is underway, and with three central topics: 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. SCP will engage on behalf of our customers and is leading the development of a proposal to allow prepayment of PCIA.

Staff have received preliminary information relating to the implementation of the 2019 PCIA update that is encouraging. In the November 2018 update PG&E proposed a total PCIA for its entire territory of $1.164 billion, and the most recent Advice Letter reduced that to $1.007 billion, after accepting some of SCP and CalCCA's recommended corrections. The PCIA for 2019 is still forecast to have an increase over 2018, but that increase is now expected to be less than PG&E originally requested. This makes it more likely SCP can sustain a small customer rate savings for the remainder of 2019, and also

possible that a larger contribution to reserves can be made in the next fiscal year. No final decision has been issued on this matter, however, so Staff continues to wait until that occurs before recommending a final rate plan. In addition, the 2020 PCIA is still expected to have a significant increase because of the many months of undercollecting in 2019 which must be made up in the following year, so any additional contribution to reserves will be helpful in offsetting that expected future increase.

**PG&E's Energy Resource Recovery Account (ERRA)**

On April 4th, PG&E submitted an amended Advice Letter proposing PCIA and Generation Rates for 2019. This re-submittal was ordered by the Commission after SCP and other CCAs successfully advocated in the ERRA Proceeding.

Compared with what PG&E originally proposed to charge in November, this April filing proposes to reduce the total amount of PCIA collected from departed customers by $157 million or 13.5%. PG&E bundled generation rates are proposed to increase between 4.2% and 9.1%, depending on customer class. These would go into effect as early as July 1st, with September 1st being more likely.

**Resource Adequacy (RA)**

The CPUC 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. Groups of stakeholders: Investor Owned Utilities, CCAs, and Energy Service Providers, are all directed to host one meeting to discuss outstanding issues. The first of these meetings occurred April 22-23. CPUC Staff and the Assigned Commissioner are eager to create a central procurement entity, and have signaled they will make another proposal in 4Q 2019 if stakeholders do not come to agreement on what the structure should be.

CalCCA and SCP have indicated support for a limited form of central procurement, which respects CCA rights to fully self-procure all resources. The CalCCA proposal recommends forming a Central Procurement Authority for the purpose of procuring any resource adequacy that individual electric suppliers elect not to self-procure. This proposal ensures that all LSEs retain their existing procurement authority while protecting California's grid from reliability issues that could arise from LSEs choosing or unable to procure sufficient resources. This outline plan has been presented the authors of AB 56 (Garcia) because of the overlapping legislative issues in that bill (see Legislative Report later in this item).

### PG&E Request to Increase Return on Invested Capital

PG&E recently asked the CPUC to increase the company's return on equity from 10.25 percent to 16 percent because the company's credit rating is too low to effectively raise capital. Alternative means of continuing operations without this increase were not presented in PG&E's filing. If the CPUC approves this request, it would represent an increase of $1.2 billion in ratepayer costs per year, and would translate to a monthly bill increase for the average residential electric non-CARE customer of $7.85, or an increase of 7.0 percent. This would also impact natural gas bills, where the monthly average residential bill impact would be $4.25, or a 7.7 percent increase. If approved, the change in customer bills would be effective January 1, 2020 and last for a minimum of three years. This increase would not include any money to cover wildfire risk reduction work, or to pay past fire liabilities.

### CPUC Approves Increase in PG&E Rates

On April 25, the CPUC voted unanimously to approve a $373 million increase in PG&E delivery rates to pay for PG&E's costs for nine fire, wind and rain events in 2016 and 2017 to restore power, repair facilities and trim trees, remove trees, and clear brush from underneath power lines to prevent future outages and fires. The CPUC estimates this increase amounts to an average $3.50 increase on residential bills per month and will last for 12 months. TURN protested that this approval did not include a prudency review.

## LEGISLATIVE REPORT

The months of March and April have been extremely busy for the Legislature and the Governor. Both the Senate and Assembly energy policy committees have had numerous hearings and have passed virtually every bill that came before the committees. Fortunately, the members of the energy policy committees would only pass the legislation if the author took the amendments recommended in the bill's analysis.

Friday, April 26th is the last day for policy committees to pass legislation that have been identified as "fiscal." For the bills that have not been keyed fiscal, the policy committees have until May 3rd to pass bills in order for the bills to move to the floor and the appropriations committees have until May 17th to move fiscal bills to the floor.

Since the beginning of Governor Newsom's administration, he identified a key goal of strengthening California's emergency preparedness and response capabilities to mitigate wildfires and build community resilience. In response to PG&E's decision to file for bankruptcy, Governor Newsom created a strike force team to coordinate the state's efforts relating to the safety, reliability, and affordability of energy. On April 12th, the Governor released the strike force team's report that sets out some initial steps to reduce the incidence and severity of wildfires, and focuses significantly on options for allocating the costs of fires.

The report discusses community choice aggregation and recognizes that CCAs are playing a critical leadership role in advancing clean energy investments in California and that CCAs must be seated at the table if California wants to achieve its greenhouse gas emissions-reduction goals. However, the report also calls for increased budget and powers for the CPUC geared toward accelerating the CPUC's procedural timelines and increasing control of the CPUC over statewide renewable energy and reliability. That last point is the most concerning aspect of the Governor's report for CCAs, given the CPUC's recent history of trying take away CCA governing board's powers to plan and procure energy and reliability resources.

**SCP Positions Taken**

**AB 56 (E. Garcia) – Central Procurement**
**Board Action: Oppose**

AB 56 would authorize the California Public Utilities Commission and the California Energy Commission to jointly establish the "California Clean Electricity Authority" if certain findings regarding need for the Authority as a means to help achieve California's clean energy goals, plug gaps in current procurement by retail sellers and that the Authority can reasonably manage power supply commitments previously entered into by electrical corporations.

When AB 56 was heard in the Assembly Utilities and Energy Committee on April 3rd, the committee amended the bill to authorize CAEFTA (a financial agency within the State Treasurer's Office) to perform the duties of the "Authority" including renewable energy procurement, taking over management of existing LSE energy contracts and/or power plants. CEO Syphers testified in opposition on the basis that the bill would greatly expand CPUC powers to order PG&E (and the other IOUs) to buy any energy or resource adequacy on behalf of a CCA without providing a clear opportunity

for the CCA to self-provide. No member spoke in favor of the bill and no support for the bill was provided by any group other than the sponsor from TURN. Nevertheless, the committee passed the bill with an expectation the author would work with the CCAs to address the jurisdictional concerns.

When the bill was heard in the Assembly Natural Resources Committee on April 22, the committee analysis recommended the bill be amended to state that procurement authority should be "focused on specific unmet needs only." CEO Syphers again testified in opposition, and was joined by Southern California Edison who also opposed on the basis that the last time the State of California set up a central procurement entity called the CalPX or the "Power Exchange" it was a financial disaster that we are still paying for. Again, no member or group spoke in favor of the bill, but again the committee passed the bill with a repeated request for the author to work directly with the CCAs to address their issues. We are continuing to discuss our concerns with the author.

Staff is recommending we continue to oppose AB 56 but also work with the author's office to amend the bill to only pertain to a central buyer for resource adequacy with a clearly stated right for CCAs to self-provide any or all such resources before any central purchases could be made.

**SB 255 (Bradford) – Diverse Business Enterprises**
**Board Action: Support**

SB 255 expands the CPUC utility supplier diversity program by lowering the revenue threshold for participation from $25 million to $1 million in California and would include CCAs, electric service providers, distributed energy resource companies, and certain wholesale electric generators.

**SB 350 (Hertzberg) – Central Buyer**
**Board Action: Allow to Negotiate**

SB 350 authorizes the CPUC to consider changes within the resource adequacy program, including the use of a multi-year centralized resource adequacy mechanism.

**SB 520 (Hertzberg) – Provider of Last Resort**
**Board Action: Allow to Negotiate**

SB 520 authorizes the CPUC to develop threshold attributes for load serving entities to serve as a "provider of last resort" or POLR.

**SCP Positions Proposed**

**SB 155 (Bradford) – Integrated Resource Plan – Recommend allowing staff to negotiate a position**

SB 155 was previously drafted to authorize the CPUC to audit any retail seller to assess its compliance with RPS and RA procurement requirements and to issue mandates to ensure sufficient corrective action is taken to achieve full compliance with those procurement requirements. The language went beyond the CPUC's prior role of verifying compliance, and veered into potential conflicts of procurement jurisdiction.

Fortunately, CalCCA and several individual CCAs worked closely with the Senate Energy, Utilities and Communications Committee and secured important changes to the bill striking the language concerning the RPS and instead requiring that as part of the annual compliance filings the CPUC must determine whether an LSE is on track to meet its RPS requirements. In cases where the LSE is not, the CPUC would notify the LSE that they are behind on their RPS obligations.

Staff recommends the Board allow staff to negotiate a position after reviewing the final version of language that was taken in the Senate Energy, Utilities and Communications Committee. The committee's amendments went a long way in addressing concerns, but staff still need to review the new language.

**AB 1362 (O'Donnell) – CCA Code of Conduct – Recommend Support**
Prior Board Action: Oppose – but the bill has been heavily amended, and Staff request a Support position now.

Existing law limits IOUs from actively marketing against the formation of a CCA without a CPUC-approved funding and marketing plan. Until this week, AB 1362 would have removed some of the limitations on IOUs and allow IOUs

to “educate” and “provide information” that may run counter to the publicly available information provided by local public agencies.

CalCCA worked closely with the Assembly Utilities and Energy Committee and secured major amendments on April 24th. The changes gut the bill and converts it to a requirement for the CPUC to report CCA rate information and other factual data. Staff is recommending a Support position.

**AB 1584 (Quirk) – Renewable Integration Procurement and Costs – Recommend Oppose Unless Amended**

Would allow the CPUC to set obligations for renewable energy “integration” and potentially for load management and demand response. It would require the CPUC to audit CCA compliance and allow the CPUC to buy any kind of resource it deems necessary to meet any unprocured resources and assign those costs to a CCA. This bill could effectively transfer significant planning and procurement rights from SCP’s governing board to the CPUC because *all* resources have some impact on renewable integration, which is a broad term meaning ensuring system reliability while increasing the percentage of energy from renewable sources. Activities that affect integration include buying energy from diverse technologies (e.g., wind, geothermal, biomass, small hydro and solar), buying energy from diverse locations, buying resource adequacy from any type of source, establishing and operating demand response programs, and targeting energy efficiency to specific times of day (such as LED lighting in homes, which targets evening-time energy use). Recommended position: Oppose Unless Amended, with amendments focusing on limiting the scope to the CPUC identifying obligations and verifying they are met, and excluding the ability for the CPUC to transfer costs from IOU procurement onto CCAs.

**SB 676 (Bradford) – Electric Vehicle Grid Integration – Recommend Oppose Unless Amended**

This bill would require the CPUC to establish targets for electric vehicle grid integration and would grant the CPUC authority over CCA electric vehicle grid reliability activities, removing SCP’s governing board’s authority over programs like SCP’s existing GridSavvy program. The general concept of promoting smart EV charging is helpful, but removing a CCA’s control would both slow down implementation of GridSavvy and almost certainly add

considerable ratepayer costs. Staff recommends a position of Oppose Unless Amended, with recommended amendments to remove any transfer of authority away from a CCA governing board.

**SB 774 (Stern) – Electric Microgrids – Recommend Support If Amended**

This bill would require each electrical corporation to collaborate with local governments and other interested parties in its service territory to identify locations where microgrids may provide increased electrical resiliency. The current language would block CCAs from participating in most microgrid projects, but the Author has committed to editing that language to make it work for CCAs. Recommended Position: Support If Amended, to allow CCAs to participate.

**AB 684 (Levine) EV Charging Infrastructure in Multifamily – Recommend Support**

In the April Board meeting, a Support position was tentatively approved. Staff were uncertain at the time whether the bill applied to newly-constructed projects or to existing projects, so staff agreed to bring the bill back for approval after an answer could be provided.

This bill would require the development of standards and requirements for the installation of future electric vehicle charging infrastructure for parking spaces for *existing* multifamily and nonresidential development. Staff recommend Support, but will work with the Author to ensure the standards apply only to larger multifamily projects with 10 units or more.

**SB 45 (Allen) - Wildfire, Drought, and Flood Protection Bond Act of 2020 – no staff recommendation**

In the April SCPA board meeting, Director Hopkins asked SCP to consider supporting SB 45, which if passed would place a bond measure onto a public ballot to approve $4.3 billion in funds for reducing wildfire risks and restoring areas impacted by disasters, among other water, climate and natural lands protection measures.

Since this bill does not directly relate to the use of energy, staff provide no specific recommendation. However, staff see no concerns with SCP supporting this bill.

April 16th, 2019

The Honorable Laura Friedman
Chair, Assembly Committee on Natural Resources
State Capitol, Room 2137
Sacramento, CA 95814

**RE: AB 56 (Garcia) California Clean Electricity Authority - OPPOSE**

Dear Assemblymember Friedman,

The California Community Choice Association (CalCCA), representing operational community choice aggregators (CCAs) and local governments exploring CCA opportunities, respectfully opposes AB 56 (E Garcia), which would establish the California Clean Electricity Authority to procure retail energy and manage power supply commitments previously entered into by electrical corporations.

CCAs were enabled by AB 117 for the purpose of local governments providing power services to end use customers in their communities. This legislation directly impacts a CCA's foundational procurement autonomy, which could in turn impact our state's renewable procurement goals. While predicated on addressing residual needs or market failures, the legislative grant of authority in the bill is broad enough that the Authority could be used for any purpose the California Public Utilities Commission (CPUC) or California Energy Commission (CEC) see fit regarding procurement. Recovery of procurement costs within a non-bypassable charge on the distribution side of the bill also creates a cost shift between distribution and generation rates even if collected based on usage.

CalCCA supports a central buyer model for residual resource adequacy (RA) needs and is actively engaged in developing this framework with stakeholders in the resource adequacy proceeding at the CPUC.

There are several factors contributing to the current RA issues in California and RA resources, particularly local resources, are increasingly scarce in the market place, driving up capacity prices and leaving some load serving entities without sufficient RA capacity to meet their compliance obligations, even if this does not represent a reliability concern. Scarcity in the RA market is derived from the physical unavailability of capacity and administrative and policy flaws of the current program. CalCCA believes that the RA program was not developed for, and does not serve the needs of, the current policy paradigm.

Any central buyer framework should address these problems and other shared objectives identified by stakeholders. We are committed to working with legislators and stakeholders to develop a workable solution.

If you have questions, or wish to discuss our position, please do not hesitate to contact me.

Sincerely,

**California Community Choice Association**
**2300 Clayton Road, Suite 1150, Concord, CA 94520** | 415-464-6189 | **cal-cca.org**

Beth Vaughan
Executive Director

cc: Members, Assembly Committee on Natural Resources
Lawrence Lingbloom, Chief Consultant, Assembly Committee on Natural Resources

April 16, 2019

The Honorable Chris Holden, Chair
Assembly Energy & Utilities Committee
State Capitol, Room 4035
Sacramento, CA 95814

**Re: AB 1362 (O'Donnell)—OPPOSE**

Dear Assemblymember Holden,

The California Community Choice Association (CalCCA), representing operational community choice aggregators (CCAs) and local governments exploring CCA opportunities, respectfully opposes AB 1362, by Assemblymember Patrick O'Donnell, which would undermine long standing policy established by the Legislature and enable Investor Owned Utilities (IOUs) to shift the cost of anti-competitive marketing and outreach from their shareholders to all ratepayers.

The California Community Choice Association (CalCCA), is a trade association of community choice aggregators (CCAs), which are local government agencies that provide electricity generation services to over one million ratepayers. CCAs share a service area and are expected to compete with large incumbent IOUs that have market power and tremendous ratepayer-funded assets including data, staff expertise, and marketing capabilities. Utilities have used this market power to undermine or eliminate CCA competition.

The California Legislature enacted SB 790 (2011) in response to misleading and anti-competitive practices by PG&E seeking to prevent the launch of CCAs. The California Public Utilities Commission (CPUC) implemented SB 790 through Decision 12-12-036. In doing so, they "provide[d] CCAs with the opportunity to compete on a fair and equal basis with other load serving entities (LSEs), and to prevent utilities from using their position or market power to gain unfair advantages."[1] This bill undermines the protections for CCAs previously established by the California Legislature.

The need for SB 790 and the Rules of Conduct for Electrical Corporations Relative to Community Choice Aggregation Programs[2] is based on a history of bad action and anti-competitive behavior by PG&E. One myth about CCAs is they are not available to California's Central Valley. However, one of the first attempts to form a CCA was initiated by the Kings River Conservation District, located in the heart of the Central Valley. Through delaying tactics and a misinformation campaign, PG&E was able to squash community efforts to create a CCA.

These tactics, among others, were used to delay efforts to form a CCA by the City and County of San Francisco for nearly ten years. PG&E spent over $4 million in an attempt to prevent MCE's launch in 2010. This involved sending false advertising to all customers in Marin County. PG&E also used its own customer lists to call customers, warning them that the lights would go out, and opted them out of CCA service. PG&E also poured over $40 million into a ballot initiative aimed to stifle community choice throughout California.

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[1] CPUC, Decision 12-12-036 at p. 6.
[2] CPUC Decision 12-12-036 at Attachment 1.

Given PG&E's egregious behavior, SB 790 was passed in order to provide an opportunity for IOUs to market against CCAs, but without the benefit of their inherent market power. One of the most critical features of SB 790 is the requirement that utilities form independent marketing divisions funded by shareholders to lobby and market against CCAs. This ensures that IOUs are not leveraging ratepayer-funded assets to perform anti-competitive activities and is consistent with IOU affiliate transactions rules in other competitive areas of business. This is a necessary check against utility market power and misuse of ratepayer funds. Recently, San Diego Gas & Electric (SDG&E) was able to follow the CPUC's rules and create its own independent marketing division to combat CCA formation in San Diego. **By eliminating the restrictions on lobbying local governments against CCAs, as proposed in this bill, the utilities will simply be able to shift the costs of such lobbying from shareholders to ratepayers.**

It is also unworkable to take the rules intended to protect CCAs from monopolies and apply them to CCAs. For example, CCAs do not have shareholders with which to fund an independent marketing division. As such CCAs could not form such a division. These rules were designed to temper the inherent market power held by California's investor owned utilities so that CCAs can form. They were not designed to for application to CCAs and, as written, this bill would establish overly broad and limits on speech of CCAs and potentially limit necessary communications with a CCA's governing board of directors, who are mostly locally elected officials.

This bill seeks to undermine protections for ratepayers and CCAs while strengthening the monopoly position of California's IOUs. For the above reasons, MCE must respectfully oppose AB 1362 and ask that you not support the bill when it comes before your committee.

Sincerely,

Beth Vaughan
Executive Director, CalCCA

Cc: Members of the Assembly Energy & Utilities Committee
Mary McDonald, Consultant, Assembly Energy & Utilities Committee

April 16, 2019

The Honorable Ben Hueso, Chair
Senate Energy, Utilities and Communications Committee
State Capitol, Room 4035
Sacramento, CA 95814

**Re: SB 155 (Bradford)—OPPOSE**

Dear Senator Hueso:

The California Community Choice Association (CalCCA), representing operational community choice aggregators (CCAs) and local governments exploring CCA opportunities, respectfully opposes SB 155, by Senator Steve Bradford, which would undermine the legislative intent of SB 350 (de León) passed by the Legislature in 2015. By converting Integrated Resource Plans (IRPs) from planning documents to procurement mandates, this bill would force Load Serving Entities (LSEs) to prematurely lock in procurement decisions 10 years out, resulting in increased costs to California energy supply customers and increased reliance on natural gas in the long-term.

SB 350 (de León, 2015) required the California Public Utilities Commission ("CPUC") to implement a process for integrated resource planning ("IRP") to ensure that load-serving entities ("LSEs") including all CCAs meet targets that allow the electricity sector to contribute to California's economy-wide greenhouse gas emissions reductions goals. LSEs were required to submit their first IRPs to the CPUC in 2018, and the CPUC is currently in the process of certifying those plans. CCAs are proving adept at securing cost-effective, long-term power resources and have already signed long-term contracts for more than 2,000 MW with new renewable energy projects in California and many new contracts will be announced this year.

**The CPUC's IRP proceeding is still actively under way pursuant to SB 350, with initial LSE plans having been filed in 2018.** The CPUC continues to refine its modeling efforts and is considering how to best identify and fill any procurement gaps, if needed. LSEs are already required to submit biennial IRPs for approval or certification by the CPUC, to ensure that LSE planning aligns with the state's goals. It would be premature for SB 155 to require the procurement of specific resources, when the CPUC is still trying to figure out which resource mix is optimal and how to align LSE procurement with its optimal plan.

By requiring the CPUC to enforce that LSEs procure the exact resources laid out in its IRPs instead of allowing LSEs to meet an overall outcome, SB 155 would eliminate any flexibility in meeting desired outcomes. Removing the inherent flexibility in long-term plans as established by SB 350, this bill risks substantially increasing LSE procurement costs while impinging upon other local programmatic goals or other alternatives to procurement such as increased investment in distributed energy resources ("DERs"). This is likely to increase costs to customers as LSE can no longer pivot in their procurement strategies to take advantage of technological change and shifts in market prices. Furthermore, committing to early-stage IRPs as procurement compliance instead of planning documents forces LSEs to rely more heavily on existing natural gas over the 10-year term, instead of encouraging switching in the medium- and long-term to fossil-free alternatives as they increase in availability and decrease in price.

Finally, the CPUC is addressing reliability in the medium- to long-term through the IRP, and in the near-term through the resource adequacy ("RA"), proceedings. CalCCA agrees that it is vital for California to have a reliable energy grid, and its CCAs are already required to participate in the CPUC's RA program to ensure reliability. The CPUC recently made changes to its RA program in Decision 19-02-022, issued March 4, 2019, that should improve the ability of the RA program to meet its goals, including moving to a multi-year forward RA compliance requirement for local RA. The CPUC already has the ability to enforce compliance with its RA program, and the RA proceeding is the proper place for addressing near-term reliability concerns, as it is a more nimble process than the biennial IRP.

Thank you for your consideration, and we look forward to working with you and your staff on this matter.

Sincerely,

Beth Vaughan
Executive Director, CalCCA

Cc: Members of the Senate Energy, Utilities and Communications Committee
Nidia Bautista, Chief Consultant, Senate Energy, Utilities and Communications Committee