



**AGENDA  
BOARD OF DIRECTORS MEETING  
THURSDAY, AUGUST 1, 2019  
8:45 A.M.**

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

**I. CALL TO ORDER**

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve July 11, 2019 minutes of the SCPA Board of Directors meeting (pg. 5)
2. Approve Amended and Restated Power Purchase Agreement with Malbec under ProFit Program (pg.11)
3. Approve Amended Contract with TLCD Architecture for Advanced Energy Center (pg. 15)
4. Adopt a Resolution to Allow for the Sharing of Certain Information Disclosed in Closed Session with Member City and Town Councils and the County Boards of Supervisors and their Respective Legal Counsels (pg. 23)

**III. BOARD OF DIRECTORS REGULAR CALENDAR**

5. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (pg. 27)
6. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (pg. 33)
7. Receive Update on Alternate Meeting Date for November Board of Directors Meeting and Provide Direction as Appropriate (pg. 39)
8. Receive Update Regarding Opening of Recruitments for Community Advisory Committee Openings and Recommendation that the Board Appoint an Ad Hoc Committee to Assist with Selection Process (pg. 41)
9. Approve Bill Protection for Customer Transitioned onto the E-TOU-C Rate for a Maximum of 12 Months per Customer (pg. 45)

**IV. CLOSED SESSION**

The Board of Directors of the Sonoma Clean Power Authority will consider the following in closed session:

10. Public Employee Performance Evaluation - Chief Executive Officer (Gov't Code Section 54957); Public Employee Labor Negotiations - Chief Executive Officer Position. Authority negotiators: Chair, Mark Landman, Vice Chair, Patrick Slayter and General Counsel, Jessica Mullan (Govt. Code Section 54957.6) (pg. 51)
11. Conference with Legal Counsel - Existing Litigation (Paragraph (1) of subdivision (d) of Section 54956.9) Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US Bankruptcy Court, Northern District of California San Francisco Division, Case No. 19-30088(DM) and Case No. 19-300889(DM) (pg. 53)

**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 ( <i>This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&amp;E prior to their switch.</i> )
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

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**DRAFT MEETING MINUTES  
BOARD OF DIRECTORS MEETING  
THURSDAY, JULY 11, 2019  
8:45 A.M.**

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

**I. CALL TO ORDER**

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

Board members present: Chair Landman, Vice Chair Slayter, and Directors Bagby, Gjerde, Harrington, Healy (alternate), Okrepkie, and Torrez.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; and Jessica Mullan, General Counsel.

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve June 6, 2019 minutes of the SCPA Board of Directors meeting
2. Approve Professional Services Agreement with S2 Advertising for Comprehensive Media Consulting Services
3. Approve Contract between Sonoma Water and SCP for Education Program
4. Ratify Continued Use of Residential Electric Vehicle Rate EV2 Effective July 1, 2019

Public comment: none

July 11, 2019 SCPA Board Directors Consent Calendar adopted by unanimous consent.

**III. BOARD OF DIRECTORS REGULAR CALENDAR**

5. Joint SCP/PG&E Presentation on Time of Use Rates and Bill Protection

Jessica Chancellor, from PG&E's Pricing and Products team, presented on PG&E's new Time of Use ("TOU") rates and the pilot rollout with SCP. She detailed the background on the transition to TOU rates, which is intended to simplify the rate structure, promote energy conservation, and more accurately allocate costs to customers following a mandate from the CPUC to IOUs. She then outlined the pilot phase of the TOU transition, including the total number of customers transitioned, customer survey results, and preliminary findings of an overall reduction of 4.2% of total peak load per customer per hour. Following this, Ms. Chancellor described the TOU rate structure, customer metrics around the TOU transition, and an overview of the full residential TOU transition. The transition will begin in October 2020 with the following elements: E-TOU-C rates will become the default rate plan, customers will have the ability to elect their preferred rate plan, up to 12 months of bill protection

will be provided to all PG&E charges for transitioned customers, and customers will be provided with a minimum of 2 notifications prior to the transition.

Director Harrington asked about any financial impacts from extending bill protection to customers transitioned to the TOU rate, and CEO Syphers noted that a drop in volume of sales will reduce costs on the generation of power, although this still may necessitate a nominal rate increase to offset lost expenditures pending future analysis.

Chair Landman asked if there are winners and losers from the new rates, and Miss Chancellor stated that in SCP's service territory the rates are largely behavioral based, so customers that use more energy during peak pricing will incur higher bills whereas those that limit usage will realize greater savings.

Public comment:

Bill Mattinson, asked about the Net Energy Metering rollout timeline and what that process entails.

Tom Conlon, asked about rates and shared his concern for weather-sensitive ratepayers who may be adversely impacted by this policy.

6. Receive Informational Report on the Spirit of Entrepreneurship Grant Recipients

Commercial Accounts Manager, Nathan Kinsey, updated the Board on the inaugural Santa Rosa Junior College Spirit of Entrepreneurship grant partnership and fund, history of the project, selected grant recipients, their grant proposals, lessons learned, and future efforts.

Chair Landman asked how the grant partnership furthers SCP's mission, and CEO Syphers noted that the grant proposal language contains many elements from SCP's Joint Powers Agreement, and in particular, the agency's climate goals.

Public comment: None

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

CEO Syphers updated the Board on outreach efforts to Lake County regarding their interest in community choice, and that a meeting with County staff is scheduled prior to the next Board meeting. Director of Internal Operations, Stephanie Reynolds, noted that the City of Cotati adopted EverGreen, the City of Windsor is switching some municipal accounts to Evergreen, the County of Sonoma approved funding for switching select accounts at their recent budget hearing, and the City of Sebastopol budgeted for adopting Evergreen for all their accounts.

Vice Chair Slayter asked if there has been any outreach to other entities like special districts, fire departments, and libraries; Commercial Accounts Manager started that staff is developing an outreach initiative for non-municipal customers to adopt EverGreen. Chair Landman noted his support for expanding EverGreen outreach efforts to the business community as well.

Chief Operating Officer, Michael Koszalka, updated the Board on the monthly financials, growth of customer accounts, and the overall strong base of SCP's financial standing.

Director Reynolds then advised the Board that the November 7<sup>th</sup> Board meeting conflicts with the annual CalCCA conference and given the large number of SCP staff that will be attending, it is likely that staff will request the meeting be held on November 14<sup>th</sup>.

*Director Belforte arrived at approx. 9:48am*

Public comment:

Mike Turgeon, Friends of the Climate Action Plan, thanked the respective Board Members for their efforts to adopt EverGreen in their jurisdictions, along with an update of the City of Santa Rosa's Climate Subcommittee's likely recommendation to adopt EverGreen.

Woody Hastings, encouraged greater engagement with member jurisdictions to further climate goals.

Tom Conlon, noted the value and innovative nature of SCP's programs, suggested additional outreach to special districts and other jurisdictions for EverGreen, his surprise that more homeowners aren't taking advantage of the Advanced Energy Rebuild program, and potential partnership with Sonoma Marin Area Rapid Transit.

Kevin Conway, Friends of the Climate Action Plan, spoke in support of microgrids and making homes micro-grid ready.

Vice Chair Landman noted the City of Sebastopol's recent fiscal year budget approval, which includes funds for switching municipal accounts to EverGreen and the benefits the switch provides in reducing greenhouse gas emissions.

Director Gjerde noted his support for amending the building code to allow for use of EverGreen in lieu of rooftop solar, and suggested advocacy efforts to amend building code policies. CEO Syphers detailed efforts by SCP to change the 2020 building code updates to allow for the use of EverGreen as described by Director Gjerde.

## 8. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate

CEO Syphers introduced the item by noting AB 54 is not moving forward, then he provided the following legislative updates: AB 1054, which passed out of committee and is moving towards a vote on the Assembly floor; AB 684, passed the Senate Housing Committee and is in appropriations; SB 155, has been amended but SCP is still not taking a position on; SB 350, pulled by the author and will come back in January; SB 520, passed out of committee and SCP will work with the author over the summer to address issues with the bill.

Vice Chair Slayter asked about a recent press article on AB 1054 and any implications for microgrids and municipal owned energy. CEO Syphers stated that since the bill was just published, additional study is needed prior to making a determination on any potential impacts.

Director of Regulatory Affairs, Neal Reardon, updated the Board on the revised PCIA fee which is lower than previously forecast and the beneficial impacts this has on customers.

Public comment: Tom Conlon, shared his concerns regarding AB 1054.

9. Adoption of Customer Rates for September 1, 2019 Consistent with Community Advisory Committee Recommended Bill Savings

CEO Syphers introduced the item by noting the drop in PCIA fees will assist SCP in generating revenue and maintaining customer rate savings. He then detailed the proposed 1% and 2% rate saving scenarios, and the impacts they would have towards customer savings, customer programs, capital investment, and reserve funds.

Director Harrington asked what the year-over-year increase in rates year would be, and Power Services Manager Rebecca Simonson stated that with PG&E bundled rates increasing, the 2% savings scenario would lead, on average, to a total bill increase of 5.7%, and increase equal to the increase PG&E's customers will see. Director Harrington then asked what the rate increase would be, year over year, based on the 1% scenario and Power Services Manger Simonson stated the overall rate increase would be 6.8%.

Director Belforte asked about potential PG&E fee increases in the sum of \$10.75 and when that may take effect. Director of Customer Service, Erica Torgerson, detailed that that fee would be on the distribution side of the bill as a line item, and the likelihood that it will be approved by the CPUC.

Director Belforte then asked how these savings support SCP's contributions to reserves. CEO Syphers noted that both options comply with the Board approved Financial Policy and contributions to reserves, and the 1% scenario would have greater impacts on reserves than the 2% scenario.

Public comment: Ken Wells, Community Advisory Committee member, noted his support for the 2% rate savings proposal.

Director Harrington noted her support for the 2% rate savings proposal.

Motion to adopt Customer Rates for September 1, 2019 Consistent with Community Advisory Committee Recommended Bill Savings by Director Okrepkie.

Second: Director Belforte

Motion passed: 8-0-0

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

Public comment: Woody Hastings advised the Board that AB 1054 was just voted out of the Assembly.

*Director Harrington left the meeting at approximately 10:46am.*

#### **V. CLOSED SESSION**



The Board of Directors of the Sonoma Clean Power Authority will consider the following in closed session:

10. Public Employee Performance Evaluation - General Counsel (Government Code Section 54957)
11. Conference with Legal Counsel - Existing Litigation (Paragraph (1) of subdivision (d) of Section 54956.9) Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US Bankruptcy Court, Northern District of California San Francisco Division, Case No. 19-30088(DM) and Case No. 19-300889(DM)

The Board adjourned to Closed Session at approximately 10:46am.

The Board reconvened from Closed Session at approximately 12:02pm

Chair Landman reported that the Board gave staff direction on the closed session items.

Public comment: None

## **VI. BOARD MEMBER ANNOUNCEMENTS**

None

## **IV. ADJOURN**

Chair Landman adjourned the meeting at 12:02pm

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## Staff Report – Item 02

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To: Sonoma Clean Power Authority Board of Directors

From: Carlos Gomes, Energy Market Analyst

Issue: Authorize the CEO to Negotiate and Execute an Amended and Restated Power Purchase Agreement with IP Malbec, LLC under ProFIT Program

Date: August 1, 2019

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### Requested Board Action

Staff requests that the Board of Directors (“Board”) take the following actions, consistent with the parameters set forth in this Staff Report:

- (1) Authorize the Chief Executive Officer (“CEO”) to Negotiate and Execute an Amended and Restated Power Purchase Agreement (“PPA”) with IP Malbec, LLC under the ProFIT Program; and**

The Amended and Restated PPA will extend the Commercial Operations Date (“COD”) to December 17, 2019, clarify the payment and bonus structure under the PPA, and make other conforming changes.

- (2) Delegate authority to the CEO to execute any other related documents that are necessary to administer the PPA.**

The related documents, including any subsequent amendments or lender consents, must be in a form approved by the General Counsel and be otherwise consistent with SCP’s Joint Powers Agreement and Board-adopted policies. In addition, such amendments and documents may not change the PPA price or term.

### Background

Sonoma Clean Power (“SCP”) approved launch of its Feed-in-Tariff Program

("ProFIT") program on July 10, 2014. In connection with the SCP Board's action to launch the program, the Board also approved a standard Power Purchase Agreement ("PPA") contract for ProFIT program developers to use and a ProFIT program tariff. At subsequent Board meetings, updates to the Program and Bonus structure were considered and adopted as well (August 7, 2014).

With multiple participants now in the ProFIT program: (1) developers have started requesting changes to interim project milestones and other business terms as they make their way through the development process; and (2) in reviewing the standard ProFIT PPA related to those requests, staff has also recognized some opportunities to update and clarify language in the ProFIT program's standard form PPA, particularly as it relates to the bonus incentive payment and documentation requirements.

In October/November 2018 the CAC and the Board approved an amended and restated PPA with another ProFIT developer, Cloverdale Solar Center LLC ([Item 5](#)). SCP expects the Amended and Restated PPA with IP Malbec to largely track the revisions made as part of the Cloverdale renegotiation.

## **Discussion**

SCP and the IP Malbec, LLC ("IP Malbec") entered into a Feed-in-Tariff Program ("ProFIT") Power Purchase Agreement ("Original PPA") for a 989 kW AC solar project located in Willits, CA on December 18, 2017. The expected Commercial Operation Date ("COD") in the Original PPA was June 8, 2019. The PPA price of \$0.095 per kW of Delivered Energy will not change. IP Malbec has also requested the training incentive, which is a \$0.01 per kWh for Delivered Energy bonus payment, during the first 5 years.

IP Malbec has experienced a number of project delays, including (1) delays in obtaining a conditional use permit from Mendocino County; (2) disruptions and changes in financing following the PG&E bankruptcy filing; (3) delays in execution of an interconnection agreement with PG&E following the PG&E bankruptcy filing; and (4) weather related delays, including heavy rainfall in May 2019.

IP Malbec held its construction groundbreaking on May 6, 2019; however, IP Malbec has requested a COD extension to December 17, 2019.

The Original PPA includes a provision allowing for a 6-month extension due to unanticipated delays arising from permitting, or transmission/distribution owner's commitment of the interconnection. Staff has reviewed the Original PPA as well as the documentation IP Malbec has provided in support of its

request for the COD extension. Staff recommends accepting and negotiating the Amended PPA with IP Malbec to extend the COD to December 17, 2019.

In addition, IP Malbec has requested bonus payment incentives (training incentive). As with the Cloverdale project renegotiations, Staff recommends that the Amended and Restated PPA with IP Malbec be revised to clarify and update the payment and bonus structure, as well as the documentation requirements for securing incentives. SCP recommends that the delegation of authority to the CEO to negotiate and execute an Amended and Restated PPA with IP Malbec include such updates and clarifications.

In addition to the specific changes noted above, SCP staff expects the Amended & Restated PPA will also: memorialize changes to financing of the project in the Recitals, updates project contacts, update the milestone date, clarifies contract price and bonus payment structure; and details documentation required to receive bonus payment.

Finally, it is staff's understanding that IP Malbec is in the process of closing term and tax equity financing for the project. In connection with such financing, SCP may be asked by the lender and developer to execute a lender consent and/or PPA estoppel. As a result, staff has requested the delegation of authority to the CEO to execute documents necessary to administer the PPA, which would include such lender consents or estoppels; provided that the related documents, including any subsequent amendments or lender consents, must be in a form approved by the General Counsel and be otherwise consistent with SCP's Joint Powers Agreement and Board-adopted policies. In addition, such amendments and documents may not change the PPA price, term, or project generation capacity.

#### Next Steps

- Negotiate, finalized and execute an Amended and Restated PPA with IP Malbec; and
- Work with IP Malbec, as necessary, to negotiate and execute Lender Consent and/or estoppel related to project financing.

#### **Community Advisory Committee Review**

The Community Advisory Committee recommended Board approval of this contract amendment in its July 23 meeting.

#### **Fiscal Impact**

None. The Amended and Restated PPA would not change the PPA price.

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## Staff Report – Item 03

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To: Sonoma Clean Power Authority Board of Directors

From: Chad Asay, Programs Manager

Issue: Approve and Delegate Authority to the CEO to Execute First Amendment to Contract with TLCD Architecture

Date: August 1, 2019

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### **Requested Board Action:**

Staff requests that the Sonoma Clean Power Authority Board of Directors (“Board”) Delegate Authority to the Chief Executive Officer (“CEO”) to execute a first amendment to the contract with TLCD Architecture to add \$125,663 to the not-to-exceed amount over the term due to unforeseen engineering and design costs at the Advanced Energy Center (“AEC”).

### **Background:**

SCP’s initial contract with TLCD Architecture (“TLCD”) was approved by the Board on December 6, 2018 to design a complete remodel of the leased, vacant space into a new marketplace and demonstration space. The initial term of the contract was through October 31, 2019.

### **Discussion:**

This is the first amendment to the TLCD contract to expand the scope to cover additional, unforeseen engineering and design work. The first amendment would extend the term to March 1, 2020 and increase the not-to-exceed amount under the contract by \$125,663 to increase the total not-to-exceed amount under the contract from \$507,779 to \$633,442.

TLCD spent additional time searching for and preparing building drawings due to a lack of existing documentation. Additionally, TLCD needed to spend additional time resolving building-wide issues including seismic safety of exterior walls, fire separation with adjacent spaces, sewer and fire sprinkler

terminations and connections within the SCP tenant space, and also needed to coordinate between SCP and the building owner scopes of work. The City of Santa Rosa Planning Department also required TLCD and their engineers to adjust the initial design plan to include an exterior ADA ramp and to complete related improvements at the 5th Street building entrance/exit, study the exterior walls for seismic structure, and to design the connection of fire sprinkler system to City water service.

**Fiscal Impact:**

In FY 19/20 SCP budgeted \$4.2M dedicated to CEC grant administration, labor and tenant improvements. Additionally, there are \$509K in grant funds dedicated to the AEC tenant improvements. SCP will dedicate the full \$509,000 in grant funds to the AEC construction project and then makeup for the difference with SCP funds. Even with the additional funds allocated to this contract, no budget adjustment will be needed for this amendment.

**Committee Review:**

The Community Advisory Committee recommended this contract amendment in its July 23 meeting.

**Attachments:**

- First Amendment to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace



**FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR THE SONOMA CLEAN POWER AUTHORITY WITH TLCD ARCHITECTURE FOR THE SONOMA CLEAN POWER AUTHORITY ENERGY MARKETPLACE**

This First Amendment (“First Amendment”) to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace (the “Agreement”) is entered into between the Sonoma Clean Power Authority (“SCPA”), a California Joint Powers Authority, and TLCD Architecture a California Corporation (“Consultant”) as of August 1, 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 December 6<sup>th</sup>, 2018 for Consultant to provide engineering, architectural, design and other related support services for SCP’s renovation of a commercial building located at 741 4<sup>th</sup> Street, Santa Rosa CA. The building will serve as SCP’s Energy Marketplace and include a showcase of zero-carbon technologies, including heat pumps, induction cooktops, and energy efficiency measures; and

WHEREAS, SCPA now desires to extend the term of the Agreement from October 31, 2019 to March 1, 2020; and

WHEREAS, SCPA now desires to expand and revise the Services provided by Consultant to include the design of the security system, address an American with Disabilities Act (“ADA”) ramp, and perform work related to a fire sprinkler system, incorporate Solatubes; and

WHEREAS, SCPA now desires to increase the total not-to-exceed amount under the Agreement by \$125,663 to increase the aggregate not-to-exceed amount under the Agreement from \$507,779 to \$633,442; and

WHEREAS, in accordance with section 30.5 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)

Including:

Appendix A1 (Approved Additional Services)

Appendix B (Compensation Schedule)

Including:

Appendix B1 (Fixed Fees for Base Services)

Appendix B2 (Hourly Rates)



“1.1 Excluding Additional Services only, the amount of compensation to be paid to Consultant for all services under this Agreement shall not exceed six hundred and thirty-three thousand, and four hundred and forty-two dollars (\$633,442) 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.”

9. Appendix B-1 Fixed Fees for Base Services attached to the Agreement is hereby superseded and replaced by Appendix B-1 - Amended Fixed Fees for Base Services attached to this First Amendment.

10. 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**

**TLCD Architecture**

BY: \_\_\_\_\_  
Geof Syphers  
Chief Executive Officer

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM

BY: \_\_\_\_\_  
General Counsel

DATE: \_\_\_\_\_

**Appendix A-1**  
**APPROVED ADDITIONAL SERVICES**

Consultant agrees to provide and SCPA approves Consultant's performance of the following work as Additional Services:

- A. Brelje & Race Consulting Engineers to provide construction documents and construction administration services for the exterior ramp and related improvements at the 5<sup>th</sup> Street building entrance/exit (not-to-exceed amount of \$13,400);
- B. Scott AG agrees to provide additional services beyond subconsultant's original contract allowance (not-to-exceed amount of \$10,250);
- C. TEECOM to design a security system (not-to-exceed amount of \$25,000);
- D. Brelje & Race to design connection of fire sprinkler system to City water service (not-to-exceed amount of \$4,040);
- E. Additional services of Cromb Associates to reflect added scope in construction cost estimate (not-to-exceed amount of \$3,000)
- F. Additional services of Consultant to incorporate Solatubes into the scope of work, additional time spent searching for and preparing building drawings due to lack of existing documentation, unforeseen additional time spent resolving building-wide issues including fire separation, sewer and fire sprinkler terminations and connections within SCP tenant space, and coordination between SCPA and building owner scope and ADA access issues at 5<sup>th</sup> Street, as well as coordination with sub-consultants on items A-E above (not-to-exceed amount of \$69,973)

TOTAL NOT-TO-EXCEED AMOUNT FOR ADDITIONAL SERVICES SET FORTH IN APPENDIX A-1: \$125,663



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## Staff Report – Item 04

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To: Sonoma Clean Power Authority Board of Directors

From: Jessica Mullan, General Counsel

Issue: Adopt a Resolution to Allow for the Sharing of Certain Information Disclosed in Closed Session with Member City and Town Councils and the County Boards of Supervisors and their Respective Legal Counsels

Date: August 1, 2019

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### **Requested Board Action:**

Adopt a Resolution to Allow for the Sharing of Certain Information Disclosed in Closed Session with Member City and Town Councils and the County Boards of Supervisors and their Respective Legal Counsels.

### **Discussion:**

It is common practice for joint powers agencies to allow for certain confidential information from closed sessions to be shared with the governing boards and counsel of another affiliated government agency also in closed session.

SCP's General Counsel recommends the SCP Board of Directors adopt the general policy as set forth in the attached resolution to allow sharing information with member governing boards and counsel when the member city, town or county has a direct financial or liability implication.

### **Attachments:**

- Resolution of The Board of Directors of The Sonoma Clean Power Authority Adopting a Policy Concerning Closed Sessions Pursuant to Government Code Section 54956.96

[NOT YET ADOPTED]

**RESOLUTION NO. 2019 - XX**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY ADOPTING A POLICY CONCERNING CLOSED SESSIONS PURSUANT TO GOVERNMENT CODE SECTION 54956.96**

WHEREAS, Government Code Section 54956.96 authorizes the legislative body of a joint powers agency to adopt a policy that authorizes the disclosure of information disclosed in a Sonoma Clean Power Authority (“SCP”) closed session to certain individuals, in specified circumstances.

WHEREAS, the policy would allow a member of the legislative body of a local agency that is a member of the joint powers agency to disclose information obtained in a closed session of the joint powers agency that has direct financial or liability implications to that local agency; and may disclose that information to the local agency’s legal counsel, and to the other members of the local agency’s legislative body in closed session.

WHEREAS, upon adoption of such policy, the member agency’s legislative body may also conduct a closed session, on advice of legal counsel, to receive, discuss and take action on information obtained from the joint powers agency’s closed session; and

WHEREAS, SCP is a joint powers agency and desires to establish a policy pursuant to Section 54956.96 to allow for the sharing of information with its member Cities’ and Town councils and the Counties’ boards of supervisors, and their legal counsel, in those situations where there are direct financial or liability implications for the Cities and the County and that authorizes the legislative body of a member agency, on advice of legal counsel to conduct a closed session of the member agency’s legislative body to receive, discuss and take action on information obtained from the joint powers agency’s closed session.

NOW, THEREFORE BE IT RESOLVED, the Board of Directors of the Sonoma Clean Power Authority hereby adopts the following policy pursuant to Government Code section 54956.96:

**Closed Session Policy Pursuant to Government Code Section 54946.96**

**Section 1.** Councilmembers and Supervisors serving on the board of the SCP may disclose information obtained in a SCP closed session that has direct financial or liability implications for the City, Town or County to the following individuals:

- a. Legal counsel of the City, Town or County for purposes of obtaining advice on whether the matter has direct financial or liability implications for that member local agency, and
- b. Other members of the City Council or Board of Supervisors, in a closed session of the City, Town or County.



**Section 2.** Councilmembers and Supervisors attending SCP closed sessions as designated alternates shall be entitled to disclose information obtained in those closed sessions pursuant to section 1 above.

**Section 3.** SCP member agencies may, on advice of their legal counsel, conduct a closed session in order to receive, discuss and take action concerning information obtained in a SCP closed session pursuant to section 1 of this Policy.

DULY ADOPTED this 1st day of August, 2019

JURISDICTION	NAME	AYE	NO	ABSTAIN/ ABSENT
Cloverdale	Director Bagby			
Cotati	Director Landman			
County of Mendocino	Director Gjerde			
County of Sonoma	Director Hopkins			
Petaluma	Director King			
Point Arena	Director Torrez			
Rohnert Park	Director Belforte			
Santa Rosa	Director Tibbetts			
Sebastopol	Director Slayter			
Sonoma	Director Harrington			
Windsor	Director Okrepkie			

*In alphabetical order by jurisdiction*

\_\_\_\_\_  
Chair, Sonoma Clean Power Authority

Attest:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel,  
Sonoma Clean Power Authority

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## Staff Report - Item 05

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To: Sonoma Clean Power Authority Board of Directors

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

Issue: Receive Internal Operations Report and Provide Direction as Appropriate

Date: August 1, 2019

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### **RECRUITMENTS FOR THE SCP TEAM**

Currently, SCP has two open recruitments for new staff positions. The first, a Commercial Accounts Specialist, will provide SCP with additional coverage for outreach and customer service for our commercial accounts. The second position, Programs Manager, will be responsible for design and implementation of SCP programs. We expect both positions to be filled within the next few months. SCP has also recently offered the position of Energy Analyst to a candidate and the offer was accepted. The Analyst is expected to start in September and will work with our procurement team and work on power supply planning, demand load forecasting, risk management, and settlements.

### **HEADQUARTERS BUILDING UPDATE**

Work continues preparing bid documents for construction. We are waiting for comments from the City of Santa Rosa building department on planning level documents while we ready permit level plans. Our construction management team is performing a “constructability review” of the plans EHDD prepared and any comments they have will be incorporated into the final documents. We hope to be ready to put the project out to bid this fall.

After reviewing many applications and reviewing four finalists' proposals, SCP staff and consultants selected a husband and wife team of artists to design, construct and install a sculpture for the entryway to 431 E Street. A contract for the project will be coming to the CAC and the Board in the near future. A preview of the design will be available at that time.

## **LAKE COUNTY COMMUNICATIONS REGARDING SCP MEMBERSHIP**

Following the direction given by the Board of Directors at the June meeting, CEO Syphers connected with Lake County's Chief Administrative Officer, Carol Huchingson. A meeting between CEO Syphers and Lake County staff has been scheduled to discuss the County's expressed interest in community choice.

## **EVERGREEN OUTREACH TO SCP MEMBER JURISDICTIONS IS WORKING!**

At the request of SCPA Board members, SCP staff have continued outreach to the staff of all member agencies with information about the value and costs of EverGreen service and an offer to meet and discuss further. Prior to June 19, the City of Sonoma had been the only local government that had registered all of its municipal accounts for EverGreen service.

In the last month, we have had an amazing response from our members. On June 6, the Town of Windsor contacted SCP staff and requested certain key municipal accounts be upgraded to EverGreen. On June 25, the City Council of Cotati voted unanimously to convert all of their accounts to EverGreen. On July 16, the City of Sebastopol voted to convert all of their accounts to Evergreen and the County of Sonoma recently included funds to go toward EverGreen premiums in its adopted budget for a large portion of their accounts. The City of Santa Rosa held a Climate Subcommittee meeting to formally discuss transitioning their municipal accounts over to EverGreen service and will be looking to formally vote on the item in the coming months, as well. We are very excited about this momentum and staff continues to work to keep it going.

## **SCP COMMUNITY OUTREACH, MARKETING & PR UPDATE**

SCP is supporting the communities we serve through sponsoring and attending a variety of events and efforts this summer, including sponsoring The Sonoma County Fair Hall of Flowers. Be sure to visit the exhibit just

outside the Hall of Flowers to experience SCP's garden, highlighting the types of renewable energy within our power mix. Other efforts/events: Korbel Winery Environmental Health and Safety Fair, Demystifying Electric Vehicles Workshop; Sonoma County Farm Bureau's Love of the Land, Cotati Kids' Day, Guelaguetza Tierra del Sol, Sonoma Tuesday Night Market, Mendocino County/Good Farm Fund Midsummer Night's Feast, Sonoma County Hispanic Chamber Golf Tournament, Cloverdale's Friday Night Live at the Plaza, and more.

Current marketing focuses include strategy and outreach in support of the Advanced Energy Center, developing and implementing strategies to increase EverGreen participation and working to recapture lost accounts/retain levels of customer participation. We are also working on better understanding our customer base via market and demographic research to aid in targeted marketing efforts.

We continue to enjoy favorable exposure in local, regional and industry publications through our public relations program and see steady increases in our social media followers, with strong engagement from our social audiences.

## **SCP HISTORICAL ACCOUNT DATA**

At the June 26, 2019 Community Advisory Committee meeting, Committee Member Paul Brophy requested that staff provide graphics showing the total number of accounts served by SCP. Attached to the Operations Report is a historical chart which illustrates the total number of SCP accounts compared to total eligible accounts within our service territory, from the period of May 2014 through November 2018. Staff will provide updated information on an annual basis concurrent with compliance filings, unless requested at an earlier date by Committee or Board members.

## **PROGRAMS**

### *Transit Electrification Study*

Staff has engaged the Cadmus Group to conduct a transit electrification study for the four transit agencies. Cadmus was selected from a competitive solicitation. To date, Cadmus has conducted intake meetings with the four transit agencies to understand the level of electrification efforts at each agency in order to be more efficient in the study. In early August, staff anticipates an in-depth analysis from Cadmus on policy work and project

management and also from their subcontractors on planning, design, engineering and relationships with manufacturers.

### *Lead Locally (CEC Grant)*

The Lead Locally Research Team is monitoring the baseline usage for all Phase 1 pilot homes. Phase 1 is a study of emerging technologies for home use. The products are not yet market ready and this study will create the documentation necessary to determine if the items are viable for our climate zone. SCP has begun recruitment for 50 additional sites for the Phase 2 Technology Demonstration study on market ready technologies such as; daylighting retrofits and phase change materials for commercial properties, night ventilation, induction cooktops, and economizers for residential homes. The Phase 2 study will help determine the best strategies for deployment of the technologies at our Advanced Energy Center.

An open recruitment and application for manufacturers and distributors to display and deploy emerging technologies at the Advanced Energy Center is publicly available until the opening of the Center. This application can be found via the SCP website.

Additionally, The Lead Locally team opened bids for construction services on July 16. A recommendation to award the selected lowest bidder will be included as a staff item at the next CAC meeting in September. If approved at the October Board meeting, construction will commence late this fall and may be completed by late spring in 2020.

### *Municipal Solar + Storage RFQ*

At a recent Board of Directors meeting, the Board encouraged SCP to engage with the member municipalities on solar and resiliency topics. In that effort, Staff released an RFQ for Consultant Services for Technical Analysis of Municipal Solar + Energy Storage on July 2, 2019. The RFQ invites interested consultants to submit statements of qualifications to conduct a technical analysis of existing solar facilities owned or operated by our member municipalities to maximize their value, determine feasibility of adding energy storage, and identify the requirements and cost to disconnect during emergency events. The RFQ closed at 4:00 P.M. on July 26, 2019.

### *Advanced Energy Rebuild*

208 homes have now applied for Advanced Energy Rebuild, about one third of which have chosen to rebuild all-electric homes. PG&E recently submitted an advice letter to the California Public Utilities Commission to extend the program through the end of 2020. Staff is working with PG&E to outline the framework for the 2020 program offering.

### *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. Santa Rosa, Petaluma, and Windsor continue the public meeting process, with the goal to potentially have reach codes effective by January 1<sup>st</sup>, 2020.

### **MONTHLY COMPILED FINANCIAL STATEMENTS**

Due to the end-of-year compilation of data, the June statements were not available for this agenda packet. A verbal update will be provided at the meeting on the status of year-end reports.

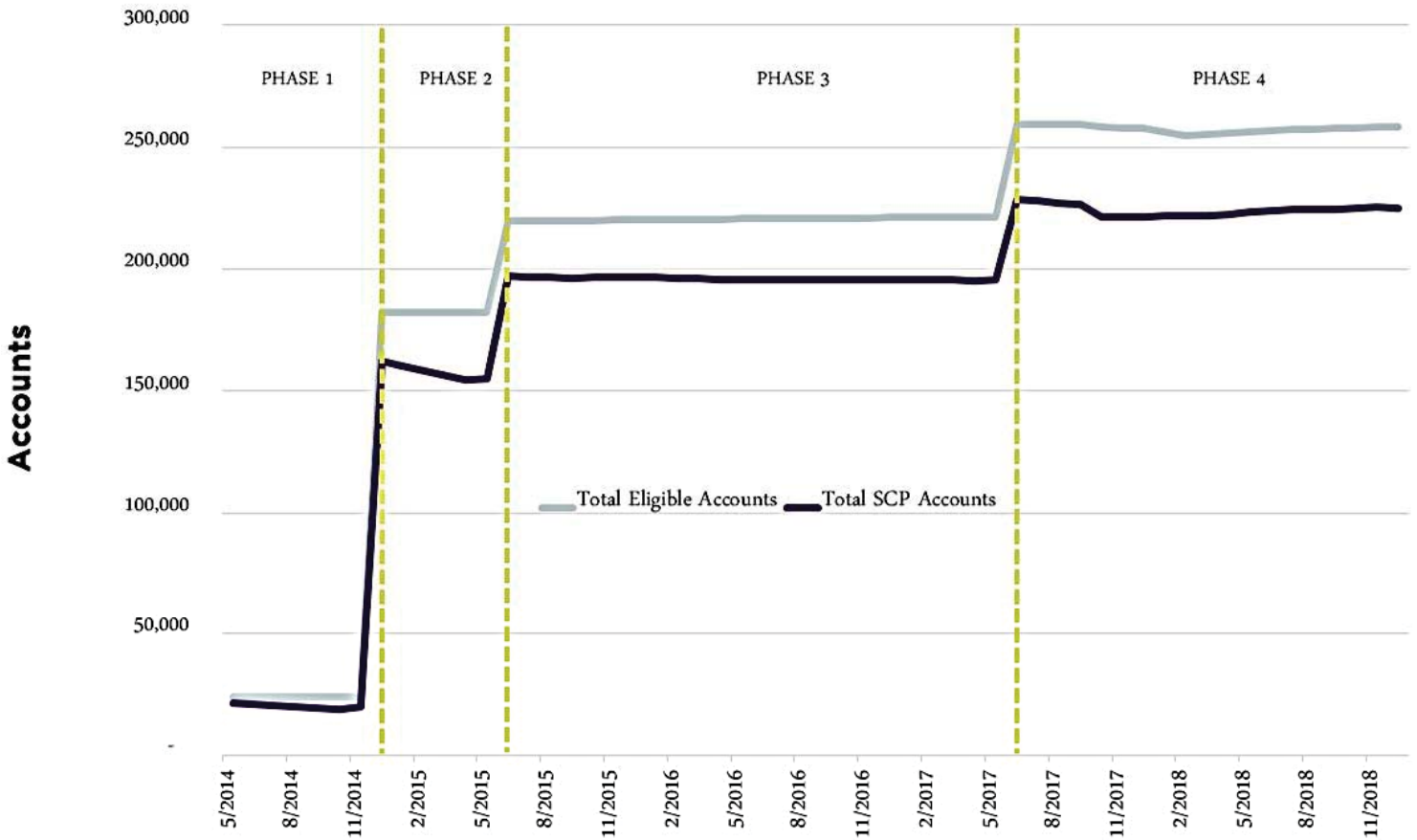
### **UPCOMING MEETINGS:**

*NO BOARD MEETING IN SEPTEMBER*

CAC MEETING - SEPTEMBER 17, 2019

BOD MEETING - OCTOBER 3, 2019

**Total SCP Accounts versus Total Eligible Accounts  
May 2014 through November 2018**



**Phase 1** All C&I and 5,000 residential customers in unincorporated Sonoma County, Cotati, Santa Rosa, Sebastopol, Sonoma, Windsor.  
**Phase 2** All remaining customers in Phase 1 areas.  
**Phase 3** All customers in Petaluma, Rohnert Park and Cloverdale.  
**Phase 4** All of Mendocino County.





**Staff Report – Item 06**

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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 Provide Direction as Appropriate

Date: August 1, 2019

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**Requested Board Action:**

Receive the Regulatory and Legislative Updates and Provide Direction as Appropriate.

**REGULATORY REPORT**

An update on SCP’s activities at the CPUC relating to PCIA and resource adequacy will be provided in the next meeting.

**LEGISLATIVE REPORT**

**Wildfire**

There has been a lot of recent activity in Sacramento pertaining to energy. On July 5, Assembly Member Holden introduced broad wildfire liability legislation (AB 1054) and it swiftly made its way through the process to get signed into law just seven days later. The bill is a giant, complex grand bargain to create a \$21 billion insurance fund, financed primarily by ratepayers, but with significant upfront shareholder contributions. The fund is designed to quickly assist wildfire victims, and forms a number of new public agencies to oversee pooled catastrophe insurance, wildfire electric utility safety certification, criteria and judgments on wildfire cost recovery from ratepayers and related topics. The bill significantly increases the CPUC’s

powers to determine where to allow ratepayer funds to pay for utility wildfire damage and even to oversee municipal power agencies disaster plans for the first time. Some of the more complex issues to evaluate in the law include dozens of rule changes at the CPUC that allow faster decision making, increased use of closed-door decision making meetings, limiting the actions the CPUC can take on the basis of public comment and expanding the use of intervenor compensation for groups like TURN. Taxpayers are also potentially impacted as well because the initial insurance fund will be funded from the State's general fund as a loan.

Because of the complexity of AB 1054, it is hard to say with precision the amount of money that will come from ratepayers, taxpayers, and shareholders. But one thing is certain: PG&E is strongly focused on meeting the new law's June 2020 deadline for having their plan for restructuring confirmed in bankruptcy in order to enjoy the benefits of ratepayer funds for wildfire liability insurance. More information will be shared about this law in subsequent meetings as its implications become more clear.

In less than a week, the Legislature heard and passed AB 110 (Ting), AB 111 (Committee on Budget), and AB 1054 (Holden) out of both houses and sent them to the Governor for his signature. Governor Newsom signed all three bills on July 12<sup>th</sup>.

- AB 110 (Ting) -- Amends the 2019 Budget to provide resources associated with wildfires, reflected in SB 111. These resources are associated with the Department of Finance's role in the implementation of the wildfire policy bill, AB 1054.
- AB 111 (Committee on Budget) -- Establishes the California Energy Infrastructure Safety Act and creates new governmental structures to carry out the Act.
- AB 1054 (Holden) -- Creates additional safety oversight and processes for utility infrastructure, recast recovery of costs from wildfire damages to third-parties, and authorize an electrical corporation and ratepayer jointly funded Wildfire Fund to address future related wildfire liabilities.

## **CPUC**

Governor Newsom appointed Marybel Batjer as the President of the California Public Utilities Commission. She will be replacing Michael Picker. Ms. Batjer

has a deep understanding of government. Ms. Batjer currently serves as the Secretary of the California Government Operations Agency and was appointed by Governor Brown. When Governor Newsom took office in January, he asked her to lead the DMV Strike Team while continuing to serve as the Secretary of GovOps. She served as the Cabinet Secretary under Governor Schwarzenegger, Chief of Staff to Nevada Governor Kenny Guinn, and as Undersecretary at the California Business and Transportation Agency under Governor Wilson. Ms. Batjer will assume her new role as President of the Public Utilities Commission the first of August.

## **SCP LEGISLATIVE POSITIONS**

### **AB 56 (E. Garcia) - Central Procurement - DIED IN COMMITTEE ON JULY 10**

#### **Board Action: Oppose**

AB 56 would have required the State Treasury to create a central power purchasing entity to buy any resources the CPUC orders it to purchase on behalf of all investor-owned utilities, CCAs and direct access providers. Both the Sponsor, TURN, and the Author refused to accept amendments which would have limited the powers of this new central buyer to backstop procurement of resources needed for grid reliability which electric providers cannot or choose not to buy. As a result, SCP testified on a number of occasions and ultimately was successful at defeating the bill.

### **AB 684 (Levine) - Building Standards**

#### **Board Action: Support**

#### **Location: Appropriations Committee - Consent Calendar**

AB 684 would require the Department of Housing and Community Development and the Building Standards Commission to research, develop, and propose building standards for electric vehicle parking spaces in existing multifamily and non-residential buildings.

### **AB 1362 (O'Donnell) - CCA Code of Conduct**

#### **Board Action: Support as amended on May 16, 2019**

#### **Location: Senate Appropriations Committee**

AB 1362 was amended to require the CPUC to establish a centralized procurement clearinghouse of load-serving entities' residential electric rate tariffs and programs. When the bill was heard in the Assembly, AB 56 was amended to remove the mandate that CCAs comply with the code of conduct, which applies to utilities that have shareholders that can assume costs for lobbying and marketing. However, the "clearinghouse" language

remained in the bill. After discussing this concern with the Senate Energy, Utilities and Communications Committee consultant, the committee's suggestion to the author to amend the bill to remove the reference to the clearinghouse and instead require the CPUC to post this information on their website. Assemblyman O'Donnell accepted the amendment. When the Legislature returns on August 12<sup>th</sup>, AB 1362 will be amended with the following language:

Section 365.3. (a) The commission shall post, in a consolidated location on its internet website, each load-serving entities' residential electric rate tariffs and programs to enable customers and local governments to compare rates, services, environmental attributes, and other offerings. The documents posted shall include, but not be limited to, joint comparison rates for each of the community choice aggregators and investor-owned utilities and the disclosures required of retail sellers pursuant to Sections 398.4 and 398.5. This information shall also be available and easily accessible on the load-serving entities internet websites.

### **AB 1424 (Berman) – Electric Vehicle Charging Stations**

**Board Action: Support**

**Location: Senate Appropriations Committee**

AB 1424 will assist California with meeting its electric vehicle (EV) charging station deployment goals by ensuring EV charging station payment methods are technology neutral. The Air Resources Board (ARB) adopted regulations in June to mandate all publicly available charging stations to be outfitted with Euro Mastercard Visa (EMV) credit card readers. Unfortunately, the regulations are not technology neutral and do not allow for other viable and more secure credit card reader technologies that currently exist and are becoming increasingly prominent. AB 1424 will create a technology neutral payment standard without sacrificing consumer access to stations.

### **SB 155 (Bradford) – Integrated Resource Plan**

**Prior Board Action: Oppose as amended May 1, 2019**

**Staff Recommendation: Neutral with Amendment**

**Hearing: Assembly Appropriations Committee**

SB 155 was heard on July 8<sup>th</sup> in the Assembly Natural Resources Committee where it was amended to resolve CCA concerns that the CPUC would act on the authority granted by SB 155 to order CCAs to procure specific resources. Thus, taking procurement decisions out of the hands of the CCA board of

directors. The committee understood the CCAs concerns that the IRP is a planning document and not a procurement compliance plan. When the Legislature returns on August 12<sup>th</sup>, SB 155 will be amended with the following language:

Section 454.54 (a) In addition to the requirements of Section 454.52, the commission shall enforce the requirement, that the integrated resource plan of each load-serving entity shall contribute to a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy resources in a cost-effective manner, meets the emissions reduction targets for greenhouse gases described in subparagraph (A) of paragraph (1) of subdivision (a) of Section 454.52, and prevents cost shifting among load-serving entities.

*(b) This section does not authorize the commission to require any load-serving entity to procure a specific resource or technology type.*

### **SB 167 (Dodd) - Wildfire Mitigation Plans De-energizing**

**Board Action: Support**

**Hearing: Assembly Appropriations Committee - Consent Calendar**

SB 167 requires electrical corporations to develop protocols for de-energizing portions of their distribution system within their wildfire mitigation plans. The protocols are related to mitigating the public safety impacts of disabling reclosers and de-energizing portions of the electrical distribution system along with considering the impacts on customers who are receiving medical baseline-allowances.

### **SB 255 (Bradford) - Diverse Business Enterprises -**

**Board Action: Support**

**Location: Assembly Appropriations Committee**

SB 255 expands the CPUC utility supplier diversity program by lowering the annual gross revenue threshold for participation from \$25 million to \$15 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**

**Location: 2-Year Bill at the request of the author.**

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**

**Hearing: Assembly Appropriations Committee**

SB 520 authorizes the CPUC to develop threshold attributes for load serving entities to serve as a “provider of last resort” or POLR. The amendments taken on June 27 were technical in nature and did not improve the provisions that would enable the CCAs to become the provider of last resort.



**Staff Report – Item 07**

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To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations

Issue: Receive Update on Alternate Meeting Date for November Board of Directors Meeting and Provide Direction as Appropriate

Date: August 1, 2019

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**Requested Board Action:**

Receive Update on Alternate Meeting Date for November Board of Directors Meeting and Provide Direction as Appropriate.

**Background:**

At the December 6, 2018, Board of Directors meeting the Board approved Resolution No. 2018-003 setting a date, hour, and place for regular meetings of the SCPA Board of Directors. At that same meeting, a motion was made to adopt the proposed 2019 SCPA Board of Directors meeting schedule.

However, since the 2019 meeting schedule was approved, it has come to the attention of staff that the annual CalCCA conference will conflict with the November meeting date, as a majority of SCP will be attending the conference. Staff is therefore recommending to the Board that the regular meeting scheduled for November 7, 2019 be cancelled, and that a Special Meeting be held on November 14, 2019.

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## Staff Report – Item 08

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To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations

Issue: Receive Update Regarding Opening of Recruitments for Community Advisory Committee Openings and Recommendation that the Board Appoint an Ad Hoc Committee to Assist with Selection Process

Date: August 1, 2019

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### **Requested Board Action:**

Receive Update Regarding Open Recruitments for Community Advisory Committee and Recommendation that the Board Appoint an Ad Hoc Committee to Review Applications, Conduct Interviews, and Make Recommendations to the Board on Appointments.

### **Background:**

Per Section 4.5.1 of SCP’s Third Amended and Restated Joint Powers Agreement (“JPA”), the Community Advisory Committee (“CAC”) shall consist of a minimum of seven members and a maximum of eleven members. Appointees to the CAC serve four-year terms, and six members have terms ending on December 31, 2019: Bill Mattinson, Paul Brophy, Joe Como, Anita Fenichel, Mike Nicholls, and Ken Wells.

### **Discussion:**

Staff requests that the Board appoint an ad hoc committee to review applications, interview potential applicants, and to recommend appointments and/or re-appointments for consideration by the full Board at either the November or December meeting.

Staff recommends a three-member ad hoc to minimize scheduling conflicts; once an ad hoc is formed, staff will open the recruitment and support the committee’s review of the applications.

Staff notes that current CAC members with expiring terms will be able to participate in the recruitment, as there are no term limits specified in SCP's JPA.

**Attachments:**

- 2019 Committee Advisory Committee Members and Terms



**Community Advisory Committee  
2019 Members and Terms**

NAME	SIGNED OATH	TERM	TERM ENDS
1. Dick Dowd, Chair	September 29, 2014	4- year term	End of 2021
2. Bill Mattinson, Vice Chair	October 17, 2013	4-year term	End of 2019
3. Paul Brophy	October 17, 2013	4-year term	End of 2019
4. Joe Como	February 16, 2016	4-year term	End of 2019
5. Anita Fenichel	February 16, 2016	4-year term	End of 2019
6. Mike Nicholls	February 16, 2016	4-year term	End of 2019
7. Ken Wells	December 16, 2015	4-year term	End of 2019
8. Joel Chaban	January 16, 2018	4-year term	End of 2021
9. Helen Sizemore	January 16, 2018	4-year term	End of 2021
10. Denis Quinlan	January 16, 2018	4-year term	End of 2021
11. Karen Baldwin	January 16, 2018	4-year term	End of 2021

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## Staff Report – Item 09

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To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Director of Customer Service

Issue: Approve Bill Protection for Customers Transitioned onto the E-TOU-C Rate for a Maximum of 12 Months per Customer.

Date: August 1, 2019

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### **Requested Action:**

Approve bill protection for customers who are transitioned onto the E-TOU-C (Peak Price 4pm-9pm Every Day) rate for a maximum of 12 months per customer.

### **Background:**

Over the past two years, SCP has advocated for a closer link between PG&E's rates and wholesale energy costs, such that the time of day when rates are high coincides with the time of day that wholesale energy costs are high. When customers see an accurate price signal, they have the power to reduce their bills with conservation and the ability to finance technologies to reduce their usage. Customer investments in batteries, targeted evening-time efficiency measures, and demand response programs will all work better when customer rates are aligned with real costs.

The California Public Utilities Commission ("Commission" or "CPUC") has generally agreed with SCP's and others' advocacy on moving toward aligning rates. In 2015, the CPUC began the process of planning for the state-wide transition of all residential customers onto time-of-use or "TOU" rates.

Currently, the most common residential rate for PG&E and SCP customers is E-1. E-1 is a flat rate, which means customers pay the same price per kilowatt-hour of electricity day and night through the winter and summer seasons. Eighty nine percent of SCP's residential customers are on the E-1 rate. Prior

to the Residential Rate Reform Decision, E-1 had 4 tiers. Tiers are solely on the delivery (PG&E) side of the bill. As a customer uses more electricity during their billing period, the customer moves to the next, higher-cost tier. This means as the customer uses more electricity during the billing period, the price of that electricity per kWh increases. The original purpose of the tiers was to promote conservation; use less electricity and pay a lot less. Unfortunately, tiers have turned out to be ineffective, as customers often do not know when they reach the next tier.

As the Commission studied the issue, the CPUC determined that TOU rates would do a better job at sending price signals to customers as compared to tiers. TOU rates also help align wholesale prices and retail rates. The Commission ordered the Investor Owned Utilities (“IOUs”) to complete an Opt-In TOU Pilot in 2017, a Default TOU Pilot in 2018, and full Default TOU Transition in 2019 (since updated to 2020).

In 2017, SCP’s Board authorized participation in a pilot program to test out a full-scale transition to TOU rates. The purpose of the pilot was to test marketing, education, and outreach strategies for customers, rigorously test the IOUs process for defaulting mass numbers of customers into a new rate in a compressed timeframe, create and test rate comparison tools, develop a process for protecting customers against increases in their bills called “bill protection,” and learn customer levels of understanding in preparation for a full default transition of all residential customers. The pilot also gave SCP the opportunity to test readiness for the transition, including our billing provider, Calpine Energy Solutions, all in advance of the full-scale transition starting in 2020.

In May 2018, analysis of SCP and MCE’s TOU Pilot programs found customers showed an increased understanding of rate options with over 87% of customers choosing to stay on the new “E-TOU-C” rate at the end of the pilot. PG&E and Calpine worked together on bill messaging, bill protection credits, and other operational items that resulted in a smooth customer experience. SCP’s pilot results show that of the 6,968 SCP customers that took service on E-TOU-C during the pilot, 5,382 saved money on the rate. In total, those customers saved \$85,684, meanwhile SCP paid \$12,888 in bill protection. SCP saw no change in opt-out rates due to the Pilot.

## **Discussion:**

### Full Default TOU Transition Next Steps:

In April, Staff explained to the Board that the Commission and PG&E have asked the CCAs to make two decisions by October 2019:

- 1) Will the CCA transition its residential E-1 customers to the new Time-of-Use (Peak Pricing 4-9 p.m. Every Day)?
- 2) Will the CCA offer bill protection to its customers, in a manner similar to PG&E?

Subsequent to that April Board meeting, a CPUC decision in the Residential Rate Design Window Proceeding (described below) made it necessary for SCP to participate in the transition of residential E-1 customers to E-TOU-C. The Residential Rate Design Decision mandated that distribution rates be time varying. This means that even if SCP maintained flat rates, customers net rate would still be time varying. The Residential Rate Design Decision in essence limits SCPs ability to create new rates, with different peak period without confusing customers.

However, the question of whether SCP should provide bill protection for a period of twelve months per customer for all customers making the transition remains.

#### CPUC Residential Rate Design Window Decision: Essentially Requires TOU Transition

On July 11, 2019, the Commission voted to approve the decision, “Phase IIB Addressing Residential Default Time-Of-Use Rate Design Proposals and Transition Implementation” (A. 17-12-012, A. 17-12-013).

Included in that Residential Rate Design Decision, the CPUC requires the summer peak distribution rate to always be at least one cent per kWh more expensive than the off-peak distribution rate. The CCAs and PG&E argued that such a variable distribution cost would create customer confusion in the event that a CCA creates a different peak period in the future. Only one party, the NRDC argued for a distribution rate differential. Unfortunately, the Commission sided with the NRDC, ruling that a peak-related marginal distribution cost element would more accurately reflect PG&E’s underlying costs as estimated by PG&E in its previous General Rate Case. *Simply put, PG&E must design a delivery rate that has a distribution Peak Period from 4 p.m. to 9 p.m. every day.*

Also, in the Residential Rate Design Decision, PG&E proposed to exclude customers taking service from a CCA that did not commit to participate in the transition program by October 2019. This would have left the decision to transition customers to TOU, or not, in the hands of the individual CCA. Unfortunately, the Commission ruled that although a CCA customer receives generation services from a CCA, it continues to receive distribution and

transmission services from the IOU and that IOU must default customers onto a time-differentiated distribution rate. The Residential Rate Design Decision directs both SCE's and PG&E's distribution rates to be time-differentiated, and therefore, CCA customers cannot be excluded from being defaulted onto a time-differentiated distribution rate. *Simply put, the CPUC is requiring PG&E to move customers onto the E-TOU-C rate for their delivery charges whether or not the CCA wishes its customers to participate in the TOU transition.*

The Residential Rate Design Decision effectively forces CCAs, including SCP, to also adopt a time-differentiated rate or risk confusing customers with two rate approaches, a flat rate with the CCA and a time differentiated rate with PG&E delivery. Although the CPUC's Residential Rate Design Decision leaves CCAs little choice but to transition to TOU rates or risk confusing customers, SCP staff remain supportive of this transition.

#### CCAs Must Still Decide Whether to Adopt Bill Protection

The Residential Rate Design Decision directs the IOUs to provide one year of bill protection for customers who are defaulted to the new TOU rate. IOUs are required to provide bill protection in the form of a bill credit at the end of the twelve-month period for customers who paid more because of the switch to the TOU rate.

For the TOU Pilot, SCP offered bill protection in a manner that was as similar to the IOUs as operationally possible. The primary difference was when a customer opts out of SCP service or moves. In those cases, SCP required the customer to request their bill protection in writing from SCP and SCP agreed to mail the customer a check. SCP adopted this approach because SCP does not have access to a customer's bill once SCP charges are no longer on the bill. It was rare to have a customer request bill protection using this method since 87% of customers stayed on the rate and since most customers were "benefiters" who saved on the rate.

The purpose of bill protection is to increase customer confidence, participation and acceptance of TOU rates. Surveyed customers noted that the bill protection increased satisfaction with the transition.

#### Staff Recommendation to Adopt Bill Protection

Based on the experience from the pilot period, Staff recommends that SCP provide bill protection for customers enrolled in E-TOU-C for a maximum of 12 months to provide the same protections bundled customers are receiving during the transition. By not providing bill protection, SCP risks opt outs,



frustration, and customer confusion with bundled customers being perceived to be better protected.

It is estimated that 99% of SCP customers eligible to be transitioned will be either “benefiters” or “neutral” to the change. Neutral customers are those that are expected to have less than a \$10 per year impact.

#### Community Advisory Committee Recommendation

The Community Advisory Committee recommended the Board approve bill protection as requested by staff at their July 23 meeting.

#### Fiscal Impact

Of the approximately 15,597 SCP customers that are expected to receive bill protection in full default, on average the annual bill protection is expected to be \$11.86 per customer or \$184,914 total. The majority of this financial impact would be in SCP’s Fiscal Year 2021-2022. No continuing cost obligation for SCP would extend beyond the one year of bill protection.

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### Staff Report - Item 10

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To: Sonoma Clean Power Authority Board of Directors

From: Jessica Mullan, General Counsel

Issue: Public Employee Performance Evaluation - Chief Executive Officer (Gov't Code Section 54957); Public Employee Labor Negotiations - Chief Executive Officer Position. Authority negotiators: Chair, Mark Landman, Vice Chair, Patrick Slayter and General Counsel, Jessica Mullan (Govt. Code Section 54957.6)

Date: August 1, 2019

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**There are no written materials for this item.**

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### Staff Report - Item 11

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To: Sonoma Clean Power Authority Board of Directors

From: Jessica Mullan, General Counsel

Issue: Closed Session - Conference with Legal Counsel - Existing Litigation  
(Paragraph (1) of subdivision (d) of Section 54956.9)  
Name of Case: In re PG&E Corporation, Debtor; Chapter 11; US  
Bankruptcy Court, Northern District of California San Francisco  
Division, Case No. 19- 30088(DM) and Case No. 19- 300889(DM)

Date: August 1, 2019

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**There are no written materials for this item.**