

AGENDA COMMUNITY ADVISORY COMMITTEE MEETING THURSDAY, APRIL 15, 2021 1:00 P.M.

****GOVERNOR'S EXECUTIVE ORDER N-25-20**** ****GOVERNOR'S EXECUTIVE ORDER N-29-20**** **RE CORONAVIRUS COVID-19**

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE WILL PARTICIPATE IN THE APRIL 15, 2021, MEETING BY TELECONFERENCE. DUE TO THE EXECUTIVE ORDERS, IN-PERSON PARTICIPATION BY THE PUBLIC WILL NOT BE PERMITTED AND NO PHYSICAL LOCATION FROM WHICH THE PUBLIC MAY ATTEND THE MEETING WILL BE AVAILABLE. REMOTE PUBLIC PARTICIPATION DETAILS ARE LISTED BELOW.

Members of the public who wish to participate in the Community Advisory Committee Meeting may do so via the following webinar link or teleconference call-in number and meeting code:

- Webinar link: <u>https://zoom.us/j/98552293897</u>
 - Telephone number: 1 (669) 900-9128
 - Meeting ID: 985 5229 3897

PLEASE NOTE: The Sonoma Clean Power Business Office is closed and this meeting will be conducted entirely by teleconference.

How to Submit Public Comment During the Teleconference Meeting:

The Chair will request public comment during the Public Comment period for all items on the agenda. Comments may be submitted in writing (preferred) to **meetings@sonomacleanpower.org** or during the meeting via the webinar "raise your hand" feature. For detailed public comment instructions, **please visit this page**.

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

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

CALL TO ORDER

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

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

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

- 1. Approve March 18, 2021 Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) - pg. 5
- 2. Recommend that the Board of Directors Adopt the 2021 EverGreen Local Resource Plan (Staff Recommendation: Approve) pg. 11

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

- 3. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 45
- 4. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 59
- 5. Discuss Draft Equity Framework Workshops, Receive Programs Equity Framework and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 75
- Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2021-2022 and Draft Rates for July 1, 2021 (Staff Recommendation: Review and Provide Feedback as Appropriate) - pg. 95

COMMITTEE MEMBER ANNOUNCEMENTS

ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 890-8491, or by email at meetings@sonomacleanpower.org as soon as possible to ensure arrangements for accommodation.

Agenda Page 2 of 2

COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator
ССА	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP's standard service
СРИС	California Public Utility Commission
DER	Distributed Energy Resource
DR	Demand Response
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
GridSavvy	The GridSavvy Community is SCP's demand response program which offers incentives on smart devices like electric vehicle chargers, smart thermostats, and heat pump water heaters. These devices can then be controlled via a signal to respond to grid needs.
IOU	Investor Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan
JPA	Joint Powers Authority
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&E prior to their switch.</i>)
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers - Fully subscribed
RA	Resource Adequacy - a required form of capacity for compliance
RPS	The Renewables Portfolio Standard (RPS) is a California regulatory program that sets continuously escalating renewable energy procurement requirements for the state's electricity suppliers. Electricity suppliers must procure a verified percentage of total electricity through RPS-certified renewable facilities.
REC	Renewable Energy Credit - process used to track renewable energy for compliance in California.
SCP	Sonoma Clean Power
του	Time of Use, used to refer to rates that differ by time of day and by season

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DRAFT MEETING MINUTES COMMUNITY ADVISORY COMMITTEE MEETING THURSDAY, MARCH 18, 2021 1:00 P.M.

****GOVERNOR'S EXECUTIVE ORDER N-25-20**** ***GOVERNOR'S EXECUTIVE ORDER N-29-20**** **RE CORONAVIRUS COVID-19**

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE PARTICIPATED IN THE MARCH 18, 2021, MEETING BY TELECONFERENCE.

I. CALL TO ORDER

Chair Nicholls called the meeting to order at approximately 1:03 p.m.

Committee Members present: Chair Nicholls, Vice Chair Baldwin, and Members Chaban, Dowd, Fenichel, Morris, Sizemore, Quinlan, and Wells.

Staff present: Geof Syphers, Chief Executive Officer; Mike Koszalka, Chief Operating Officer; Neal Reardon, Director of Regulatory Affairs; and Stephanie Reynolds, Director of Internal Operations.

II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Public Comment: None

III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

- 1. Approve February 18, 2021 Draft Community Advisory Committee Meeting Minutes
- 2. Receive Notification of Generation Rates Change for Implementation on April 1, 2021 Consistent with Prior Board Directions
- Recommend that the Board of Directors Delegate Authority to the Chief Executive Officer to Amend the Purchase Agreement with Ibex Enterprises dba RDI, Resource Design Interiors to Provide Furniture for the SCP Headquarters Building and Increase the Total of the Purchase Order by \$44,115.91 for a Grand Total of \$312,325.73

- Receive Notification that SCPA's Board of Directors Approved an Extension of Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy
- 5. Recommend that the Board of Directors Approve Resolution 2021 03 Adopting Minor Changes to Policy B1 CEO Spending Authority and Policy C3 Energy Procurement Criteria, Policies and Signature Authority

Public Comment: None

Member Sizemore called attention that the name of Ukiah City Council member Juan Orozco was misspelled in the draft meeting minutes for the February 18, 2021 meeting.

Motion to Approve the March 18, 2021 Community Advisory Committee Draft Meeting Minutes as Amended by Member Dowd

Second: Member Sizemore

Motion Passed by Roll Call Vote: 9-0-0

IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

6. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate

Director of Internal Operations Reynolds introduced the item by detailing the City of Petaluma's recent decision to switch all their municipal accounts to SCP's EverGreen service. Director of Planning and Analytics Rebecca Simonson then updated the Committee on the completion of a large-scale solar array in Petaluma as part of SCP's ProFIT program. Director of Public Relations & Marketing Kate Kelly detailed a partnership with Surf Market, a local market in Mendocino Co., and their adoption and advocacy of the EverGreen program. Director Reynolds provided an update on an ad hoc committee that was convened by the Board for opening up recruitment for the Community Advisory Committee. CEO Geof Syphers provided an update on CC Power, the joint procurement entity of CCAs.

Member Quinlan asked if current Committee members whose terms are ending in 2021 will be automatically extended. Director Reynolds explained that those members who wish to continue to serve on the Community Advisory Committee will be required to re-apply and go through the public process.

Member Fenichel asked if a recruitment for an intern for the Community Advisory Committee would take place at the same time as the member

recruitments; Director Reynolds replied that an intern recruitment would not occur at the same time.

Director Reynolds continued the report with an update on the construction progress at the Advanced Energy Center, which is nearing completion. Scott Salyer, Programs Manager, provided an update on the Bike Electric program to provide incentives to income-qualified customers, which launched on March 8th, 2021.

Public Comment: None

7. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate

Neal Reardon, Director of Regulatory Affairs, began the regulatory updates by providing information on the PG&E rates increases, which also included an increase in the PCIA fee, that went into effect on March 1st. He continued with a notice about an expedited procurement order by the CPUC for this summer brought about from concerns of another summer reliability event like was seen in August 2020.

CEO Syphers began the legislative updates with information about Senate Bill 612 which is a CalCCA sponsored bill that seeks to address the IOUs' legacy power contracts. This bill, if passed, would lead to significant customer bill savings. He also commented on Assembly Bill 843 which would modify existing law to allow CCA boards to procure a portion of the investor-owned utilities' mandated bioenergy purchases. He also called attention to House Resolution 848, the GREEN Act.

Vice Chair Baldwin asked CEO Syphers to summarize the concerns expressed by some members of the public surrounding biomass projects and whether AB 843 would alleviate those concerns.

Chair Nicholls asked CEO Syphers if SB 612 has received support from local legislators; CEO Syphers replied that Senator McGuire was one of the first supporters. Chair Nicholls then posed the same question about AB 843; CEO Syphers stated he would research the bill.

Public Comment: None

8. Review Draft Local Resource Plan and Provide Feedback as Appropriate

Rebecca Simonson, Director of Planning and Analytics, presented the Draft Local Resource Plan (LRP) and gave recognition to Senior Energy Analyst, Ryan Tracey, for his contributions. She pointed the Committee to the

feedback questions contained in the packet to help shape the discussion.

Member Chaban stated appreciation for the plan, specifically with regard to its flexibility, and offered to send more detailed thoughts via email. He also spoke on the marketing strategy.

Member Quinlan suggested evaluating the LRP more dynamically instead of every two years. Director Simonson responded to Member Quinlan's comments and suggested setting a threshold to determine when to reevaluate the Plan if a more dynamic approach is taken.

Vice Chair Baldwin commended Director Simonson on the report, the draft Plan, and her presentation. She echoed the comments made by Member Chaban and Member Quinlan. She voiced support for relying on staff's expertise and decision making while still hearing public input when it comes to biomass.

Member Fenichel advised that if a dynamic approach to reevaluating the LRP is taken, to set the threshold high initially to avoid having to redo the Plan too often.

Member Wells offered his support for the Plan and commented on his expertise with regard to biomass.

Member Morris also offered her support for the Plan and asked if there will always be an EverGreen service or if it is possible that CleanStart could eventually become EverGreen. Director Simonson replied that an ideal future scenario would be for all of SCP's resources to be 100%, 24/7 renewable with a large proportion locally. The drafting of the larger Integrated Resource Plan will begin next quarter.

Chair Nicholls complimented Director Simonson and her team for the work that was put into the Plan. He asked for clarification on wind projects. CEO Syphers added that some of the feedback heard during the public workshops expressed preference to keep EverGreen truly local, meaning procured from within the service territory, however wind resources are unlikely to happen here and that raises the question if we should be open to discussing wind projects in neighboring counties.

Public Comment:

Kevin Conway, Friends of the Climate Action Plan, spoke on biomass resources.

Bob Anderson spoke on municipalities adopting EverGreen and whether the increased premium is offset by lower energy use. Director Simonson responded it is possible to analyze that. CEO Syphers provided an anecdotal answer that across the industry, rates do not change behavior significantly.

 Recommend that the Board of Directors Approve the Proposed Budget Adjustments to the Staff Recommended Adjusted Fiscal Year 2020-2021 Budget

Mike Koszalka, Chief Operating Officer, began the report by noting that this budget adjustment request is later than in previous years due to waiting for PG&E rates increases that took place on March 1st.

Member Chaban asked for clarification of personnel costs which appears to be going down. COO Koszalka replied that several new positions were brought on later than originally planned.

Member Quinlan asked approximately how much City of Petaluma would add to the EverGreen revenues. Director Simonson responded that they are expected to transition to EverGreen starting July 1, 2021 which will be the next fiscal year.

Member Morris asked about legal services and whether SCP will continue to contract for legal services or bring in-house counsel. CEO Syphers replied staff is actively looking into these options.

Public Comment: None

Motion to Recommend that the Board of Directors Approve the Proposed Budget Adjustments to the Staff Recommended Adjusted Fiscal Year 2020-2021 Budget by Member Quinlan

Second: Member Sizemore

Motion Passed by Roll Call Vote: 9-0-0

V. COMMITTEE MEMBER ANNOUNCEMENTS

Member Dowd asked for clarification on how to handle the Form 700 this year. Beau Anderson, Clerk of the Board, answered that Committee Members should mail an original copy with wet signature to SCP's PO Box address (PO Box 1030 Santa Rosa, CA 95402).

Vice Chair Baldwin and Chair Nicholls also asked for clarifications on the Form 700 to which Clerk Anderson responded.

Chair Nicholls gave a reminder that the Time-of-Use (TOU) rate transition that begins April 1, 2021 and asked about the messaging and marketing that has gone out to public on the topic. Erica Torgerson, Director of Customer Service, gave background on the mailers that have been distributed and clarified that electric vehicle (EV) owners should already be on the EV rates. Customers will have one year of bill protection from SCP and PG&E to ensure that they are saving, or at least breaking, even on the TOU rate plan.

VI. ADJOURN

The meeting was adjourned by unanimous consent at approximately 2:54 p.m.



Staff Report - Item 02

10:	Sonoma Clean Power Authority Community Advisory Committee
From:	Rebecca Simonson, Director of Planning & Analytics
	Ryan Tracey, Senior Energy Analyst

Geof Syphers, CEO Mike Koszalka, COO

Issue: Recommend that the Board of Directors Adopt the 2021 EverGreen Local Resource Plan

Date: April 15, 2021

Recommended Actions

Staff requests that the Community Advisory Committee ("CAC") recommend that the SCP Board of Directors ("Board") adopt the 2021 EverGreen Local Resource Plan attached as Addendum A.

Background

Since the Committee's last review, the only changes to the EverGreen Local Resource Plan are extremely minor and summarized under "Discussion" starting on the next page.

Customer participation in SCP's 100% local, 24x7 renewable EverGreen service has grown substantially with the addition of the City of Santa Rosa in 2020, the City of Petaluma in 2021, and growing residential and small commercial participation. As a result of the growing EverGreen electricity use, Staff has developed a new Local Resource Plan to serve those customers with more new resources. The proposed Final Local Resource Plan lays out the plan for new local clean power development to serve the additional and future EverGreen customers. Staff sought public input and Committee and Board input in the development of the attached proposed Final Draft EverGreen Local Resource Plan.

Staff plans for this to be an iterative process, updating EverGreen electricity use forecasts yearly and completely revisiting and publishing a new plan every other year. The next Local Resource Plan would be established in 2023.

The 2021 Local Resource Plan timeline is as follows:

- ✓ 12/1/2020- 12-2pm Public Workshop #1 COMPLETED focused on resource and program priorities
- ✓ 12/3/2020 COMPLETED- Staff has posted a video recording of Public Workshop #1 on the website EverGreen page
- ✓ 12/16/2020 CAC meeting COMPLETED Presented Public Workshop #1
- 01/07/2021 BOD meeting COMPLETED- Presented Public Workshop # 1 and CAC feedback
- ✓ 01/12/2021- 12-2pm Public Workshop #2 COMPLETED focused on technical demand and supply considerations
- ✓ 01/13/2021 COMPLETED- Staff posted a video recording of Public Workshop #2 on website <u>https://sonomacleanpower.org/programs/evergreen</u>
- <u>1/21/2021 CAC meeting COMPLETED</u>- Presented Public Workshop #2 for feedback and direction
- ✓ 02/04/2021 BOD meeting COMPLETED- Staff presented a summary of Public Workshop #2 and CAC feedback for Board input
- ✓ <u>03/18/2021 CAC meeting COMPLETED</u>- Staff presented the Draft Local Resource Plan for CAC input and recommendations
- ✓ 04/01/2021 BOD meeting COMPLETED- Staff presented the Draft Local Resource Plan for BOD input and direction
- <u>04/15/2021 CAC meeting</u>- Staff is presenting the proposed Final Draft Local Resource Plan for CAC recommendation to the Board
- **05/06/2021 BOD meeting-** Staff will seek approval of the Final Local Resource Plan from Board.

Discussion

The Final Draft EverGreen Local Resource Plan is attached as Addendum A to this report.

In response to CAC input and Board input, Staff has updated the Local Resource Plan that was previously presented to the CAC as follows:

- Updated the analysis and graphs to include the City of Petaluma EverGreen accounts commencing July 1, 2021.
- Updated the implementation strategy to re-instigate RFPs and bilateral and partnership opportunities intra-cycle if there has been at least a 4 GWh

increase in annual EverGreen load from the last Request For Proposals (RFP) or solicitation.

- Allowed the evaluation metrics to determine projects that would be suitable for EverGreen resources and did not explicitly exclude any specific renewable resource.
- Explicitly stated that the carbon mitigation goal is evaluated at the time energy is delivered to the grid.



2021 EverGreen Local Resource Plan



DRAFT - Not effective until reviewed and approved by the SCPA Board (target date of May 6, 2021)

Table of Contents

1	Exe	ecutive Summary	3
	1.1 U	pdates from Previous Local Resource Planning Cycle	5
2	Bac	kground	6
	2.1	SCP Introduction	6
	2.2	EverGreen Introduction	6
	2.2.	1 EverGreen Participation	6
	2.3	Local Resource Plan Purpose/Objectives	8
	2.4	Local Resource Plan Process	8
	2.5	Current EverGreen Resources	10
	2.5.	1 ProFIT History	10
	2.5.	2 Supply Mix to Demand	11
3	Loc	al Resource Planning Methodology	12
	3.1	Priorities & Framework	12
	3.1.1	Emissions Reduction	12
	3.1.2	2 Resiliency	12
	3.1.3	3 Equity and Local Investment	12
	3.2	Forecast Methodology	13
	3.2.	1 Demand Forecast Methodology	13
	3.2.	2 Incremental Supply Methodology	14
4	Loc	al Resource Supply Considerations	16
	4.1	Evaluation Metrics	16
	4.1.	Availability	16
	4.1.	2 Constructability	16
	4.1.	3 GHG Emissions	17
	4.1.	4 Anticipated Cost	18
	4.1.	5 Demand Matching	18
	4.1.	6 Resilience/Reliability	20
	4.1.	7 Equity	20
	4.2	RPS Resources-Solar, Geothermal, Wind, Offshore Wind, Hydropower	21
	4.3	Bioenergy	22
	4.4	Battery Storage	22
	4.5	Other Energy Storage	24
	4.6	Demand Management & Customer-Owned Resource Aggregation	24

5 Im	plementation Plan	24
5.1	Grant funded projects	25
5.2	Opportunistic projects (bilateral and public private partnerships)	25
5.3	Utility scale RFP	25
5.4	Rooftop/ Site RFI	26
5.5	No Feed-in-tariff	26
5.6	Customer programs	27
5.7	Underserved and low-income communities' projects	27
5.8	Resiliency and PSPS projects	28
5.9	Community Outreach and Partnerships	28
5.10	Education	28
5.11	Ongoing Research & Development	29
6 Tin	neline and Summary	

1 Executive Summary

The 2021 Local Resource Plan establishes a planning methodology, priority framework, evaluation metrics, and implementation plan for the development of new local renewable and storage resources to meet the energy demands of Sonoma Clean Power's (SCP) EverGreen customers, The Local Resource Plan addresses resources and strategies in Sonoma and Mendocino counties for SCP's 100% local renewable 24x7 EverGreen customers only.

The EverGreen program was established in May 2014 when SCP first began serving customers. It is an option for customers who wish to upgrade from SCP's standard CleanStart Program. SCP's CleanStart program utilized 50% renewable energy in 2019 from resources located across the state and neighboring states that supply energy to California. Evergreen uses 100% local renewable energy both day and night using local solar energy and local geothermal from the Geysers.

SCP's EverGreen program is the first of its kind in California, being the only program to offer 100% local, renewable power than runs 24x7. EverGreen does not rely on natural gas or other non-renewables as it uses both solar and geothermal renewable energy. EverGreen customers can eliminate nearly all greenhouse emissions from their electricity use. By switching to an electric vehicle (EV), EverGreen customers can charge their EV with clean, local, renewable energy.

Participation in EverGreen supports new local renewable energy development. SCP built 6 MW of new local solar in Sonoma and Mendocino counties for the benefit of EverGreen customers. Now with growing Evergreen participation, including the City of Santa Rosa in 2020 and City of Petaluma in 2021, SCP can now develop further local renewable and storage resources to meet increasing demand.

While EverGreen participation currently is about 3% of SCP's total electricity load, participation has more than tripled from less than 1% in 2019 and continues to grow. More participation in EverGreen will support the build-out of more new local renewable resources. SCP also uses EverGreen as a case study in how our overall portfolio and how California as a whole can move to 100% clean energy around the clock. EverGreen is also an example of what the future of the electric grid can be for California and what it means to have a renewable portfolio that also contributes to the reliability of the grid.

The Local Resource Plan set of assumptions and forecasts will be updated each year as SCP re-evaluates supply and demand for EverGreen. Every two years the Plan will be revisited, and an updated Local Resource Plan will be published.

The main priorities for the 2021 Local Resource Plan, established during a public input process, were building new resources, cutting emissions as much as possible, matching the hourly output to demand, keeping resources within our territory, and using local labor. Keeping the EverGreen premium rates at or below the current premium of 2.5 cents per kWh is also a main priority for SCP, particularly in relation to increasing participation and inclusion of low-income and disadvantaged communities and customers.

The framework of the Local Resource Plan centers around the following 3 pillars:

- 1. Emissions reduction
- 2. Local electricity resiliency
- 3. Equity and Local Investment

According to this framework the evaluation metrics SCP will use to assess potential local projects are as follows:

- <u>Availability-</u> Projects must utilize resources available in Sonoma and Mendocino counties.
- <u>Constructability-</u> Projects must demonstrate that they can be permitted, constructed, and interconnected to the grid.
- <u>GHG Emissions Mitigation-</u> SCP has established a goal of mitigating 110 metric tons of CO2 emissions per GWh of EverGreen demand from the California electricity grid. By virtue of setting the goal on a per GWh basis, emissions mitigation is measured at the time energy is delivered to the grid.
- <u>Air Quality-</u> Projects must not increase overall criteria air pollutant emissions in California.
- <u>Cost-</u> SCP has set a priority for the EverGreen premium rate to be at or below the current rate premium of 2.5 cents per kWh.
- <u>Demand Matching-</u> Projects must contribute to matching the needs of SCP's EverGreen customer load on an hourly basis.
- <u>Resiliency/Reliability-</u> Projects will be evaluated in terms of the ability, or contribution to the future potential, to provide SCP customers with reliable energy during periods of Public Safety Power Shutoffs (PSPS), rolling blackouts, planned outages, and other unplanned outages such as natural disasters.
- <u>Equity and Local Investment</u> Projects will be evaluated regarding the holistic benefits to under-served and under-represented customers and communities including cost, the number of local jobs, contribution to local revenue sources, and access to clean energy and air.

The total portfolio capacity in megawatts (MW) for the Local Resource Plan will be determined based on ongoing adjustments as EverGreen load is added or lost, and the specific resources procured will be determined by the evaluation metrics above, however a suitable scenario could be 9 MW of incremental solar and 8 MW x 4-hour incremental storage.

The 2021 Local Resource Plan uses a multi-pronged approach for implementation that serves to:

1) maintain or reduce EverGreen costs,

2) capitalize on unique and advanced projects,

3) canvas the market for unknown opportunities,

4) partner with local jurisdictions, public agencies, and/or schools for co-benefits,

5) use previously developed land and rooftops for alternative revenue stream to local business and customers,

6) improve access to EverGreen for customers of low and moderate incomes, and

7) enhance distribution grid resiliency at cost-effective, beneficial locations.

In addition, SCP will continue to explore how customer-owned and sited resources could contribute to EverGreen resources in the near future.

This multi-pronged implementation approach and timeline is shown below:

	Implementation Strategy	Timeline
1	Monitor & identify potential grant funding opportunities for local projects	Ongoing
2	Bi-lateral and public private partnerships	Ongoing, however will direct any potential projects to any upcoming planned RFP or solicitation before considering
3	Issue utility scale RFP for local renewable and storage projects	Issue RFP within 30 days of Board approval of this plan and target executing first supply contract(s) in 2022.
4	Issue RFI for large commercial & municipal rooftop and previously developed sites	Issue RFI within 90 days of Board approval of this plan.
5	ProFIT battery storage	Within 90 days of Board approval of this plan, begin engaging with existing ProFIT project owners on possibility to add battery storage on existing sites.
6	Customer programs	Ongoing evaluation of opportunities for customer programs to contribute to EverGreen resources as part of SCP's ongoing Programs Strategic Action Plan process.
7	Identify programs and projects for Iow-income and disadvantaged communities	Within 90 days of Board approval of this plan, begin engaging with community leaders and citizens.
8	Analyze grid for PSPS solutions	Immediate and ongoing
9	Community outreach & partnerships	Ongoing in conjunction with SCP's comprehensive outreach and partnership program.
10	Education	By the end of 2021, begin engaging with Energy Education Program for Schools to provide customized curriculum for EverGreen. Target August 2022 to begin teaching additional EverGreen curriculum at schools.
11	Research & Development	Ongoing
12	Update forecast and re-instigate implementation strategies 2 and 3	For every 4 GWh increase in annual EverGreen energy from last RFP or solicitation.
13	2023-2024 Local resource planning cycle	Q4 2022 Restart public workshop process

1.1 Updates from Previous Local Resource Planning Cycle

2021 is the first year of a two-year planning cycle for the Local Resource Plan. This Plan will be updated in 2023. This 2021 planning cycle will help establish criteria of success and use lessons learned to improve future planning cycles. The 2021 planning cycle will evaluate, measure, and verify methodologies and strategies implemented to provide EverGreen customers with 24x7 local renewable power that reduces emissions, aids resiliency and reliability, assists in equitable access to clean energy, and is cost-effective.

2 Background

2.1 SCP Introduction

The Sonoma Clean Power Authority (SCP) is a public power provider operating a Community Choice Aggregation or "CCA" within SCP's joint powers authority. Following the 2000 Energy Crisis, the California legislature created CCAs to help provide public oversight into energy markets, and ensured that wherever a CCA was established it would become the default electricity provider. SCP is the default electricity provider for customers in Sonoma and Mendocino Counties in California (with the exception of the Cities of Healdsburg and Ukiah). SCP's mission is to turn the tide on the climate crisis, through bold ideas and practical programs.

SCP began serving customers in May 2014 and today serves approximately 228,000 residential and non-residential accounts across Sonoma and Mendocino counties.

2.2 EverGreen Introduction

EverGreen is an option for SCP customers who wish to upgrade from SCP's standard CleanStart service. SCP's CleanStart service was 50% renewable energy in 2019 (compared to PG&E's 29% renewable power mix). Evergreen uses 100% local renewable energy both day and night. EverGreen customers are powered by newly constructed local solar energy and local geothermal from the Geysers.

EverGreen customers pay a 2.5 cent/kWh premium above the cost of CleanStart. The premium paid by EverGreen customers helps build new local, renewable energy facilities.

SCP's EverGreen service is the first of its kind in California, being the only electricity service to offer 100% local, renewable power than runs 24 hours a day, 7 days a week. It eliminates nearly all greenhouse emissions from customer electricity use and for customers with electric vehicles who charge on EverGreen, it also eliminates nearly all their transportation emissions.

EverGreen can be used as a case study of how SCP's entire portfolio (including CleanStart) and the California electric grid at large can move toward 100% clean energy around the clock and what it means to have a renewable portfolio that also contributes to the reliability of the grid.

2.2.1 EverGreen Participation

EverGreen participation has grown throughout the years. Figure 1 shows the growth of residential and non-residential EverGreen customers from the beginning of SCP service in May 2014.



The large step increases shown in Figure 1 are primarily due to phases in which new territories were added to SCP service creating an opportunity for more people to sign up for EverGreen, and the decision of member jurisdictions to switch their municipal electricity accounts to EverGreen. The largest step increase shown in the summer of 2020 is from the City of Santa Rosa joining EverGreen. The City of Petaluma also voted on 2/22/2021 to convert their municipal electricity accounts to EverGreen effective July 2021.

Figure 2 shows the increase in EverGreen electricity usage (load) since 2014. EverGreen electricity use has more than doubled due to the addition of City of Santa Rosa accounts in Summer 2020.



Figure 3 shows the percent of total SCP load that has been comprised of EverGreen customers over the years.



Figure 3- Historical EverGreen Share of SCP Total Load

Figure 3 shows the percent of total load steadily growing through the years and now sitting at approximately 3%. While this seems like a small amount, it has more than tripled from less than 1% in previous years and continues to grow. As part of the Local Resource Plan, SCP hopes that participation and demand will grow further so SCP can continue to build new local renewable resources.

2.3 Local Resource Plan Purpose/Objectives

This Local Resource Plan establishes the priorities, methodologies, local resource project considerations and evaluation metrics, implementation strategies, targets, and timeline to build out new local resources to meet the energy demands of EverGreen customers.

The Local Resource Plan will be a subset of SCP's larger Integrated Resource Plan. This Local Resource Plan focuses solely on local renewable resources only to serve EverGreen customers, while our larger Integrated Resource Plan will be established to meet the energy and reliability demands of all SCP customers.

2.4 Local Resource Plan Process

This Local Resource Plan has been developed with input from the public. The public had multiple opportunities in different formats to help shape the plan.

The planning process for this Local Resource Plan is shown in Table 1.

Table 1: Local Resource Plan timeline

Date	Event	Description
12/1/2020	Public Workshop #11	A virtual workshop ² was held to receive public input into local resource type preferences and EverGreen priorities. There were 44 public attendees.
12/1/2020	Public Workshop #1 online survey	An online survey was distributed and posted on SCP's website for written comment on Public Workshop #1. SCP received 106 responses.
12/2/2020	Public Workshop #1 video recording	A video recording of Public Workshop #1 was posted on the SCP website EverGreen page.
12/16/2020	CAC meeting	SCP presented Public Workshop #1 and received further public input.
01/03/2021	BOD meeting	SCP presented Public Workshop #1 and received further feedback.
01/12/2021	Public Workshop #2	A virtual workshop was held to receive public input into technical aspects of the plan including EverGreen demand and resource supply selection methodology. There were 46 public attendees.
1/12/2021	Public Workshop #2 online survey	An online survey was distributed and posted on SCP's website for written comment on Public Workshop #2. SCP received 105 responses.
01/13/2021	Public Workshop #2 video recording	A video recording of Public Workshop #2 was posted on the SCP website EverGreen page.
01/21/2021	CAC meeting	SCP presented Public Workshop #2 and received further public input.
02/04/2021	BOD meeting	SCP presented Public Workshop #2 and received further feedback.
03/18/2021	CAC meeting	SCP received feedback and direction on the Draft Local Resource Plan.
04/01/2021	BOD meeting	SCP received feedback and direction on the Draft Local Resource Plan.
04/15/2021	CAC meeting	SCP is seeking feedback and CAC recommendation to the Board to approve Final Local Resource Plan.
05/06/2021	BOD meeting	SCP will seek approval of Final Local Resource Plan from Board of Directors.

 ¹ See the following Links for Public workshop materials: <u>Workshop 1 & Workshop 2</u>
 ² The 2021 Local Resource Plan public workshop process was conducted virtually due to the COVID-19 pandemic. SCP Plans for future public workshop to be conducted both in person and virtually if allowable and safe to do so.

The Local Resource Plan set of assumptions and forecasts will be updated each year as SCP re-evaluates supply and demand for EverGreen. Every two years the Plan will be revisited, and an updated Local Resource Plan will be published.

2.5 Current EverGreen Resources

The current EverGreen resource mix consists of local solar energy from SCP's feedin-tariff program (ProFIT) and local geothermal from the Geysers.

2.5.1 ProFIT History

Local renewable energy development projects to date for EverGreen were achieved under SCP's ProFIT program. The ProFIT program was completed in early 2021 and is now closed, but those resources will continue to serve EverGreen customers for years to come. The Local Resource Plan is about the additional resources that go beyond SCP's completed ProFIT program.

SCP's ProFIT program provided a standard feed-in-tariff contract or power purchase agreement (PPA) for new-build renewable projects located in SCP territory. The program was technology agnostic and allowed any RPS compliant source of energy less than 1 MW to apply. The standard PPA included:

- A 10-year term for geothermal or bioenergy facilities, and a 20-year term for other sources.
- A fixed purchase price of \$95/MWh
 - This price was set in 2014 based on smaller scale renewable costs at that time. Renewable costs have decreased significantly since then.
- Several incentive adders for the first 5 years of the contract were available. Incentive adders were given for projects:
 - o less than 250 kW
 - o projects on previously developed land
 - o projects that used local labor, and
 - o projects that promoted local apprenticeship training.

The ProFIT program offered PPAs on a first-come first-served basis for any project that met the requirements of the program, had an interconnection agreement tendered, and permits submitted. The ProFIT program targeted building 6 MW of new renewable resources inside SCP's territory.

Though the ProFIT program was technology agnostic, all the projects given ProFIT PPAs were solar photovoltaic projects. The final 1 MW project became operational in February 2021, achieving SCP's 6 MW goal. The 6 ProFIT solar projects, all just under 1 MW, are as follows: 1 project in Willits, 1 project in Cloverdale, and 4 projects in Petaluma. Figure 4 shows the current EverGreen local resources.



2.5.2 Supply Mix to Demand

SCP's initial goal was to achieve 50% new local supply and 50% existing geothermal. With the rapid increase of EverGreen electricity demand, more local resources are now required to meet the new local supply goal. Whereas 6 MW was the appropriate amount for previous participation and growth trends, further new-build resources are now required if we choose to keep new local renewable supply at or near 50%.

Figure 5 shows the current ProFIT annual solar supply for the EverGreen electricity demand. The remainder of EverGreen supply is met with existing geothermal from the Geysers to match the EverGreen demand.



3 Local Resource Planning Methodology

3.1 Priorities & Framework

The main priorities for the Local Resource Plan established during the public input process were building new resources, cutting emissions as much as possible, matching the hourly output to demand, keeping resources within our territory, and using local labor. Keeping the EverGreen premium rates at or below the current premium of 2.5 cents per kWh is also a main priority for SCP, particularly in relation to increasing participation and inclusion of under-represented and CARE/FERA customers.

The framework of the Local Resource Plan centers around 3 pillars: emissions reduction, local electricity resiliency, and equity and local investment. Each of the priorities identified above contributes to these 3 pillars.

3.1.1 Emissions Reduction

SCP's Local Resource Plan will help the SCP community and the whole state reduce emissions through supporting existing renewable generation and through building new incremental renewable and storage projects. New renewable projects proposed for EverGreen resources will be assessed utilizing an hourly methodology that determines how well they match the EverGreen hourly load. This eliminates the need to rely on system power from the California electricity grid, especially during the evening hours when system emissions are usually the largest. Matching hourly resources to demand may also consist of customer-owned so-called "demand side" resources to shape load, and as such SCP considers demand side resources an integral part of building new resources to match hourly demand and will assess their emissions reduction contribution.

3.1.2 Resiliency

SCP's Local Resource Plan strives to improve local electricity resiliency during PSPS and other power outages to the most impacted customers within SCP territory. SCP does not control Public Safety Power Shutoffs or manage the distribution or transmission grid, so no direct commitment can be made to improving PSPS or other blackouts. SCP can, however, work with local partners toward a solution by building new resources that could allow customers to retain electricity service during periods of power outage or facilitate future microgrids, resiliency centers or other critical services. The resiliency solution will likely include both supply side and demand side customer-sited resources, along with SCP's separate effort to work with PG&E to identify cost effective grid repair and segmentation strategies.

3.1.3 Equity and Local Investment

SCP sees equity and local investment as an integral part of the climate crisis solution and recognizes the "Climate Gap" which is the disproportionate and concealed impact that climate change has on communities with people of color and lowincome. SCP's Local Resource Plan addresses equity through striving to make cleaner sources of energy accessible to all, including low-income and disadvantaged communities, CARE/FERA customers, medically vulnerable customers, minorities, and under-served and under-represented customers. SCP will work toward providing targeted programs and implementation strategies for under-served and underrepresented customers in a cost-effective and practical way. SCP will also consider the local workforce in developing new local resources. SCP's Programs Equity Framework has more information about SCP's work in this area.

3.2 Forecast Methodology

3.2.1 Demand Forecast Methodology

SCP's demand forecast for EverGreen is output from a model trained on weather data, net energy metering (NEM) installations, electric vehicle (EV) accounts, and the historical hourly usage of customers currently enrolled in the program. The model is run against weather data from 2015 through 2020 to evaluate historic weather sensitivity. For this evaluation, enrollment in EverGreen is held constant. However, NEM installations and EV adoption are projected to continue growing. The model is run probabilistically with ranges calibrated for these uncertainties.

Figure 6 is a sensitivity diagram illustrating the range in 2030 energy usage influenced by each uncertainty independently (i.e. the effect different assumptions NEM growth, EV adoption, and weather and impact the energy use forecast).



Figure 6: 2030 EverGreen Energy Use Sensitivity to Uncertainties

Although the range in annual energy usage is fairly narrow due to counterbalancing independent variables (e.g. subscription growth, NEM growth, absorbing EV adoption, mild winters alongside hot summers), the range at the monthly, daily, and hourly level is much broader. SCP's demand model runs 378 demand scenarios at an hourly granularity to characterize these uncertainties. These scenarios are used in evaluating the performance of different potential resource portfolios. Figure 7 illustrates the range in simulated monthly usage for the aggregated EverGreen customers. Compared to SCP's CleanStart aggregated customer base, EverGreen aggregated customer usage differences between summer and winter are amplified

due to a higher percentage of NEM participation amongst EverGreen customers. Loads in the Spring are higher due to water pumping and water treatment loads on municipal accounts.



Figure 7: 2030 EverGreen Monthly Usage Simulations

3.2.2 Incremental Supply Methodology

Historical data and weather trends are used to forecast existing ProFIT solar and geothermal supply to determine incremental supply needed to serve EverGreen load.

The methodology used to forecast incremental supply is dependent on the technology.

- Solar resources are estimated using a model trained on weather data and historic production from ProFIT solar facilities. The model is run on the same weather assumptions as the demand model to properly represent the impact of local cloudy weather.
- Wind is estimated using an hourly profile from the National Renewable Energy Laboratory's Wind Toolkit data for points located inside SCP territory.
- Hydropower is estimated using a monthly historical profile of output from Warm Springs dam hydroelectric facility to represent seasonal trends in the local watershed coupled with hourly assumptions of hydro dispatch from the CPUC.
- Geothermal is considered a base load resource and produces the same amount of energy each hour across the year, although the allocation between CleanStart and EverGreen is allowed to fluctuate based on EverGreen net position need.
- Bioenergy (for this high-level purpose) is considered dispatchable to fill the remaining net position (although dispatchability varies significantly by type of resource). No bioenergy resources will be procured in 2021 for EverGreen, and

at least until more information about specific opportunities can be identified and studied.

• Battery resources are optimized to shift load from the hours with the lowest net open position to the highest.

In evaluating different technology types, Figure 8 below shows the relative distribution of electric output across a year for different technologies. Figure 9 represents the average distribution of output for each hour by technology.

SCP will also leverage generation forecast data provided by potential suppliers when evaluating portfolios.



Figure 6: Hourly Percent of Technology Specific Daily Generation



29 of 109

4 Local Resource Supply Considerations

4.1 Evaluation Metrics

The evaluation metrics SCP will use to assess potential local resource supply projects are as follows:

- Availability
- Constructability
- GHG Emissions Mitigation
- Cost
- Demand Matching
- Resiliency/Reliability
- Equity

4.1.1 Availability

In order for a renewable resource to be feasible for development in Sonoma and Mendocino Counties, the resource must be available within the counties' borders. Readily available resources in parts of the world, country and even state may not be available, or may have limited availability in Sonoma County and Mendocino counties.

Ultimately, the availability of resources to serve EverGreen will be determined by responses to a Request for Proposals (RFP) with projects brought forward by developers. SCP staff will also review potential grants and opportunities to collaborate with local jurisdictions on developing resources. Based on experience and available data, SCP expects solar and storage opportunities to be more likely than other technologies. Extra scrutiny will be applied to new technologies to validate their availability.

4.1.2 Constructability

Once the availability of a renewable resource has been deemed acceptable, the constructability of projects utilizing that resource will be considered. An example is that offshore wind has high availability off the coast of Mendocino County however offshore wind construction is not currently allowed off the coasts of Sonoma or Mendocino Counties. Locations within SCP territory that can reasonably accommodate renewable energy projects and the regulatory, permitting and aesthetic issues that come with those locations will be considered by the lead agencies reviewing projects (generally the cities and counties). The Sonoma and Mendocino County Zoning Codes provide allowable uses, permit requirements, provisions and standards for building projects. It is the responsibility of each project developer to reach constructability; the project developer cannot rely on SCP for assistance, and SCP will respect the judgment of the lead agencies in their determination for permits.

As there is currently a demand for incremental EverGreen supply, the ability to quickly construct resources will be a key criteria in evaluating resources. SCP will assess potential permitting risks, developer experience, and land/site ownership.

4.1.3 GHG Emissions

Once the availability and construction feasibility has been established, SCP will evaluate the incremental GHG emissions reduction the specific project is expected to bring. In evaluating the GHG impact of alternatives to serve EverGreen, SCP has adopted a new more sophisticated approach that looks at the hourly displaced CAISO system grid natural gas emissions that directly result from construction of new resources³. The emissions mitigated from any potential EverGreen-specific projects for fuel switching vehicles and buildings will also be incorporated.

SCP is establishing a goal of 110 metric tons of CO2e emissions reduction per GWh of EverGreen load using this methodology. This goal was developed by looking at the performance of a 50% solar portfolio in 2030. This goal is approximately equivalent to taking 15 passenger cars off the road each year for every 100 average homes that join EverGreen. Shifting to an emissions reduction metric gives SCP the flexibility to select resources and programs that are cost effective while also meeting other stated objectives. It also allows for SCP to re-evaluate resource requirements as load changes. For reference, with currently enrolled EverGreen customers, this objective could be achieved with any of the three illustrative portfolios listed below:

- 1. 16 MW of additional solar resources
- 2. 18.5 MW x 4 hours of new energy storage (74 MWh of storage capacity)
- 3. 9 MW of additional solar resources and 8 MW x 4 hours of new storage

Note that the illustrative portfolios above achieve the GHG mitigation goal only. SCP will also evaluate projects within the EverGreen Portfolio based on the other evaluation metrics, including cost and demand matching. Solar without storage, for example, would not be evaluated favorably for demand matching because solar without storage produces energy at the wrong time of day to meet incremental load.

Figure 10 below shows the range of forecasted carbon mitigation for the illustrative 9 MW incremental solar and 8 MW x 4-hour storage portfolio. Uncertainty within each year is caused by changes in solar generation and storage dispatch due to weather. The long-term trend is driven by the CPUC's forecast for the hourly dispatch of gas resources. Note these illustrative resources are presented going forward only to demonstrate SCP's methodology and do not represent the recommended or targeted set of resources. This will be determined using an assessment of all Evaluation Metrics for proposed projects.

³ The new method assesses the amount of natural gas generation on California's grid by comparing the generation profile of new resources against the CPUC's IRP Clean System Power calculator estimate for hours where natural gas resources are on margin from 2020 through 2030. When gas is on margin, it is assumed to be displaceable and new resources are credited with emissions reductions. In hours where gas is not on margin, new resources are not credited with any emissions reductions.

Figure 7: Probabilistic 2030 Cumulative Carbon Mitigation Forecast- 9 MW Solar + 8 MW Battery Storage



Although procurement of existing resources may prompt other parties to develop new clean energy projects that ultimately mitigate GHG emissions, their impact will be ignored in this LRP's evaluation.

The cost of carbon mitigation (\$/metric ton mitigated) will also be used to select potential incremental resource projects by comparing the estimated carbon mitigation to the net cost.

Fuel switching emissions mitigated from any EverGreen-specific programs will be calculated using the default emission factor for the fuel being displaced with local estimates of fuel use patterns.

4.1.4 Anticipated Cost

The cost effectiveness or net cost of resources must be considered in order to compare resources against each other and to determine feasible projects.

The net cost of resources will incorporate all anticipated costs and offsetting revenues. Costs may include a fixed PPA price, program costs, and/or capital and operating costs paid directly by SCP depending on the resource. Offsetting revenue will include the value of energy, surplus renewable energy credits, revenue from ancillary services, and the value of capacity. Recent market data will be used to estimate the value of these revenue streams. The resulting net cost will be compared against the revenue from the EverGreen premium. If opportunities include both ongoing costs and upfront costs, a discounted net cost will also be calculated.

4.1.5 Demand Matching

The ability for a resource to meet the energy demand throughout the hour, day, week, month, and year is a critical consideration for EverGreen. Resources are required to meet both the low load during sunny summer hours when customer-owned solar in our region reduces customer net load and during the large increases

in load in the evening when customer-owned solar is not producing and residential energy loads are increasing due to lighting, cooking, heating, cooling, and EV charging. Variable resources such as solar and wind can provide energy during times of resource availability. Baseload resources with constant output can provide energy during all hours, and dispatchable resources can provide the flexibility to meet changes in load. SCP will consider demand matching and dispatchability both from the supply side and the customer demand side.

SCP will directly evaluate demand and supply matching using these main metrics:

- The percentage of energy and hours of over-generation (i.e. the hours in which hourly resource generation exceeds hourly EverGreen demand). Any over-generation in the EverGreen supply will be applied to SCP's overall portfolio or sold at market value – generally at a significant financial loss compared with SCP's retail rates.
- 2. The amount of geothermal or dispatchable energy required to maintain balance in the portfolio (i.e., the cumulative hourly energy from other resources need to match the EverGreen demand on an hourly basis).

These metrics will be calculated within the probabilistic demand model to incorporate the uncertainty of weather, NEM growth, and EV adoption. Figure 11 and Figure 12 below show these metrics for the example 9 MW new solar and 8 MW x 4-hour storage portfolio. Both the percentage of hours of over-generation and the share of geothermal and dispatchable energy are expected to increase as NEM generation grows through 2030.



Figure 12: Percent of MWh 9 MW Solar + 8 MW Storage exceeds hourly EverGreen Demand

Figure 13: Percent of EverGreen Load needed to be met with geothermal and dispatchable resources by building 9 MW incremental solar + 8 MW incremental storage



4.1.6 Resilience/Reliability

As the California grid incorporates more and more renewable resources that are intermittent in supply, renewable integration must be effectively managed and planned to ensure that the grid remains reliable during periods of low solar and wind renewable supply. Diversity of resources, energy storage, permanent load shifting, and responsive demand side management will be integral in building a 100% clean energy future. By focusing on demand and resource supply matching for EverGreen customers, SCP will lead the way and be a testbed example for scalable grid reliability and thus the demand matching methodology will be used to assess contribution to system-wide reliability.

In the context of SCP's Local Resource Plan, local resilience and reliability will be assessed in terms of the ability or contribution to the future ability to provide SCP customers with reliable energy during periods of PSPS, rolling blackouts, planned outages, and other unplanned outages such as storms.

4.1.7 Equity

To address the "Climate Gap" and work toward providing equitable access to clean energy and programs, SCP will assess projects and strategies in the context of how they impact or benefit low-income and disadvantaged communities socioeconomically and environmentally.

SCP will evaluate the EverGreen cost and will seek to reduce the gap between EverGreen and CleanStart rates in the future, so EverGreen becomes a more viable option to moderate and low-income customers. In addition to rates, SCP will also evaluate the holistic benefits of projects, programs, and strategies for under-served and under-represented customers including the number of local jobs, contribution to local revenue sources, the ability to provide practical and affordable home and vehicle upgrades, and access to clean energy and air.

34 of 109

4.2 RPS Resources-Solar, Geothermal, Wind, Offshore Wind, Hydropower

	SOLAR PV	ONSHORE WIND	OFFSHORE WIND	GEOTHERMAL	HYDROPOWER (<30MW)
Local availability	Abundant	Limited	Good	Abundant	Limited
Constructability	Proven	Not Proven Permitting challenging in high wind areas	Not Proven in California & not allowed under current regulations for Sonoma or Mendocino. SCP will stay engaged with project in Humboldt and return for consideration in future EverGreen procurement.	Proven New construction permitted but likely costly	Not Proven for new construction. Only in-conduit likely permitted, meaning recovering energy from water falling through pipes by gravity
GHG emissions	No generation emissions, but minimal GHG reductions on grid due to midday production (unless paired with storage)	No generation emissions and good GHG reductions on grid	No generation emissions and strong GHG reductions on grid	Very low (~55 IbCO2/MWh) from generation and strong GHG reductions on grid	New construction difficult. Seasonal emissions reductions on grid.
Anticipated cost (actual cost to be determined by any specific proposed project)	Competitive	High in SCP territory due to permitting and mitigation Lower capacity factor	High Requires investment in transmission	Moderate to High Existing resources compete but potentially prohibitive for new	Competitive to High Existing resources compete but high cost for new
Demand matching/ dispatchability	Poor to None Requires pairing with storage to match demand	Moderate Provides needed evening supply but not dispatchable	Moderate Provides near constant energy with needed evening supply but not dispatchable	Moderate Provides constant energy with evening supply but only demand matching if shared with CleanStart	Moderate Provides needed Spring supply but limited flexibility to dispatch

	SOLAR PV	ONSHORE WIND	OFFSHORE WIND	GEOTHERMAL	HYDROPOWER (<30MW)
Resilience/ reliability	Can support resilience projects if distributed and paired with storage	Unlikely to provide resilience except in areas directly adjacent to the resource	If paired with transmission hardening, could provide limited regional resilience at transmission level	Possibly valuable. May require transmission hardening.	Unlikely to provide resilience except in areas directly adjacent to the resource.
Equity	Potential to provide customer-sited resource in low- income & disadvantaged communities or associated with remediation opportunities, provides jobs, and more affordable per MWh.	Could offer jobs, but may not be wanted in low-income and disadvantaged communities	Could offer construction and operating jobs, especially for displaced oil and gas workers due to crossover in offshore labor skills.	Existing jobs. New construction could offer construction and long-term operating jobs Technology is reasonably labor- intensive, supplying long- term jobs.	Existing jobs. New construction could provide both short-term construction jobs and operator jobs.

4.3 Bioenergy

Bioenergy projects include landfill gas, dairy and compost digesters, wastewater treatment digesters and woody biomass power. All of these bioenergy resource types are categorized as preferred renewable resources by the CPUC, and certain mandates for procurement are currently applied to the investor-owned utilities (e.g., PG&E). SCP has no State mandates for procurement at this time.

Bioenergy is not currently included in the Table in Section 5.2. because of public concern over the potential environmental impacts from biomass power facilities creating economic demand for forest tree harvesting. SCP will not procure any local bioenergy projects in 2021, and the issue will return for further public input once a potential policy or project can be considered.

SCP's evaluation metrics will determine whether specific bioenergy projects are suitable EverGreen resources.

4.4 Battery Storage

SCP sees storage, and in particular battery storage, as an integral element of the Local Resource Plan. While battery storage is not a renewable resource on its own, it is a critical tool for the effective integration of further renewable buildout.

<u>Local Availability-</u> Battery storage can often be employed at existing renewable facilities, paired with new renewable facilities, or as standalone facilities that can be located almost anywhere that can interconnect with the grid.

36 of 109
<u>Constructability</u>- The most commercially available and proven technology currently is lithium-ion batteries with a 4-hour full capacity load shifting capability. Battery storage projects generally have a short construction timeline and have been proven to obtain permits and interconnection.

<u>GHG Emissions-</u> Battery storage can charge during hours of high renewable generation and low net load and can discharge during hours when renewable generation is low. This means that battery storage in and of itself, even without being directly charged by a renewable resource, can use energy during times where GHG are inherently low on the grid and discharge that power during times of high emissions on the grid. This reduces net emissions and allows for more renewable penetration on the grid overall.

<u>Anticipated Cost-</u> The cost of battery storage has declined steeply in recent years and SCP anticipates that costs will continue to decline as more storage is deployed. Solar plus storage facilities today are competitive with other renewable energy project costs. Battery storage connected to existing and qualifying renewable projects is eligible for a significant federal tax credit. Standalone battery storage is not currently eligible for the federal tax credit, but SCP is working to change this due to the importance and impact battery storage has on the future of renewable energy and overall emissions reduction.

<u>Demand Matching/Dispatchability</u>- Battery storage is an effective resource for demand matching. As noted under "GHG Emissions," battery storage can be charged during times of low net demand and discharged during times of high net demand, particularly in the evening hours when solar resources are ramping down. Battery storage is also extremely dispatchable and can even be used for very short duration dispatching for frequency response on the grid. Battery storage dispatchability is limited by its state of charge (amount the battery is charged from another resource) and discharge duration. Once the battery is fully discharged, it is no longer dispatchable until it recharges.

<u>Resilience/Reliability</u>- Battery storage can be located on the distribution grid where power shutoffs have impacted customers. When combined with solar, batteries could -in theory- provide shaped and dispatchable power to areas subject to PSPS and rolling blackouts. Whether this is practical in any given location depends on the physical conditions of the site as well as numerous regulatory matters. However, storage can also help to maintain reliability for the grid at large, which indirectly aids with local reliability. Batteries paired with solar and special switching equipment can also power resiliency centers during periods of no power. Customer-owned storage and solar is an effective way to tackle resiliency on a customer-by-customer basis and is discussed below in Section 5.6.

<u>Equity</u>- Battery storage can be built and located in disadvantaged communities helping with integration of more renewables and cleaner air. Storage development and installation can create local jobs and provide educational or training opportunities. Electric vehicles with battery storage can significantly improve local air quality and reduce total emissions and is discussed below in Section 5.6. Customer-owned storage (discussed in Section 5.6) can also provide cost savings on time-of-use rates and resiliency to customers who are financially impacted the most by power outages.

4.5 Other Energy Storage

Lithium-ion batteries are being implemented widely, however they generally are only able to shift load within a single day, so no very long duration or seasonal load shifting can be achieved. SCP recognizes the potential need for longer duration and seasonal storage. Today, these technologies mainly consist of pumped hydroelectric, compressed air, power to gas (hydrogen), mechanical (or gravity) storage and thermal storage projects.

SCP has participated in a multi-CCA Request for Proposals (RFP) for long duration storage to be online by 2026. As of the drafting of this report, the responses were being evaluated. Because of the scale and economics of these projects, they are unlikely to be located in SCP territory, but the results of the evaluation will help inform commercial viability locally.

SCP anticipates the feasible energy storage projects for the Local Resource Plan to be batteries at least in the next two years, however, if any potential long duration or non-battery energy storage projects are brought to SCP, they will be assessed against the Evaluation Metrics established in Section 5.1.

4.6 Demand Management & Customer-Owned Resource Aggregation

Being able to manage the demand side usage and profiles is becoming increasingly more important when scaling a 24x7 hourly renewable portfolio.

Customer-sited resources and programs such as behind the meter solar, behind the meter storage, electric vehicles and chargers, electrification, and demand response of smart electric devices and behavior are important tools in shaping customer demand to supply.

The Local Resource Plan does not exist in isolation of other SCP plans and programs and works alongside the SCP Programs Strategic Action Plan on customer-side solutions (see plan at <u>https://sonomacleanpower.org/uploads/documents/SCP-Programs-Strategic-Action-Plan-Jan.-2021-FINAL.pdf</u>). Strategies and actions identified in the Programs Strategic Action Plan will be evaluated and potentially customized for EverGreen participation. Any customization of programs will be assessed against the Evaluation Metrics in Section 5.1.

5 Implementation Plan

In order to achieve a local renewable portfolio that matches the EverGreen hourly demand, promotes reliability, reduces emissions, aids local resiliency, and supports equity, SCP will utilize a multi-pronged approach to identify and construct new resources. This multi-pronged approach will include methods that serve to:

1) maintain or reduce EverGreen costs,

- 2) capitalize on unique and advanced projects,
- 3) canvas the market for unknown opportunities,

4) partner with local jurisdictions, public agencies, and/or schools for co-benefits,

5) use previously-developed land and rooftops for alternative revenue stream to local business and customers,

6) improve access to EverGreen for customers of low and moderate incomes, and

7) enhance distribution grid resiliency at cost-effective, beneficial locations.

In addition, SCP will continue to explore how customer-owned and sited resources could contribute to EverGreen resources in the near future.

This multi-pronged approach will consist of:

- Targeting grant-funded local projects
- Being open to specific opportunities/projects
- Issuing an RFP for utility-scale local renewables
- Issuing an RFI for rooftops and previously developed sites
- Working with existing feed-in-tariff projects to optimize delivery profile
- Customizing customer programs for EverGreen demand side resources and technology
- Targeting customer programs and projects for underserved customers and communities
- Exploring co-benefiting locations of local renewable supply with distribution grid resiliency

In addition, SCP's Local Resource Plan implementation will coordinate with community outreach and partnerships, supplement educational program support, and conduct ongoing research and development of emerging and advancing technologies.

5.1 Grant funded projects

SCP will monitor DOE, CEC, and other department grant opportunities that could apply to local renewable deployment.

5.2 Opportunistic projects (bilateral and public private partnerships)

SCP will remain open to meeting with developers that approach SCP with unique local projects that fit the EverGreen profile. SCP may enter into bilateral contracts with unique local projects that fit the needs and evaluation metrics for the EverGreen profile. SCP will first direct them to participate in any upcoming RFPs planned, however if there are no upcoming RFPs and SCP still needs the local energy, or the project is outside the scope of any RFP, SCP will remain open to such projects on a case-by-case basis.

5.3 Utility scale RFP

SCP plans to issue an all-encompassing RFP for local renewable and storage development with a goal of having contracts executed early in 2022. These projects are anticipated to be in excess of 1 MW and participate in the CAISO market. SCP is open to one large project or multiple smaller projects. Selected projects will be determined using the Evaluation Metrics discussed in Section 5.

The RFP will:

- solicit for any renewable resources (excluding bioenergy) and/or battery storage projects located in Sonoma or Mendocino counties,
- give preference for local developers and workforce if all other evaluation metrics are comparable,
- give preference for projects on previously developed land and rooftops, contaminated land or marginal land if all other metrics are comparable,
- require information from respondents regarding the impacts on and benefits for low-income and disadvantaged communities. This would include:
 - identifying the CalEnviroScreen score of the community in which the project will be built,
 - whether it is an SB 535 Disadvantaged Community or AB 1550 Lowincome community⁴,
 - any increases or decreases in air pollution and other environmental or socioeconomic impacts due to the proposed project,
- require the respondent to provide information on employment and workforce development including:
 - identifying the number of new local jobs created during construction and operation phases,
 - employment and training/apprenticeship opportunities for individuals residing in low-income or disadvantaged communities or part of disadvantaged groups such as CARE/FERA customers, women, minorities, and disabled veterans.

5.4 Rooftop/ Site RFI

SCP will issue an RFI for large commercial and municipal customers to utilize their sites. Once potential sites are identified, SCP will work with acceptable sites to potentially issue an RFP to developers to build projects on their sites. SCP will consider various options such as purchasing all of the energy from the site facility, purchasing a portion of the energy and leaving another portion for the site's energy needs, or leaving all of the energy for the site's needs and having control over the operating parameters of the storage component. SCP will evaluate projects on a case-by-case basis. In direct response to public feedback, SCP will work with the site owners and tenants to validate the projects are appropriately sized. SCP anticipates these projects to be less than 1 MW.

5.5 No Feed-in-tariff

The previous ProFIT program is closed and a standard feed-in-tariff is not included in this cycle of the Local Resource Plan. SCP wants to take all reasonable efforts to ensure that the projects that best fit SCP's needs at the least cost are selected. A standard power purchase cost and contract terms does not achieve this. SCP may revisit the potential for a feed-in-tariff in the 2023 Local Resource Plan cycle. This Plan relies instead on both broad solicitations and bilateral agreements.

⁴ See map here <u>https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm</u>

SCP will continue to work with existing ProFIT feed-in-tariff solar projects to examine potential for pairing battery storage at the existing sites.

5.6 Customer programs

SCP will continue working on customer programs that fit within the Programs Strategic Action Plan. SCP will begin to analyze customer programs in terms of EverGreen and will seek to optimize and identify opportunities throughout this 2year Local Resource Plan Cycle.

While the specific opportunities for programs contributing to the EverGreen resource mix are still unclear and may require significant effort or regulatory changes, it could include:

- Shaping load by enrolling more EverGreen customers in demand response (GridSavvy) or converting existing GridSavvy customers to EverGreen
- Studying transportation electrification of buses and fleet vehicles in combination with EverGreen to provide 100% renewable transportation and using vehicle batteries as grid resources
- Evaluating the costs and benefits to the grid and GHG reduction of providing free or reduced-cost workplace charging during solar hours at EverGreen sites or for EverGreen customers
- Targeting fuel switching in buildings in combination with demand response and EverGreen enrollment
- Assessing the viability of providing vehicle-to-building resiliency in concert with EverGreen
- Targeting existing customers with solar for battery and car charging programs in combination with EverGreen
- Targeting battery storage deployment for EverGreen customers for permanent load shifting
- Assessing the viability of providing incentives for customers that switch to EverGreen
- Targeting low-income customers to provide energy savings from home upgrade programs and fuel savings from electric vehicles. Assess the ability to reduce their total electricity and gasoline expenditures while also being enrolled in EverGreen.

5.7 Underserved and low-income communities' projects

The Local Resource Plan will help implement the framework that will be established in the Programs Equity Framework. The Programs Equity Framework is currently being developed with the help of community involvement and input. One of the first steps SCP hopes to implement once the Programs Equity Framework is complete is to further engage with our low-income and disadvantaged communities in SCP territory. We plan to engage with leaders and active members of the communities to identify ways to better serve the community through the potential to invest in EverGreen projects.

SCP will explore how to promote rooftop solar and battery storage, home energy upgrades, and electric vehicles.

During this planning cycle, SCP will also begin to assess the viability of providing a discounted EverGreen service to CARE/FERA customers.

5.8 Resiliency and PSPS projects

SCP will immediately begin to investigate distribution network locations that would benefit from renewable resources and storage. These resources could serve as supply side resiliency sources during times of power outages as well as provide dayto-day local resources for EverGreen. SCP has already identified substations and feeders that are most impacted by PSPS events. SCP will focus on areas that experience PSPS at the transmission level or on feeder lines that are anticipated to be safe to remain energized during a PSPS event. SCP will continue to work with PG&E to identify cost effective solutions that provide socialized benefits to impacted customers during power outages.

On the customer side, SCP will continue working on customer programs that fit within the Programs Strategic Action Plan as related to resiliency. These could include all programs related to customer solar plus storage and vehicle-to-building technology.

5.9 Community Outreach and Partnerships

SCP is working on a comprehensive outreach and education program that aims to build stronger affiliations with local agencies, community benefit organizations and service providers, broaden education and outreach efforts, strengthen community trust, and improve SCP's engagement with customers. The program will establish a new set of pathways for community members and groups to propose ideas and partnerships, request support, and benefit from SCP's customer programs and other services. The Local Resource Plan will employ the strategies and goals within that program. The outreach program is expected to begin implementation by the end of 2021.

SCP also plans to utilize outreach and partnerships to increase EverGreen participation. A marketing plan specific to EverGreen will be created during the 2021-2022 Local Resource Plan cycle. Marketing plan strategies for increasing participation will be evaluated and could include:

- A campaign to upgrade all municipal accounts to EverGreen
- o Providing a referral incentive to EverGreen customers
- Developing targeted marketing and education to promote the switch to EverGreen.
- o A campaign to improve CARE/FERA participation
- A campaign to enroll large commercial customers in EverGreen

5.10 Education

SCP will continue working on the Energy Education Program for Schools in SCP territory identified in the Programs Strategic Action Plan. SCP will work to incorporate EverGreen specific education into the current program.

42 of 109

The Local Resource Plan will also employ the educational strategies that will be identified in the comprehensive outreach and partnership program referenced in Section 6.9.

Because of the limited input from under-served and under-represented customers in this Local Resource Plan public workshop cycle, SCP does not feel there was adequate representation from all aspects of the SCP customer base. In the 2023 cycle, SCP will work to specifically identify and distribute public input opportunities to CARE/FERA customers and customers living within low-income or disadvantaged communities or part of underprivileged groups.

5.11 Ongoing Research & Development

While implementing the Local Resource Plan, SCP will collect information and complete analysis to promote the long-term development of local resources in Sonoma and Mendocino Counties. These activities may not influence the resources selected for EverGreen during this cycle but will provide additional flexibility and cost efficiency in future cycles of the plan. Specific tasks SCP has identified include:

- 1. Mapping supply congestion and congestion persistence to identify economically attractive areas for development of generation and storage.
- 2. Engaging developers to identify permitting, political, or logistical barriers to development.
- 3. Surveying local jurisdictions on permitting activity for energy-related projects.
- 4. Leveraging PG&E's public dataset on distribution capacity to identify areas with less interconnection issues.
- 5. Reviewing land use regulations, zoning, and conservation plans, to understand distribution of potential resource sites.
- 6. Monitor and actively engage vendors of new technologies including long duration storage, offshore wind, closed-loop geothermal, and vehicle-to-grid to explore applications within our territory.

6 Timeline and Summary

SCP will aim to fill the annual amount of energy needed using a combination of all implementation strategies. SCP will aim to procure resources to meet its objective of mitigating 110 metric tons of CO2 equivalent per GWh of load. This goal is approximately equivalent to taking 15 passenger cars off the road each year for every 100 average homes that join EverGreen. The exact resources and quantities will not be determined until each project/program has been assessed against the Local Resource Plan Evaluation Metrics and will be determined based on the most recent forecast EverGreen demand at the time of evaluating projects.

The Implementation timeline for the 2021-2022 Local Resource Plan cycle is outlined below.

	Implementation Strategy	Timeline
1	Monitor & identify potential grant funding opportunities for local projects	Ongoing
2	Bi-lateral and public private partnerships	Ongoing, however will direct any potential projects to any upcoming planned RFP or solicitation before considering
3	Issue utility scale RFP for local renewable and storage projects	Issue RFP within 30 days of Board approval of this plan and target executing first supply contract(s) in 2022.
4	Issue RFI for large commercial & municipal rooftop and previously developed sites	lssue RFI within 90 days of Board approval of this plan.
5	ProFIT battery storage	Within 90 days of Board approval of this plan, begin engaging with existing ProFIT project owners on possibility to add battery storage on existing sites.
6	Customer programs	Ongoing evaluation of opportunities for customer programs to contribute to EverGreen resources as part of SCP's ongoing Programs Strategic Action Plan process.
7	Identify programs and projects for Iow-income and disadvantaged communities	Within 90 days of Board approval of this plan, begin engaging with community leaders and citizens.
8	Analyze grid for PSPS solutions	Immediate and ongoing
9	Community outreach & partnerships	Ongoing in conjunction with SCP's comprehensive outreach and partnership program.
10	Education	By the end of 2021, begin engaging with Energy Education Program for Schools to provide customized curriculum for EverGreen. Target August 2022 to begin teaching additional EverGreen curriculum at schools.
11	Research & Development	Ongoing
12	Update forecast and re-instigate implementation strategies 2 and 3	For every 4 GWh increase in annual EverGreen energy from last RFP or solicitation.
13	2023-2024 Local resource planning cycle	Q4 2022 Restart public workshop process

Table 2: Local Resource Plan Implementation Timeline

SCP will use the following Evaluation Metrics to determine projects that best fit the Emissions Reduction, Resiliency, and Equity priorities for the Local Resource Plan.

- Local Availability
- Constructability
- GHG Emissions Mitigation
- Anticipated Cost
- Demand Matching/ Dispatchability
- Resilience/ Reliability
- Equity



Staff Report - Item 03

То:	Sonoma Clean Power Authority Community Advisory Committee
From:	Stephanie Reynolds, Director of Internal Operations Mike Koszalka, Chief Operating Officer
lssue:	Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate
Date:	April 15, 2021

COVID-19 IMPACTS TO SCP

The majority of SCP staff continue to work remotely, and the office remains closed for meetings and to the public. No further update.

COMMUNITY ADVISORY COMMITTEE RECRUITMENT FOR CURRENT AND UPCOMING VACANCIES IN 2022

Staff is currently working on drafting a one-page information sheet, updated application questions, and also working on a strategy for outreach. When the documents and plan are reviewed and approved by the Ad Hoc committee of the Board of Directors, we will report back to this committee with the timeline for the recruitments.

NEW SCP TEAM MEMBERS

SCP has recently added two new members to our growing work family. Cameron Wehrfritz has joined the Planning and Analytics group as an Intern and Brian Goldman has joined the Regulatory group as a Principal Compliance Analyst.

SCP HEADQUARTERS PROJECT UPDATE

Construction on the headquarters building is continuing to proceed on pace for completion in summer of 2021. Work on the interior continues with electrical lines and painting, and on the exterior with the siding, sidewalks, parking lot and charging stations.

ADVANCED ENERGY CENTER UPDATE

Construction

SCP received a certificate of occupancy on March 30 and has completed over 75% of the construction punch list. The soft opening of the Advanced Energy Center will follow 4-6 weeks of design installations, vendor bay installations, and COVID safety practices before we can open publicly. SCP intends to host a private tour to Commissioners and staff of the California Energy Commission prior to opening publicly. While awaiting this soft opening, know that the Advanced Energy Center discounts and technologies, plus the on-bill loan program are available now online on the Advanced Energy Center website - www.scpadvancedenergycenter.org.

Store Operations

We are currently recruiting for multiple interns to help us at the Advanced Energy Center. With various technologies, COVID and many other trainings required, we hope to hire soon.

Education/Training

Upcoming Events can be found on the new Advanced Energy Center website <u>www.scpadvancedenergycenter.org/events</u>

April Webinars

- 4/8, 12pm On-Bill Financing: 0% Financing. 100% Easy.
- 4/14, 5pm Homeowners Building or Remodeling? How to Achieve Your Resiliency and Energy Goals
- 4/20, 10am The What and Why of Residential Induction Cooking
- 4/21, 3pm Smart and Efficient, Electric Water Heating for Homes: Everything You Need to Know
- 4/22, 12pm Electric Vehicles 101

PROGRAM UPDATES:

Self-Generation Incentive Program (SGIP)

The SGIP Assistance Program is now open to accept applications for General Market Small Residential Storage and Large-Scale Storage. More information can be found at <u>www.sonomacleanpower.org/programs/sgipassistance</u>.

School Storage and Solar Study

SCP and TerraVerde Energy have determined the final 20 sites to receive the nocost analysis based on SCP's goals, including, but not limited to:

- Sites that serve high amounts of free and reduced lunch
- Sites that have a high number of students experiencing homelessness
- Sites that have experienced past PSPS events
- Sites that are likely to experience future PSPS events using updated information from PG&E
- Sites that serve as emergency centers
- Sites that are geographically distributed across SCP territory
- A mix of sites in urban locations and rural locations
- Sites that span different campus sizes (based on number of students)

Participating School Districts include:

Harmony Union Liberty Sonoma Valley Unified Two Rock Union West Side Union

Staff is in the process of requesting approval from our remaining School District customers to share participation information.

Bike Electric

The Bike Electric program, which launched on March 8th, quickly reached 270 applications in its first few weeks and is now closed to new applicants. To date, twentyfour electric bicycles (eBikes) have been sold through the program. Bike Electric provides \$1,000 toward the cost of an eBike to up to 200 income-qualified customers. SCP has partnered with eleven local retailers to apply the incentive at the register, and the program is offering free safety classes and helmets through Sonoma County Bicycle Coalition. Approved customers have until September 8, 2021 to redeem their vouchers.

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date growth in net position is better than projections due primarily to greater than expected revenues. Revenue from electricity sales is on target with amended budget projections, and cost of energy is slightly under expectations by less than 1%. Year-to-date electricity sales reached \$138,897,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$111,713,000, which indicates healthy growth as SCP continues to make progress towards its financial goals. In addition to Net Position, SCP maintains an Operating Account Fund of \$22,000,000 at the end of the period.

Aside from cost of energy, overall other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2020/21 amended budget approved by the Board of Directors in April 2021.

The budget is formatted to make comparisons for both the annual and the year-todate perspective. The first column, 2020/21 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 right on target with the budget by approximately at the end of the reporting period.

The cost of electricity is slightly less than 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:

Board of Directors - May 6, 2021 Community Advisory Committee - May 20, 2021 Board of Directors - June 3, 2021 Community Advisory Committee - June 17, 2021

ATTACHMENTS

February 2021 Financial Reports



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 February 28, 2021, 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.

Maker Accountancy

San Rafael, CA April 1, 2021

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

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50 of 109

STATEMENT OF NET POSITION As of February 28, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 70,457,174
Accounts receivable, net of allowance	22,048,682
Other receivables	1,716,791
Accrued revenue	8,424,682
Prepaid expenses	1,508,705
Deposits	789,979
Restricted cash	 147,000
Total current assets	105,093,013
Noncurrent assets	
Unrestricted cash in Rate Stabilization Fund	22,000,000
Land and construction-in-progress	14,729,655
Capital assets, net of depreciation	285,586
Deposits	 6,430,922
Total noncurrent assets	 43,446,163
Total assets	 148,539,176
LIABILITIES	
Current liabilities	
Accrued cost of electricity	11,723,877
Accounts payable	1,581,293
Advanced from grantors	30,425
Other accrued liabilities	961,461
User taxes and energy surcharges due to other governments	528,996
Total current liabilities	14,826,052
DEFERRED INFLOWS OF RESOURCES	
Rate Stabilization Fund	22,000,000
NET POSITION	
Restricted	147,000
Investment in capital assets	15,015,241
Unrestricted	96,550,883

Total net position

See accountants' compilation report. 51 of 109

\$ 111,713,124

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION July 1, 2020 through February 28, 2021

OPERATING REVENUES	
Electricity sales, net	\$ 137,881,320
Evergreen electricity premium	1,015,318
Grant revenue	1,708,685
Total operating revenues	140,605,323
OPERATING EXPENSES	
Cost of electricity	113,419,342
Contract services	6,356,595
Staff compensation	3,224,591
General and administration	820,308
Program rebates and incentives	501,090
Depreciation	53,611
Total operating expenses	124,375,537
Operating income	16,229,786
NONOPERATING REVENUES (EXPENSES)	
Interest income	491,935
Other nonoperating revenue	7,009
Nonoperating revenues (expenses), net	498,944
CHANGE IN NET POSITION	16,728,730
Net position at beginning of period	94,984,394
Net position at end of period	\$ 111,713,124

STATEMENT OF CASH FLOWS July 1, 2020 through February 28, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 142,110,176
Receipts from grantors	3,462,099
Other operating receipts	447,460
Payments to electricity suppliers	(118,468,116)
Payments for other goods and services	(7,498,521)
Payments for staff compensation	(3,151,280)
Tax and surcharge payments to other governments	(1,877,635)
Payments for program rebates and incentives	 (1,527,969)
Net cash provided (used) by operating activities	 13,496,214
CASH FLOWS FROM CAPITAL AND RELATED	
FINANCING ACTIVITIES	
Payments to acquire capital assets	 (6,960,982)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	686,783
Proceeds from certificates of deposit matured	 20,291,718
Net cash provided (used) by investing activities	 20,978,501
Net change in cash and cash equivalents	27,513,733
Cash and cash equivalents at beginning of year	 65,090,441
Cash and cash equivalents at end of period	\$ 92,604,174
Reconciliation to the Statement of Net Position	
Unrestricted cash and cash equivalents (current)	\$ 70,457,174
Restricted cash and cash equivalents (current)	147,000
Unrestricted cash and cash equivalents (noncurrent)	 22,000,000
Cash and cash equivalents	\$ 92,604,174

STATEMENT OF CASH FLOWS (continued) July 1, 2020 through February 28, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 16,229,786
Adjustments to reconcile operating income to net	
cash provided (used) by operating activities	
Depreciation expense	53,611
Revenue adjusted for allowance for uncollectible accounts	1,758,186
(Increase) decrease in:	
Accounts receivable	(2,152,914)
Other receivables	906,784
Accrued revenue	1,770,776
Prepaid expenses	(430,458)
Deposits	(1,004,580)
Increase (decrease) in:	
Accrued cost of electricity	(4,314,098)
Accounts payable	34,717
Advance from grantors	(158,450)
Accrued liabilities	842,999
User taxes due to other governments	(40,145)
Net cash provided (used) by operating activities	\$ 13,496,214



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 February 28, 2021, 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.

Maker Accountancy

San Rafael, CA April 1, 2021

1

55 of 109

			2020/21 YTD Amended Budget	2020/21 YTD	2020/21		
	2020-21 YTD Amended Budget	2020/21 YTD Actual	Variance (Under) Over	Actual / Amended Budget %	Amended Budget	2020/2 Budget	1 Amended Remaining
REVENUE AND OTHER SOURCES:					D	þ	D
Electricity (net of allowance) *	\$ 137,916,957	\$ 137,881,320	\$ (35,637)	100%	\$ 188,347,000	S	50,465,680
Evergreen Premum (net of allowance) Inflow from Onevoting Account Fund Reserves	987,899	1,015,318	27,419	103%	1,488,000 4.630.000		4/2,682
CEC Grant	1.982.667	1.550.235	(432.432)	78%	2.974.000		1.423.765
BAAOMD grant	50,000	158,450	108.450	317%	50.000		(108.450)
Interest income	506,000	491,935	(14,065)	97%	750,000		258,065
Miscellaneous Income		7,009	7,009	0%0			(7,009)
Total revenue and other sources	141,443,523	141,104,267	(339,256)	100%	198,239,000		57,134,733
EXPENDITURES AND OTHER USES:							
				10001			
Cost of energy and scheduling	113,824,491	113,419,342	(402,149)	100%	167,024,000		23,604,628
Data management	2,130,000	2,127,068	(2,932)	100%	3,195,000		1,067,932
Service lees- PU&E	644,585	643,963	(079)	100% 00/	969,000		325,037
CCPOWET JPA				0%0	000'/C		000,70
J crsonnel	3,630,000	3,224,591	(405,409)	89%	5,623,000		2,398,409
D Outreach and communications	753,336	413,096	(340, 240)	55%	1,130,000		716,904
Customer service	301,764	228,951	(72, 813)	76%	383,000		154,049
General and administration	410,000	339,447	(70,553)	83%	615,000		275,553
Legal	252,000	251,259	(741)	100%	360,000		108,741
Regulatory and compliance	264,667	81,065	(183,602)	31%	397,000		315,935
Accounting	146,664	146,250	(414)	100%	217,000		70,750
Legislative	18,667		(18,667)	0%0	28,000		28,000
Other consultants	116,664	116,308	(356)	100%	185,000		68,692
CalCCA Trade Association	253,336	232,641	(20,695)	92%	380,000		147,359
Program implementation	2,132,667	1,597,093	(535, 574)	75%	3,199,000		1,601,907
Program - CEC grant	4,661,000	3,034,831	(1,626,169)	65%	5,561,000		2,526,169
Total current expenditures	129,539,839	125,855,905	(3,683,934)	97%	189, 323, 000		63,467,095
OTHER USES							
Capital outlay	5,944,000	C00,C22,C	(018,335)	90% 0-00	8,916,000		3,590,535
Total Expenditures, Other Uses and Debt Service	135,483,839	131,181,570	(4,302,269)	97%	198,239,000		67,057,430
Net increase (decrease) in available fund balance	\$ 5,959,684	\$ 9,922,697	\$ 3,963,013	166%	•	\$	(9,922,697)
* Represents sales of approximately 1,594,000 MWh for 2020/21 YT	TD actual.						
		% of Long-	Long-Term				
RESERVES	Current Balance	Term Target	Target Balance				
Operating Cash Reserve	\$ 59,280,000	60%	\$ 99,119,500				
Program Cash Reserve	10,653,000	0%CC	19,823,900				
Collateral Cash Keserve	2,231,000	13%0	10, /U2,4UU				

See accountants' compilation report.

60% 55% 13% 53%

\$ 135,645,800

72,366,000

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OPERATING FUND BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION July 1, 2020 through February 28, 2021

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 9,922,697
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense Add back capital asset acquisitions Change in net position	\$ (53,611) 6,859,644 16,728,730

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Staff Report - Item 04

То:	Sonoma Clean Power Authority Community Advisory Committee
From:	Neal Reardon, Director of Regulatory Affairs Geof Syphers, Chief Executive Officer
lssue:	Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate
Date:	April 15, 2021

Requested Action:

Receive Legislative and Regulatory Updates and provide feedback as appropriate.

Regulatory Update

Power Charge Indifference Adjustment ("PCIA")

On April 5th, the CPUC issued a Proposed Decision addressing some of the outstanding issues in the PCIA Rulemaking. The Commission originally sought to conclude this portion of the proceeding in Q3, 2020 after taking receipt of a proposal developed jointly by CalCCA and Southern California Edison in February of 2020. The Proposed Decision as written fails to address the fundamental imbalance between investor-owned-utilities holding resources they no longer use, and CCA customers being charged increasing financial penalties for their share of those resources. CCA staff are prioritizing the most important elements that require modification to make allocation of resources equitable and will submit comments near the end of April. While we will pursue advocacy and education through all available avenues at the CPUC, this proposal does highlight the need for valuable statutory reforms and leadership in Sacramento.

Legislative Update

Bill	Author	Description	Location	Position
AB 11	Ward	Creates regional climate change coordinating groups to coordinate and implement activities to reduce GHG emissions. Activities include reducing energy consumption and energy efficiencies.	Asm Natural Resources	TBD
AB 33	Ting	Bill will amend the Energy Commission's Energy Conservation Assistance Act which offers two loan programs for energy efficiency and energy generation. The proposal would add EV infrastructure and storage to the loan program.	Asm Utilities and Energy	TBD
AB 64	Quirk	Requires CPUC, CEC, and ARB to develop a strategy on how to achieve SB 100 goals in a cost-effective manner. The strategy must include plans to develop the technologies that will help achieve this goal.	Asm Utilities and Energy	TBD
AB 75	O'Donnell	Kindergarten-Community Colleges Education Facilities Bond Act of 2022. We will monitor this bill should provisions for decarbonization, resiliency, and energy efficiency be considered. Senate version is SB 22.	Asm Education	Watch
AB 96	O'Donnell	Extends the sunset for the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program from 2021 to 2026 and dedicates 20% of funds to be used for commercial deployment heavy-duty trucks.	Asm Transportation	Watch
AB 113	Boerner- Horvath	Spot bill language amending PUC section 740.16 on electric vehicle grid integration.	Asm Housing and Community Development	Watch
AB 322	Salas	Requires the Energy Commission to allocate at least 20% of EPIC funds to bioenergy projects for biomass conversion.	Asm Utilities and Energy	TBD

SCP and CalCCA are tracking the following bills:

Bill	Author	Description	Location	Position
AB	Bauer-	Requires the CPUC to establish rules	Asm Utilities and	TBD
427	Kahan	that aggregated customer resources	Energy	
		(potentially with GridSavvy) could be		
		used by SCP and other electric		
		providers to meet resource adequacy		
		requirements.		
AB	Chiu	Would direct the CEC to develop a	Asm Utilities and	TBD
525		plan for 3,000 MW of offshore wind in	Energy	
		California by 2030 and an additional		
		7,000 MW by 2040.	A 11.11.1	
AB	Aguiar-	Would allow CCAs to substitute CCA-	Asm Utilitites	SUPPORT
843	Curry	procured bioenergy power for a	and Energy	
		portion of the CPUC's mandated		AMENDED
		the IQUe in the DieMAT are sugar		
AD	Maxaa	Mould create a new California		Delegated
	wayes	Produce create a new California	and Energy	Delegated
1000		would buy all short, and long term	and Energy	Staff to
		energy and capacity resources that		
		the CPLIC deems necessary when an		amended
		I SE fails to procure them		unicificed
AB	Gonzalez	Would shift all net metering subsidies	Asm Utilitites	TBD - SCP is
1139	001120102	to CARE customers and remove the	and Energy	researching
		subsidy for non-CARE customers.		the potential
		Non-CARE customers of IOUs would		impact on
		receive the actual real-time wholesale		SCP's CARE
		value for net flows onto the grid.		customers.
		Increases the CARE discount for low-		
		income customers to between 40%		
		and 45%.		
AB	Holden	Spot bill amending PUC Section 398.4	Asm Utilitites	TBD
1156		regarding LSE electricity source	and Energy	
		disclosure.		
AB	E. Garcia	Requires the Department of Water	Asm Utilitites	OPPOSE
1161		Resources to procure renewable	and Energy	Unless
		energy resources or zero-carbon		Amended
		resources, and energy storage		
		associated with those resources, in an		
		alloctricity peoded to some all state		
		agencies by December 31, 2030		
ΔR	E Garcia	Safe Drinking Water Wildfire	Asm Water Parks	TBD
1500		Prevention Drought Preparation	and Wildlife	
		Flood Protection, Extreme Heat		
		Mitigation, and Workforce		
		Development Bond Act of 2022.		

Bill	Author	Description	Location	Position
SB 18	Skinner	Requires the ARB in its AB32/SB32 scoping plan to develop a strategy accelerating the development of green hydrogen. Encourages green hydrogen to be used for storage in meeting portfolio diversity requirements.	Sen Energy Utilities and Communications	TBD
SB 22	Glazer	Public Preschool, K-12, and College Health and Safety Bond Act of 2022. CalCCA will monitor this bill should provisions for decarbonization, resiliency, and energy efficiency be considered. Assembly version is AB 75.	Sen Education	TBD
SB 30	Cortese	Prohibits design and construction of state facilities connected to natural gas after Jan 1, 2022. Also requires a plan to make all state facilities carbon neutral by 2035.	Sen Governmental Organization	TBD
SB 31	Cortese	Authorizes the CEC to use federal Covid relief funds for building decarbonization programs and requires that EPIC funds be made available for building decarbonization programs.	Sen Energy Utilities and Communications	TBD
SB 32	Cortese	Requires cities and counties to update their general plans to account for how they will decarbonize their building stock.	Sen Government and Finance	TBD
SB 44	Allen	Provides environmental leadership transit projects (AB 900, statutes of 2011) expedited review.	Sen Environmental Quality	TBD
SB 45	Portantino	Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Floor Protection Bond Act of 2022	Sen Natural Resources	TBD
SB 52	Dodd	Adds deenergization events to the definition of "sudden and severe energy shortage" for purposes of classifying deenergization events as natural disasters.	Sen Governmental Organization	TBD
SB 67	Becker	Spot bill language to accelerate the state's progress toward having 100% of electricity provided by renewable or other zero-carbon sources on a 24- hour, 7-day basis.	Sen Natural Resources	TBD

Bill	Author	Description	Location	Position
SB 68	Becker	Spot bill language to help the state achieve its climate and air pollution reduction goals in the building sector through actions such as reducing barriers to upgrading electrical service panels	Sen Rules	TBD
SB 99	Dodd	Community Energy Resiliency Act of 2021. Requires the commission to develop and implement a grant program for local governments to develop energy resilience plans.	Sen Energy Utilities and Communications	TBD
SB 204	Dodd	Clarifies that an IOU can allow anyone in their service territory regardless of who their energy provider is, to participate in the Base Interruptible Program (BIP). Directs other changes to expand the program.	Sen Energy Utilities and Communications	TBD
SB 267	Hertzberg	Prevents a property tax reassessment when one of the partners in a solar project is bought out by one of more of the existing partners. While this was the intention of the original law, the BOE is interpreting the statute to mean that the property should be reassessed.	Sen Revenue and Taxation	TBD
SB 345	Becker	Requires the CPUC to determine nonenergy benefits of distributed energy resource and incorporate those benefits in DER programs and projects, and track the nonenergy benefits for evaluation.	Sen Energy and Utilities	TBD
SB 413	McGuire	Creates the Offshore Wind Project Certification, Fisheries, Community, and Indigenous Peoples Advisory Committee. Requires the CEC to coordinate with this new office to establish a process for the certification of offshore wind generation facilities. Makes the CEC the exclusive authority for the certification of offshore wind.	Sen Energy and Utilities	TBD
SB 423	Stern	Incorporates planning changes at the CPUC, CEC, and CAISO in an effort to accelerate the deployment of emerging renewables and firm zero- carbon resources to address reliability issues.	Sen Energy and Utilities	TBD

Bill	Author	Description	Location	Position
SB	Laird	Makes amendments to the Local	Sen Energy and	TBD
479		Government Renewable Self	Utilities	
		Generation program. Allows tribal		
		governments to participate and		
		directs the CPUC to determine if a		
		local government or tribal		
		government should receive		
		compensation when the generation is		
		in excess of the bill credits.		
SB	Hertzberg	Spot bill that would authorize the	Sen Energy and	Watch
529		CPUC to establish a multiyear	Utilities	
		centralized resource adequacy		
		obligation and backstop mechanism.		
SB	Stern	Requires IOUs to install microgrids for	Sen Energy and	TBD
533		safety purposes and links that	Utilities	
		requirement to previous PSPS events.		
		Requires the CPUC to develop a		
		critical facility, infrastructure, and		
		circuit list. Allows microgrids to qualify		
		for resource adequacy. Requires the		
		IOUs to share certain data with CCAs		
		and others to enable them to work		
		with the IOUs in planning the		
		microgrids.		CURRORT
SB (12	Portantino	CalCCA is sponsoring the Ratepayer	Sen Energy and	SUPPORT
012		Equity Act to require IOUs to take	Utilities	
		certain actions to minimize the		
		te all rates avera. See undates below		
CD	Bradford	Resource adequacy spot bill that	Son Energy and	
3D 730	Diautoru	requires demand response to be cost	Sen Energy and	טסו
/30		offective	Ounties	
SB	Ниево	This hill would require the CPLIC to	Sen Energy and	
733	Thueso	set targets for each LSE to procure		
/ 33		energy storage systems to be	Oundes	
		achieved by December 31, 2030		
		including pumped storage		
		hydroelectric		
HR	Deutsh	Carbon Fee and Dividend - create a	Energy	SUPPORT
763	2 0 0 0 0 1	revenue neutral fee on carbon and		
		return 100% to taxpavers		
HR	Thompson	Growing Renewable Energy and	House Wavs and	SUPPORT
848		Efficiency Now (or "GREEN") Act	Means	
		extends tax credits for renewable		
		energy and storage.		

Recommended Positions on Bills

Staff have no new recommended positions on bills at this time.

Updates on Bills

In the last meeting, the SCP Board took a Support If Amended position on AB 843 (Aguiar-Curry) BioMAT Renewable Energy after hearing concerns relating to the use of forest biomass for power production and the potential for biomass power facilities to create a long-term demand for tree removal from forests. The Board directed staff to work with the bill's Sponsors to see if language could be amended into the bill to address this issue, while recognizing the bill's benefit of shifting control over bioenergy investments from for-profit utilities to local governments.

SB 612 (Portantino) Ratepayer Equity is headed to its first policy committee at the Senate Energy Utilities and Communications soon. Three of the Committee's members are Coauthors and we need eight votes to pass, so SCP and CalCCA are working hard to get the bill's fix to customer cost shifts. CalCCA is proposing two amendments to address concerns by TURN and a number of renewable energy generator associations. The amendments would eliminate the process for IOUs soliciting for voluntary renegotiations of excess supply contracts, and would change the RPS allocations from annually to once every three years.

Stephanie Reynolds

Subject: Attachments: FW: To: Community Advisory Committee 2021-04-01-SCPBoardLetter.pdf

From: Mark Mortensen < > > Sent: Wednesday, March 31, 2021 10:44 PM To: Clerk of BOD < <u>meetings@sonomacleanpower.org</u>> Subject: To: Community Advisory Committee

Dear Chair Nicholls and members of the Sonoma Clean Power Community Advisory Committee,

My name is Mark Mortensen and I am a member of Friends of the Climate Action Plan. Attached is a letter sent recently to the Board, which was inadvertently not sent to the CAC as well, for which I apologize. We (local climate activist groups) will endeavor to communicate better with the CAC in the future. The letter (pdf) is attached, and the cover email to the board, written by climate activists Maya Khosla and Jenny Blaker.

Thank you for the work you do in supporting clean energy in Sonoma County.

Sincerely, Mark Mortensen

Sonoma Clean Power Board of Directors meeting, April 1, 2021, agenda item #6

Dear Sonoma Clean Power Board of Supervisors:

We understood that the discussions on biomass energy (Board meeting, Feb. 4) were to be put on hold for 2021, so were surprised to learn that at the March 4 meeting this came up again, with a request to approve powerful legislation that would pave the way for an increase in the use of energy from burning of woody biomass.

We urge you to oppose AB843, AB322, and any other legislation that would facilitate the burning of forest woody biomass for energy.

Prior to the February 4 meeting we asked to meet with SCP staff to discuss our concerns, and were turned down. At the Feb. 4 meeting, some Board members said they did not have enough information to make informed decisions about this issue. We subsequently offered to put SCP staff in touch with scientists and fire ecologists who could share their insights directly, so that we could work together in a spirit of positive collaboration to address our concerns, but this offer also was also turned down.

On the ground: full-scale logging of mature live trees is taking place under the guise of vegetation management; trees that would survive if left alone to recover are taken for dead and cut down; even slightly scorched trees are being cut down; permits that would usually be required are being waived under emergency orders; and truckloads upon truckloads of trees are leaving the county daily to be burned in biomass facilities outside the County.

We feel we have no option but to present our case in writing again, with references, as before, to all the original research and resources from the scientists.

In addition, we urge you to watch the film "<u>Burned: Are Trees the New Coal?</u>" which although filmed in the eastern USA is equally relevant here.

We are asking you all to be Sonoma strong leaders and to make your decision based on the best available science and not on out-of-date standards. The climate crisis is upon us and we need to make the best decisions based on the recognition of the crisis.

Jenny Blaker & Maya Khosla

(on behalf of the organizations and individual signatories listed on the attached letter).

Twitter: <u>https://twitter.com/ClimateCrisisMM</u> Facebook: <u>https://www.facebook.com/ClimateCrisisMM</u> California River Watch
Coast Action Group
Community Clean Water Institute
Conservation Advocacy, Research and Education
Forest Unlimited
Friends of the Climate Action Plan
Friends of the Gualala River
Greenbelt Alliance
John Muir Project of Earth Island Institute
North Coast Stream Flow Coalition
Preserve Rural Sonoma County
Protect Wild Petaluma

Sebastopol Water Information Group Sonoma County Pachamama Alliance Sunrise Movement Sonoma County Wine & Water Watch Working Group for Emergency Climate Action Now

March 29, 2021

Re: Discuss Sonoma Clean Power (SCP) Use of Forest-based Biomass; Oppose AB 843; AB322

Dear Sonoma Clean Power Board of Directors:

We wrote to you before the February 4 Board meeting, to comment on SCP's discussion about adding forest-based biomass energy to the energy portfolio. At the meeting, we were given to understand the SCP Board would continue the discussion in 2022. We later learned that at the March 4 Board meeting, board members discussed legislation supporting local biomass energy production in Sonoma.

We are therefore writing again to urge SCP to join us in opposing AB 843 (Aguiar-Curry), which allows CCAs (Community Choice Aggregators including SCP) to voluntarily submit eligible bioenergy (biomass energy) contracts. The implicit assumption is that forest-based biomass is an eligible renewable energy resource, although the science is clearly telling us it is neither renewable nor carbon neutral. We are also opposed to AB 322 (Salas), which requests California Public Utilities Commission (CPUC) to allocate not less than 20% of funds appropriated for the Electric Program Investment Charge (EPIC) to bioenergy projects, much of which will essentially treat forests as if they are coal.

Both AB843 and AB322 encourage the use of forest-based biomass energy and we urge SCP to stand strongly against both legislative measures. Below is our original letter to restate all the reasons why we – along with climate scientists worldwide – oppose the burning of forest products for energy, and are confident that it is not clean, carbon neutral, or renewable. Additional organizations have joined us in signing this letter. Our main points are:

- 1. Forest-based biomass is polluting (and dangerous to humans), ineffective, and expensive¹
- 2. Over <u>500 scientists opposed biomass energy in a letter dated February 2021²</u>; over 200 scientists reported to Congress on the issue in 2020.³
- 3. Large-scale thinning/logging projects increase the unnatural severity of wildfire, and contribute to tragic losses.⁴
- 4. By encouraging extraction-based markets that rely on our forests, SCP could unwittingly increase the risk of severe wildfire in Sonoma County.

¹ <u>https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf</u>

² <u>https://www.documentcloud.org/documents/20482842-scientist-leter-to-biden-van-der-leyden-michel-suga-moon-february-11-2021</u>

³ <u>https://www.documentcloud.org/documents/6889670-Scientist-Letter-to-Congress-8May20.html</u>

⁴ <u>https://johnmuirproject.org/wp-content/uploads/2018/12/JMPCampFirePhotoMemo.pdf</u>

5. Wildfire incineration/carbon emission estimates are based on models that have been disproved. Per empirical, published, datasets, less than 5% of mature trees burn in a large wildfire – compared to the 100% incineration that occurs in biomass facilities⁵.

We, Sonoma County residents and organizations, are very concerned that Sonoma Clean Power (SCP) is actively considering adding forest-based biomass to its energy portfolio. We believe it is not in SCP's best interest to support the generation of biomass energy within Sonoma County or to purchase it from other counties. Far from being clean, renewable, and carbon neutral, forest-based biomass energy is polluting, ineffective, and expensive⁶, and will contribute to the climate crisis. Large-scale thinning and logging projects have contributed to increased fire severity and tragic losses.⁷ The massive amounts of toxic byproducts of burning, including dioxins and benzene,⁸ are known to cause cancer.

Within Sonoma County, we have directly documented the transport and processing of living trees as well as snags (which contribute to soil carbon) to biomass facilities. The negative impacts of biomass energy⁹ have been documented by over <u>500 scientists in February 2021¹⁰</u> and by over 200 scientists who



reported to Congress in 2020.¹¹ In 2018, 784 scientists worldwide warned the European Parliament about the dangers.¹² Burning forestbased biomass for electricity produces more carbon dioxide per unit of electricity than burning coal, as explained by the Union of Concerned Scientists.¹³

> Source of diagram: <u>Forest</u> <u>Bioenergy Briefing Book,</u> <u>Center for Biological Diversity</u>

Biomass is Polluting and Hazardous to Human Health

Forest-based biomass energy is California's dirtiest electricity source, more than seven times as climate polluting, on average, as other electricity sources in California¹⁴ and produces approximately double the amount of carbon dioxide released by burning coal.¹⁵

⁵ <u>https://onlinelibrary.wiley.com/doi/abs/10.1111/gcb.14716</u>

⁶ <u>https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf</u>

⁷ <u>https://johnmuirproject.org/wp-content/uploads/2018/12/JMPCampFirePhotoMemo.pdf</u>

⁸ See 1

⁹ https://www.wwf.eu/?uNewsID=2128466

¹⁰ Scientists Letter to Biden, February 2021

¹¹ <u>https://www.documentcloud.org/documents/6889670-Scientist-Letter-to-Congress-8May20.html</u>

¹² <u>http://www.pfpi.net/wp-content/uploads/2018/04/UPDATE-800-signatures</u> Scientist-Letter-on-EU-Forest-Biomass.pdf

¹³ <u>https://www.ucsusa.org/resources/attacks-on-science/congress-falsely-asserts-carbon-neutrality-burning-biomass-electricity</u>

¹⁴ https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf

¹⁵ <u>http://www.pfpi.net/biomass-basics-2</u>

Toxic pollutants from these power plants, including dioxins, benzene, formaldehyde, nitrogen oxides, carbon monoxide, sulfur dioxide, lead, mercury and arsenic can exceed those from coal-powered plants and have been linked to serious health problems often affecting low-income communities located in the vicinity. In 2017, a forest-based biomass facility in Scotia, Northern California, emitted over 10,000 pounds of benzene and over 12,000 pounds of formaldehyde¹⁶ that affected nearby communities. Members of the Blue Lake Rancheria in Humboldt County, especially children and the elderly members of the tribe, endured severe health impacts from toxic emissions associated with the large (11 megawatt) biomass power plant less than a half mile away, which has since been abandoned and replaced by clean solar and wind power projects. In Mendocino County, a wood pellet plant in the small, mainly indigenous and Latinx community of Calpella¹⁷ violated its permit from the Air Quality Management District three times, emitting unacceptable levels of particulates and other pollutants.¹⁸ Attempts to lessen the pollution have failed; the plant had to reduce its production levels.

Biomass is Ineffective in Protecting Communities and Homes from Fire

Large-scale logging efforts from thinning, "fuel load reduction" and "vegetation management," which contribute to biomass energy production, are ineffective in protecting communities from wildfire¹⁹ and exacerbate climate change impacts. The risk of fires which destroy homes and communities are linked to flying embers, which can be carried over a mile by wind gusts.

The 2018 Camp Fire, which devastated Paradise and Concow, sped fast through lands that had been treated by heavy logging and thinning 10 years prior to the fire.²⁰ Massive data-sets have revealed that forest management practices that rely on heavy logging have actually increased fire severity²¹ in those forests.²² By creating an extraction-based market for forest-based biomass, SCP could unwittingly increase the risk of severe wildfire in Sonoma County.

To address ember casts, comprehensive studies by fire scientist Jack Cohen and others indicate that the only effective ways to protect communities from fire are by hardening homes and reducing the ignitability of the 100-foot area immediately surrounding homes.²³ Most efforts to promote large-scale thinning in areas far from homes and structures are wasteful, carbon-releasing, ecologically damaging, and ineffective in protecting communities, when compared to efforts that focus on buildings and the defensible space in their immediate vicinity.

Home hardening creates jobs. A 2018 Study on Potential Jobs and Wages from Investments in Defensible-Space Approaches to Wildfire Safety²⁴ concludes that home hardening and defensible-space

¹⁶ See 9

¹⁷ <u>Dirty wood pellet plant in California Redwood Region raises further doubt about biomass sustainability standards</u>

¹⁸ <u>https://www.indybay.org/newsitems/2020/04/09/18832203.php</u>

¹⁹ <u>https://www.biologicaldiversity.org/campaigns/debunking the biomass myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf</u>

²⁰ <u>https://johnmuirproject.org/2019/01/logging-didnt-stop-the-camp-fire/</u>

²¹ <u>https://esajournals.onlinelibrary.wiley.com/doi/full/10.1002/ecs2.1492</u>

²²<u>https://www.researchgate.net/publication/324786837</u> Severe fire weather and intensive forest management increase fire s <u>everity_in_a_multi-ownership_landscape</u>

²³ <u>https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf</u>

²⁴ http://nreconomics.com/reports/2018-04-28 EnvNow Report.pdf

projects create wildfire safety benefits and more jobs and wages for local workers than logging and thinning programs.

To Sequester Carbon, Leave it in the Forests



Source of diagram: Forest Bioenergy Briefing Book, Center for Biological Diversity

Thinning and logging paired with burning of wood for power will reduce forest carbon storage,²⁵ leading to higher greenhouse gas emissions. Large-scale thinning and logging projects, which typically remove the biggest, most fire-resistant trees and snags, have been known to increase fire severity.²⁶ The best way to reduce global greenhouse gas emissions and to sequester carbon is by protecting forests, as expressed in IPCC scientist Dr. William Moomaw's Why Keeping Mature Forests Intact is Key to the Climate Fight.²⁷ His concern is echoed in a compelling and comprehensive essay opposing forest-based biomass energy, *To Counter Climate Change, We Need to Stop Burning Things*,²⁸ written by Bill McKibben (*The New Yorker*, January 2021).

Gross miscalculations, based on outdated models, have led the public to believe that forests are incinerated during wildfire. They are not. According to empirical data, less than 5% of mature trees burn in a large wildfire,²⁹ compared to the 100% incineration that occurs in biomass facilities.

Forests are living, interconnected ecosystems providing us with many essential natural services, protecting our watersheds, water quality, soil, water and air, providing essential habitat for wildlife, and regenerating naturally after wildfire. Clearing forests can reduce carbon sequestration potential for decades. Machinery and equipment used in tree removal compacts the soil, which has far-reaching negative consequences making it harder for forests to rejuvenate after fire. Dead trees and snags, too, are essential for the forest carbon cycle, providing habitat for a wide range of birds and animals,³⁰ nurse logs, and eventually decaying to protect and enrich the soil and continue the cycle.

²⁵ <u>https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf</u>

²⁶ https://esajournals.onlinelibrary.wiley.com/doi/full/10.1002/ecs2.1492

²⁷ <u>https://e360.yale.edu/features/why-keeping-mature-forests-intact-is-key-to-the-climate-fight</u>

²⁸ <u>https://www.newyorker.com/news/annals-of-a-warming-planet/to-counter-climate-change-we-need-to-stop-burning-things</u>

²⁹ https://onlinelibrary.wiley.com/doi/abs/10.1111/gcb.14716

³⁰ https://esajournals.onlinelibrary.wiley.com/doi/full/10.1002/ecs2.1255

Cutting forests is not sustainable. Large trees and snags are not renewable resources. Decades must pass before the planted saplings reach maturity. The more trees mature, the greater their ability to sequester carbon.³¹ In addition, natural forest ecosystems support an abundant variety of wildlife, unlike plantations of trees which do not. We have no time to waste. The best way to maximize carbon sequestration is by protecting mature, intact forests, including ones that quickly regenerate after fire.³²

We in your community are appealing to you to stop considering any source of biomass energy.

Biomass is California's Most Expensive Energy Source

Most of the biomass power in California is derived from forests. It is California's most expensive energy source, averaging \$166 per megawatt hour compared to \$49 per megawatt hour for solar and \$57 for wind. We need to focus on clean, carbon neutral, renewal sources of energy such as solar and wind. Biomass operations are often heavily dependent on subsidies³³ that take resources away from truly clean energy alternatives. We the ratepayers will end up carrying the increased costs.

We realize that the California Energy Commission currently includes biomass in its Renewables Portfolio Standard (RPS), which is a problem. We would encourage leadership that assists with a thorough review and revision of those standards. We also urge SCP to consider the limitations and negative impacts of biomass incineration now as a matter of urgency before taking any further steps to promote biomass as part of its energy portfolio.

We urge you to stop promoting forest-based biomass incineration now, and we urge Sonoma County to stop sending these wood products to other counties for burning.

Beverly Alexander, Petaluma resident, Sonoma Clean Power customer, President of Protect Wild Petaluma ProtectPetaluma.org Dena Allen, 350 Sonoma Michael Allen, California Assembly member (Ret.) Maria Alvarez and David Trouse Krista Anandakuttan, Sebastopol resident Chip Atkin Laurie-Ann Barbour, Evergreen customer, Cotati resident Katy Baumgras, Sebastopol resident Henrietta Bensussen. Santa Rosa Resident Ashwini Bhat, Petaluma resident Steve Birdlebough, Santa Rosa resident Jenny Blaker, Cotati resident, EverGreen customer George Bono, Petaluma Resident and Keysight Technology engineer Susan Bono, Petaluma resident Taylor Bright, Post-Fire Ecological Restoration Practitioner, Mycologist, CoRenewal

³¹ https://www.sciencedaily.com/releases/2008/09/080910133934.htm

³² <u>https://www.elsevier.com/books/the-ecological-importance-of-mixed-severity-fires/dellasala/978-0-12-802749-3</u>

³³ https://www.biologicaldiversity.org/campaigns/debunking_the_biomass_myth/pdfs/Forest-Bioenergy-Briefing-Book-March-2021.pdf
Dana Brown, Sonoma County Resident Kimberly Burr, Green Valley Creek Restoration volunteer **Christine Byrne** Ernie Carpenter, Sonoma County Supervisor, Retired **Julie Chasen** Kevin Conway, Sonoma County Resident Tim Danesi, Rohnert Park Historical Society Connor DeVane, SCP customer and member of Sunrise Movement Sonoma County Iris Jamahl Dunkle, Sonoma County Poet Laureate Emerita Therese A. Ehret, Petaluma Resident and Sonoma Clean Power customer Deborah Eppstein, PhD. Sonoma County Resident Douglas Fisher, Walbridge Fire Survivor and Sonoma Clean Power Customer Dr. Brenda Flyswithhawks, SRJC Professor and Santa Rosa resident Karl Frederick, Profession: Engineer/Program Manager Rue Furch, Sonoma County Resident Sunny Galbraith, 350 Sonoma Forrest Gander, Petaluma Resident Pete Gang Jessica T. Gilleran, 4th/5th grade educator, University Elementary La Fiesta Natasha Granoff, Sonoma County resident, EverGreen customer, California Native Plant Society Milo **Baker Chapter Conservation Committee** Mel Halbach, Sonoma County Resident Debora Hammond, Cotati resident Larry Hanson Suzanne Hanson Jean Hegland, Walbridge Fire Survivor and Sonoma Clean Power Customer Judith Helfand, Sonoma Clean Power customer **Elizabeth Herron** Fred Heuristic, Sonoma County Resident Deirdre and Chris Hockett, Sonoma Clean Power customer and members Protect San Antonio Valley Christine Hoex, 350 Sonoma Iodi Hottel, Sonoma Clean Power customer Gene Hottel, Sonoma Clean Power customer Quincey and Dan Imhoff Veronica Jacobi and the Climate Protection & Recovery Fund Anna Cummings Jacopetti, 350 Sonoma Vasanti Jayaswal, Petaluma John Johnson Amy Jolly, Sonoma County Resident Suzy Karasik, Windsor resident, CCL volunteer Dr. Douglas Kenning, Professor and biologist, Sonoma County Resident Maya Khosla, wildlife biologist, fire filmmaker, Sonoma County Poet Laureate Emerita Bruce Kofh Natalie Korman, Penngrove resident Paul Lamb, Sonoma County resident Mike Lipelt Dr. Elyse Lord, Cotati Resident

Raye Lynn Thomas, Petaluma resident, retired librarian Greg Mahrer, Sonoma County resident Janus Matthes, Wine & Water Watch Fabiola Maya, Graton Matt McGuire, former City Council, Petaluma; Pachamama Alliance Tom Meier **Michele Melio** Phyllis Meshulam, Sonoma County Poet Laureate (2020-2022), teacher with California Poets in the Schools, and an SCP customer Mella Mincberg, Sebastopol resident & Sonoma Clean Power customer Donald N. Moe, Petaluma Resident and Sonoma Clean Power customer Laura Morgan, M.D. Wayne Morgenthaler, Sonoma County Pachamama Alliance, Drawdown Advocacy and Training Group Clare Morris, PhD Mark Mortensen, Santa Rosa resident, SCP EverGreen customer Gwynn O'Gara, Sonoma Poet Laureate Emerita Cory O'Gorman Judith Olney Rebecca Patrascu, Petaluma Resident Margo Perin, Santa Rosa Resident, Whoa Nelly Press Dennis Pocekay, SCP EverGreen Customer Barbara Quick, Author and journalist, Cotati Larry Robinson, Sebastopol Resident Wayne Roden Judith Rousseau, Graton, long-time EverGreen customer Tracy Salcedo-Chourre, Glen Ellen resident **Ruth Schwartz** Padi Selwyn, Co-chair, Preserve Rural Sonoma County Teri Shore, Advocacy Director, Greenbelt Alliance, Sonoma Valley resident Cynthi Stefenoni, Co-Director & Producer, Sebastopol Film Festival Linda Swartz Waights Taylor Jr., Santa Rosa resident. Mike Turgeon Janina Turner Johanna van de Woestijne, MD, Stanford Medical School, and Medical Microbiology, BS, San Jose State U., Property owner in Occidental, California. Definitely opposed to biomass fuels because of impacts on human and the science, which shows that biomass fuels are even dirtier than coal. Bill Vartnaw, Sonoma Poet Laureate Emeritus Janis Watkins, ret. Attorney Sally Weare, resident at Bennett Ridge Rd, Santa Rosa, Member of Women Eco Artists Dialogue Kathleen Winter, Sonoma County resident Gloria Zarifa - Concerned customer, Sonoma Clean Power



Staff Report - Item 05

То:	Sonoma Clean Power Authority Community Advisory Committee
From:	Carolyn Glanton, Programs Manager
lssue:	Discuss Draft Equity Framework Workshops, Receive Programs Equity Framework and Provide Feedback as Appropriate
Date:	April 15, 2021

Recommendation: Receive a presentation on the Draft Equity Framework Workshops, the updated Programs Equity Framework, and provide feedback and direction as appropriate.

Background: The Programs Team is seeking to support diversity, equity, and inclusion in our customer programs to serve all SCP customers, especially in historically underserved, underinvested, and marginalized communities.

Due to a long history of systemic oppression, Environmental and Social Justice (ESJ) Communities, defined by the California Public Utilities Commission (CPUC) as predominantly disadvantaged, low-income, and communities of color, have been underrepresented in the policy setting and decision-making process. ESJ Communities are being left out of California's transition toward a clean energy future, and yet, are the most susceptible to the devastating effects of the climate crisis.

We recognize that while SCP has taken a number of efforts to help address inequities in our programs, more is needed to achieve equitable outcomes and benefits in our communities, as we work to fulfill our mission of turning the tide on the climate crisis.

After a presentation to the Community Advisory Committee in February and the Board of Directors in March, Programs Staff conducted public outreach to review a Programs Equity Framework (Framework). The Framework is intended to define the methods in which programs will be considered and developed with the inclusion of ESJ communities. This is intended to be the blueprint for the development and implementation of programs. It is not intended to be a static document or intended to be a program itself. Programs Staff will present a yearly update to the Community Advisory Committee and Board of Directors.

True to the Framework, we wanted to ensure that the community is included in the development of the Framework. Staff started a public input process in February 2021. The public process is outlined below.

Date	Time	Event					
February 18, 2021	1:00 PM	Community Advisory Committee Monthly Meeting					
March 4, 2021	8:45 AM	Board of Directors Monthly Meeting					
March 9, 2021	11:30 AM - 1:30 PM	Public Input Workshop #1 (17 attendees)					
March 18, 2021	5:30 - 7:30 PM	Public Input Workshop #2 in Spanish (3 attendees)					
18 de marzo del 2021	(17:30 - 19:30)	Taller de aportes públicos en español					
March 25, 2021	5:30 - 7:30 PM	Public Input Workshop #3 (8 attendees)					
April 15, 2021	1:00 PM	Community Advisory Committee Monthly Meeting					
May 6, 2021	8:45 AM	Board of Directors Monthly Meeting					

In addition to the public meetings, Staff invited written public comment to be submitted on our website March 9, 2021 through April 1, 2021 in both English and Spanish. No written public comments were received.

Discussion:

Based on public feedback received at the Workshops, the following updates were made to the draft Programs Equity Framework:

• Added an introduction and conclusion to the Framework

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76 of 109

- Step 1 Assess Community Needs and Set Goals
 - Added the question "Do the CBO's we want to connect with already meet? Can SCP join already occurring coordination meetings?"
 - Added the recommendation "Ensure that marketing campaigns are culturally and linguistically appropriate for the intended audience"
 - Added the recommendation "Work with Black, Indigenous, and People of Color (BIPOC) marketing agencies and individuals to re-invest in small business communities"
- Step 2 Establish Community Led Decision Making
 - Added the question "What kind of resources or assets are in the communities? How can SCP help to amplify these resources?"
 - Added the question "How can SCP connect CBOs to each other to further the conversation?"
 - Added the recommendation "Set expectations early on with CBOs about the key decisions that CBOs can make and can influence"
- Step 3 Develop Plan and Metrics for Tracking
 - Added the question "Where will metrics be housed, displayed, and shared?"
 - Added the recommendation "If collecting ethnicity and racial data, ensure that the list of options is inclusive"
- Step 4 Ensure Funding and Program Leverage
 - No changes were made in this section
- Step 5 Improve Outcomes
 - Added the question "Does the program have any unintended negative consequences?"
 - Added the question "Is the program participation too burdensome? Is the process to participate in the program too demanding for potential participants? Example: providing a lot of personal information and documentation."
 - Added the recommendation "Evaluate existing partnerships, include an analysis of partnerships and trust building with organizations."

Fiscal Impact: None

Attachments:

List of Community-Based Organizations and Local Government Departments Invited to SCP Programs Equity Framework Workshops Updated Programs Equity Framework

List of Community-Based Organizations and Local Government Departments invited to SCP Programs Equity Framework Workshops

100 Women Strong Inland Mendocino American Lung Association Becoming Independent Boys and Girls Club of Greater Santa Rosa Area Boys and Girls Club of Sonoma-Marin **Burbank Housing Catholic Charities** Center for Well Being **Child Parent Institute** City of Petaluma Climate Action Commission **Climate Action Mendocino Community Action Partnership Community Foundation Sonoma** County Corazón Healdsburg Council on Aging County of Mendocino, Health and Human Services County of Sonoma, Energy and Sustainability Division County of Sonoma, Human Services Department County of Sonoma, Office of Equity **CTE** Foundation Daily Acts **Economic Development Board** Food For Thought Graton Day Labor Center GreenAcre Homes and School Grid Alternatives Hanna Boys Center Healthy Mendocino Hispanic Chamber of Commerce La Luz La Plaza Land Paths Latino Service Providers NextGen Trades Academy Los Cien

Mendocino Land Trust Mendocino Latinx Alliance Mendonoma Health Alliance Movement Generation Justice & Ecology Project Movimiento Cultural de La Union Indigena North Bay Conservation Corp North Bay Forward North Bay Jobs with Justice North Bay Organizing Project North Bay Regional Center Nuestra Alianza de Willits Nuestra Comunidad PDI Surgery Center **PEP Housing** Petaluma Health Center Petaluma People's Services **Raizes** Collective Regional Climate Protection Authority Redwood Community Health Coalition **Rising Sun Center for Opportunity** Santa Rosa Community Engagement Division Santa Rosa Community Health Centers Santa Rosa Junior College Sebastopol Carbon Conversations Social Advocates for Youth Sonoma 4Cs Sonoma County Indian Health Project Sonoma County Workforce Investment Board Sonoma Health Action Sonoma State Center for Community Engagement The Center for Social and **Environmental Stewardship** Undocufund United Nations Association United Way of Wine Country West County Community Services



Innovation. Grown locally.

Programs Equity Framework

April 2021

Contents

Acronyms	3
Acknowledgements	4
Executive Summary	5
Environment and Social Justice Communities	5
Programs Equity Framework	5
Programs Equity Framework	7
Early Equity Actions Taken to Date	7
Programs Equity Mission Statement	7
Environment and Social Justice Communities	7
Three-Dimensional Approach	8
Step 1 - Assess Community Needs and Set Goals	8
Questions to consider	8
Recommendations	9
Step 2 - Establish Community Led Decision Making	10
Questions to consider	10
Recommendations	11
Step 3 – Develop Plan and Metrics for Tracking	12
Questions to consider	12
Recommendations	12
Step 4 - Ensure Funding and Program Leverage	13
Questions to consider	13
Recommendations	13
Step 5 – Improve Outcomes	14
Questions to consider	14
Recommendations	15
Conclusion	15

Acronyms

- **CBO** Community Based Organization
- **CEC** California Energy Commission
- **CPUC** California Public Utilities Commission
- **ESJ** Environmental and Social Justice Community
- **EV** Electric Vehicle (includes battery electric and plug-in hybrid vehicle)
- **LIFT** Low-Income Family and Tenants
- **PG&E** Pacific Gas & Electric
- **SCP** Sonoma Clean Power

Acknowledgements

Sonoma Clean Power would like to acknowledge that the base for this plan was created by the Greenlining Institute in their document entitled *"Equitable Building Electrification – A Framework for Powering Resilient Communities"*.

We greatly appreciate the foundational work by the Greenlining Institute.

Executive Summary

Sonoma Clean Power (SCP) is turning the tide on the climate crisis, through bold ideas and practical programs. SCP is a not-for-profit public agency based in Santa Rosa and serves the residents and businesses in Sonoma and Mendocino counties. We are committed to offering our customers clean energy solutions that enhance quality of life while helping solve climate change.

The Programs Equity Framework is intended to define a methodology for the inclusion of Environmental and Social Justice Communities in SCP's customer programs to ensure they are not left behind.

Environment and Social Justice Communities

The California Public Utilities Commission (CPUC) defines Environment and Social Justice (ESJ) Communities as communities where residents are:

- predominantly people of color or living on low incomes;
- underrepresented in the policy setting or decision-making process;
- subject to disproportionate impact from one or more environmental hazards; and
- likely to experience disparate implementation of environmental regulations and socioeconomic investments.

Due to a long history of systemic oppression, ESJ Communities have been underrepresented in the policy setting and decision-making process. ESJ Communities are being left out of California's transition toward a clean energy future, and yet, are the most susceptible to the devastating effects of climate change. SCP seeks to offer customer programs that serve all our customers and seeks to invest additional time and funds to ensure that our programs create equity.

Programs Equity Framework

The Framework addresses the considerations that must be made while carrying out programs to reduce total energy use and reduce greenhouse gas emissions. This Framework outlines the steps SCP will take to ensure that equity is integrated when developing new programs.

- Step 1: Assess the Communities' Needs. This should include understanding barriers preventing community members from participating in SCP programs, and learning about their specific needs, wishes and concerns when it comes to energy efficiency and electrification.
- Step 2: Establish Community-Led Decision-Making. Rich community input and engagement strengthen the overall program design quality with stronger cultural competence, ensure local buy-in and investment, and deliver tangible local benefits rooted in the lived experiences of everyday people. Partner with community-based organizations to develop a decision-making process that ensures that decisions are based on community needs and priorities.
- Step 3: Develop Metrics and a Plan for Tracking. Metrics should include both clean energy benefits like greenhouse gas reductions and community benefits such as local hires and residents' ability to pay their energy bills without sacrificing other essential expenses.

- Step 4: Ensure Funding and Program Leveraging. Current low-income energy programs often fail to deliver maximum benefits to all qualifying households due to short and unpredictable funding cycles, poor program design that inadequately reaches qualifying customers, or lack of coordination and integration with complementary programs.
- Step 5: Improve Outcomes. Using the tracking and metrics plan described above, ensure that there is a continuous feedback loop to improve current and future programs' reach and impact in ESJ communities. Consider adjustments to ensure the program reaches the people it seeks to reach and delivers the intended benefits.

Together we can create the foundations for equitable and inclusive programs, but it will require deliberate and inclusive actions. This document will be implemented along with the Programs Strategic Action Plan and will be reviewed at least once a year in May.

Programs Equity Framework

Equity begins by recognizing that not all communities have the same social and economic starting point. African Americans, Native Americans, immigrant communities of color, low-income communities, and others have long suffered systemic exclusion from opportunities such as homeownership, educational attainment, high-road jobs, and the ability to live in a clean and healthy environment.

California is attempting to address some of these harms by committing to more equitable environmental and energy policies. Sonoma Clean Power (SCP) therefore proposes the following framework to function as a roadmap for achieving equitable outcomes in our programs.

Early Equity Actions Taken to Date

- Providing increased incentive amounts for the lease or purchase of new and used electric vehicles (EVs) as part of the Drive EV program;
- Providing incentives to non-profit organizations to purchase or lease EVs;
- Conducting target, on location Ride & Drive events in partnership with low-income employers;
- Providing up front incentives to lower the barriers to program participation;
- Providing larger incentive amounts for low-income homeowners rebuilding through the Advanced Energy Build;
- Working directly with grassroot organizers and participating in fire recover events to encourage rebuilding energy-efficient or all-electric homes;
- Providing increased rebate amounts to low-income, disadvantaged, and rural locations in the Sonoma Coast Incentive Project to encourage infrastructure investments in these communities';
- Providing free Do-It-Yourself Energy & Water Saving Toolkits through the two library systems to help decrease energy and water usage; and
- Providing bilingual marketing and collateral materials, among other outreach efforts by the SCP Marketing Team.

We recognize that while these are good initial efforts, more is needed to be done as we work to fulfill our mission of turning the tide on the climate crisis.

Programs Equity Mission Statement

SCP customer programs shall be designed, implemented, and evaluated with the goal of being practical and inclusive of Environmental and Social Justice Communities.

Environment and Social Justice Communities

The California Public Utilities Commission (CPUC) defines Environment and Social Justice (ESJ) Communities as communities where residents are:

- predominantly people of color or living on low incomes;
- underrepresented in the policy setting or decision-making process;

- subject to disproportionate impact from one or more environmental hazards; and
- likely to experience disparate implementation of environmental regulations and socioeconomic investments.

Three-Dimensional Approach

This five-step Framework is guided by the USC Program for Environmental and Regional Equity's three-dimensional approach to equitable implementation of programs that help close the equity gap¹. The three dimensions are:

- 1. Past Prioritize investments that close historic equity gaps in a way that will improve access to workforce training and jobs for the benefit of the local economy and improve environmental health for underinvested communities.
- 2. Present Create authentic partnerships that focus on impacted communities, support community-based participation, and result in shared decision-making, while also strengthening the health and well-being of the entire region.
- 3. Future Mitigate disparities likely to emerge in the future by leveraging funding for long-term community health and organizational capacity. Also, by incorporating metrics and evaluation to promote adaptable and effective implementation.

Step 1 - Assess Community Needs and Set Goals

Prior to designing programs, staff will conduct community needs assessments to identify communities' unique needs, the underlying reasons or causes of issues, existing barriers, and the types of resources that are already available to address issues. Keeping in mind that various communities, even neighborhoods, should not be treated the same as they have different characteristics and needs, a community needs assessment is necessary so that stakeholders can conduct a meaningful inquiry into the possible benefits that programs can deliver to ESJ communities and the challenges that residents will face in switching from fossil fuels to clean energy, improving energy-efficiency, and reducing cost. Assessing the needs and barriers of renters since many bear the higher cost burden of inefficient buildings and appliances and lack of authority to participate in programs.

Questions to consider

- What kind of existing resources does this community have (this includes community-based or faith-based organizations that serve the community, free or low-cost social services programs, after-school programs for kids, energy-related programs for low-income or disadvantaged communities, or workforce development programs for unemployed adults)?
- What are the Community's perspectives on SCP and how does the community engage with SCP now? Is SCP a trusted organization?
- What barriers prevent residents in this community from participating in programs?

¹ Vanessa Carter, Manuel Pastor, and Madeline Wander (2018). Measures Matter: Ensuring Equitable Implementation of Los Angeles County Measures, 22

- Do residents have access to broadband internet?
- What do people care about and which issues do they want to prioritize?
- What is the benefit for this community to be associated with SCP? Where is the relevancy?
- How much do people already know about programs offered? Who has access to this information and who does not?
- Who do people in this community trust? Where do they get their information? Where do they go when they have questions?
- Who has participated in other energy programs and who has not? Of those who have not, why haven't they?
- Which communities should be prioritized and what would it take to ensure that they benefit from a program?
- Which data must be collected and considered for this assessment?
- What would a community needs assessment look like? Will it reach the intended audience?
- Do the CBO's we want to connect with already meet? Can SCP join already occurring coordination meetings?
- How can SCP programs strengthen the broader North Bay community?

Equity indicators must also be established to ensure that investments that close historic wealth and environmental gaps are targeted for ESJ residents. Equity indicators can be used in two ways:

- 1. They can be used to identify specific communities where program investments should be prioritized.
- 2. They can be used to measure the impacts of investment in ESJ communities.

For example, the California Energy Commission's (CEC) <u>Energy</u> <u>Equity Indicators</u> report identifies a set of equity indicators that the agency may use to track and measure investment, access, and resilience resulting from clean energy programs.

The community assessment will lead to a greater understanding and creation of equity-driven goals. The goals must be broad enough to encompass an issue or address a need within a community but also narrow enough to help determine the appropriate equity indicators, timing and level of funding, and metrics needed to track impacts.

Recommendations

• Leverage the Community Engagement and Education Program from SCP's Marketing Department to partner with locally trusted community-based organizations (CBOs) and local government to engage residents of ESJ communities and to make engagement opportunities as accessible as possible.

- Collaborate with a diverse group of CBOs, local governments, and other partners,
- Identify how SCP can help CBOs and local governments achieve their goals and objectives.
- Identify what SCP can offer to help the community in exchange for their time.
- Coordinate with other SCP Department on outreach and engagement and leverage the work they are doing to inform programs.
- Identify the most pressing community needs, including determining the residents' fuel source(s), access to clean energy and energy efficiency programs, and non-energy issues such as housing, health, food, and transportation needs and identify how those needs intersect with energy and climate change.
- Identify the historical structural, economic, and logistical barriers of the communities in general, as well as barriers to upgrading homes to be resilient, efficient, electric, and affordable. Identify strategies to overcome these barriers while keeping residents in their homes.
- Ensure that marketing campaigns are culturally and linguistically appropriate for the intended audience.
- Work with Black, Indigenous, and People of Color (BIPOC) marketing agencies and individuals to re-invest in small business communities.
- Establish equity-driven goals that address the communities' needs.

Step 2 - Establish Community Led Decision Making

Community leaders and advocates face an exceptional challenge to get the attention of decision-makers and help them understand the unique needs of their families or communities. At the same time, decision-makers (*e.g., government, PG&E, SCP*) create new programs that directly affect the lives of impacted communities without their voices being heard. At the heart of community-driven decision-making lies the key environmental justice principle that those closest to the problem are those closest to the solution. Robust community input and engagement improves local buy-in and makes programs better at reaching the communities they intend to reach. Further, bringing community voices to the table helps to demystify the linkages between energy bills, indoor and outdoor air quality, health, local jobs, and community resilience. Developing partnerships with local agencies and CBOs will take time. It is important to build trust with community leaders and advocates, understanding that it may take time given the history of not being heard.

Questions to consider

- Which CBOs that have been serving the residents should be contacted to support this effort (this may include social services organizations, energy efficiency providers, and workforce development organizations)?
- What kind of resources or support do the CBOs need?
- What kind of resources or assets are in the communities? How can SCP help to amplify these resources?

- When, where, and in what context should we engage residents on the issue of equitable program design?
- Are all the relevant stakeholders at the table?
- What level of technical assistance do the CBO reps and residents need in order to fully engage in the program topic?
- What should decision-making processes look like?
- How can SCP support the mission of CBOs?
- How can SCP connect CBOs to each other to further the conversation?

Recommendations

- Develop trust by making time to talk to people early and often and leveraging their feedback. Effective and rooted community organizing is very slow work.
- Be Inclusive. Meet communities where they are. Attend existing meetings, workshops, and opportunities for engagement in accessible places, at convenient times, with appropriate accommodations, including Spanish language. Create meeting opportunities where they do not already exist.
- Seek to minimize the burden of engagement on community members. Investigate providing compensation to community members for their significant contributions of time, whether monetary or other in-kind value.
- Seek to minimize the burden of feeling like community members are the only ones to solve the problem.
- Partner with trusted and experienced local community workers, especially community-based organizations. Stretch and work with new players and foster unexpected partnerships.
- Be Innovative. Other issues may be identified that SCP may be able to help address.
- Listen actively. Trust that community members are experts on their stories, histories, challenges, and priority solutions. Listen first before approaching community members with any solutions. Listen for needs and not for program ideas/feedback.
- Be Practical. Make improving people's actual lives (air, health, home, family, community) the central priority. Technical expertise should respond to community needs and priorities.
- Develop a decision-making process with community members and work with the community during program design.
- Set expectations early on with CBOs about the key decisions that CBOs can make and can influence.

Step 3 - Develop Plan and Metrics for Tracking

Metrics are essential for assessing the effectiveness of equitable program efforts in meeting established program goals. Metrics should be used for all three activities involved in advancing programs.

- 1. **Policy adoption:** Metrics should articulate the principles being embraced and set target benchmarks or expectations for what progress is desired.
- 2. **Program Design:** Metrics should help specify program objectives, decide program parameters, and target audiences, and determine the necessary data collection schemes to inform evaluation.
- 3. **Post-implementation:** Metrics should largely support program evaluation, execution effectiveness, and expenditure value—as feedback to policy and program oversight.

Because equitable program efforts focus on reducing energy and non-energy hardships that affect ESJ communities, metrics cannot just measure energy savings monetarily or by greenhouse gas emissions. Stakeholders must also be open to both quantitative and qualitative metrics. Without qualitative measures there will be no consideration of quality-of-life type of improvements in program design. Lastly, tracking the metrics' progress is a significant programmatic tool that must be designed and planned at this early stage. Tracking will allow stakeholders to reach a deeper understanding of the challenges and successes of programs. Tracking also identifies areas for improvement and allows for regular and transparent reporting to the public to improve accountability.

Questions to consider

- What quantitative and qualitative benefits can a program deliver to ESJ communities?
- What kind of baseline data is needed to compare against our metrics?
- Who should conduct tracking?
- Where will the metrics be housed, displayed, and shared?
- How and at what interval should data be collected and reported? Are certain communities or individuals excluded by the data collection method chosen.

Recommendations

- Identify metrics, including baseline or control group, that will be tracked and measured based on the goals and indicators.
- Identify and establish both quantitative (*e.g., pounds of greenhouse gas saved*) and qualitative (*e.g., increased comfort*) metrics.
- Develop a plan to track metrics. Ensure that this plan maximizes the best feedback loop to improve current and future program design and provides transparency.
- Be aware that data collection may raise trust issues. Be flexible with collecting data and ensure data privacy and protection.
- If collecting ethnicity and racial data, ensure that the list of options is inclusive.

• When appropriate, utilize trusted outside entities to measure, audit and/or report metrics.

Step 4 - Ensure Funding and Program Leverage

Funding for energy efficiency and clean energy programs shall be directed to ESJ communities. Low-income energy programs struggle to maximize benefits to all qualifying households. Additionally, barriers to program integration and lack of information on how to leverage funding limit opportunities to streamline services and lock complementary funding sources into silos. We must encourage coordination which combines low-income and non-low-income energy programs along with public health and climate programs. California needs to incentivize building owners to invest in energy efficiency and electrification, without the risk of increasing costs and displacing ESJ renters. We also need to determine how many ESJ residents do not qualify for low-income energy programs and identify ways to meet their needs.

Questions to consider

- What other programs or funds exist to serve the same community and meet similar needs?
- Are there other organizations that are already doing work in the community we can partner with to augment their work and implement solutions?
- Will a new program align with other programs and make leveraging easy, or will it become yet another silo?
- How can non-low-income programs expand their reach and services to lowincome populations?
- What other kinds of programs, like MCE's Low-Income Family and Tenants (LIFT) pilot, exists that leverage various programs and agencies?
- How can a public agency like SCP leverage these programs?
- What role does financing have in increasing building electrification in ESJ communities, especially for households that do not qualify for free upgrades?
- Are there existing SCP services or programs that can be leveraged to financially support ESJ communities?

Recommendations

- Establish research funding and conduct effective research.
- Identify available sources of funding for energy-related or building-related programs.

MCE Low-Income Family and Tenants (LIFT) Pilot Program

In 2017, the CPUC awarded \$3.5 million to MCE to conduct a two-year pilot program to better serve income-qualified multifamily communities.

Qualified properties received:

- \$1,200 per unit in addition to rebates provided by MCE's Multifamily Energy Savings Program to lower the cost of common area upgrades in deedrestricted buildings.
- Referrals to other programs to enable additional savings

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- Identify gaps in funding for needs that should be addressed, including tenants (renters) and commercial and business owners.
- Create a new program that integrates new and current energy, climate, and health programs available to ESJ communities to maximize benefits.
- Find ways to support ESJ households through alternative financing such as tariffed on-bill financing.

Step 5 - Improve Outcomes

Performance of any given program must be measured to ensure that it is delivering the intended impact. To determine the equitable impacts of programs, measurement and evaluation efforts must be based on three principles:

- 1. Document and assess the energy and non-energy impacts of the program on ESJ communities.
- 2. Provide programmatic transparency to hold both programs and program administrators accountable to achieving the goals the program was set to meet, using equity metrics; and
- 3. Ensure that there is a continuous feedback loop to improve current and future programs' reach and impact in ESJ communities.

Questions to consider

- Are there improvements post-program participation? How much progress has been made between the baseline data and the post-implementation data?
- Are the results on track for achieving short and long-term goals? What factors could have influenced the change between the baseline and post-implementation metrics?
- Has the program reached all the communities it was intended to reach? If not, what adjustments need to be made so that the next program cycle is more effective?
- Has the program delivered all the benefits it was intended to deliver? If not, why not, and what can be improved?
- Does the program mitigate unintended consequences like displacement?
- Does the program have any unintended negative consequences?
- Is the program participation too burdensome? Is the process to participate in the program too demanding for potential participants? Example: providing a lot of personal information and documentation.
- How should the evaluation results be framed and communicated in order to reach important stakeholders?

Recommendations

- Create a calendar of scheduled updates on tracking and evaluation.
- Ensure that the right people receive the evaluation results. Provide time to solicit the audience's input because they may lead to further clarity and improvement in the tracking, evaluation, and reporting process.
 - Ensure that the community feels heard and understood when feedback is not incorporated.
- Develop an immediate feedback loop for lessons learned and adjust existing programs and a longer and more comprehensive feedback process to change and inform the implementation and evaluation of future programs.
- Evaluate existing partnerships, include an analysis of partnerships and trust building with organizations.
- Highlight and share important data relevant for strategic and budget planning processes.
- Collaborate with community organizations and local government to share results that may be connected to achieving their goals.

Conclusion

To turn the tide on the climate crisis, SCP must provide comprehensive solutions that improve the lives of ESJ communities. Reducing greenhouse gas emissions leads to healthier, safer, and thriving communities.

As important as it is to reduce total energy consumption and remove fossil fuels from our homes, we need to center equity in this process. Failing to do so will repeat past mistakes in energy efficiency and renewable energy programs that failed to effectively prioritize underserved communities. This will result in insufficient investment in the communities that need the help the most, leaving ESJ communities behind once again.

This equitable program framework provides step-by-step guidance for SCP programs staff on how to approach the creation and review of equitable programs. By assessing the communities' needs, establishing meaningful community decision-making, developing equitable metrics and tracking, leveraging program benefits, and creating a process that allows for improvements, SCP can ensure that the benefits of programs prioritize people who could benefit the most.

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Staff Report - Item 06

- To: Sonoma Clean Power Authority Community Advisory Committee
- From: Mike Koszalka, COO Geof Syphers, CEO Rebecca Simonson, Director of Planning and Analytics
- Issue: Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2021-2022 and Draft Rates for July 1, 2021

Date: April 15, 2021

Requested Action

Review and provide feedback on the Draft Fiscal Year 2021-2022 Annual Budget and Rates.

Summary

Staff propose a draft budget and rates for Fiscal Year 2021-2022 from July 1, 2021 through June 30, 2022 that:

- Requires no rate changes at the start of the fiscal year on July 1, 2021.
- Plans SCP's next rate change on or about February 1, 2022.
- Reduces the planned revenues and expenditures relative to the current year due to lower expected customer electricity usage.
- Subsidizes customer rates with about \$1.5 million from SCP's rate stabilization fund to continue ensuring customer rates are no more than 5% above PG&E's bundled rates.
- Preserves about \$15.9 million in SCP's rate stabilization fund to subsidize future customer rates as PG&E increases its fees.

Background

Staff present a budget for Fiscal Year 2021-2022 that continues to fulfill SCP's adopted goals for providing electricity from very low greenhouse gas sources, investing in local renewables, operating the Advanced Energy Center and delivering a broad set of the most innovative programs for customers in California, many of which have been replicated by other electric providers. SCP's programs have grown to the point that they are one of the most valued aspects of being a customer of Sonoma Clean Power. We expect this value to increase as we open the Advanced Energy Center soon.

From the outset, SCP has held an extremely high standard for its operations – usually far in advance of State requirements, such as creating EverGreen, the nation's first electric supply that provides 100% local renewable energy 24/7 without any reliance on fossil energy sources for any purpose. SCP invested in 70 megawatts (MW) of new solar power and 50 MW of local baseload geothermal power in its first four months of operations and has pushed the growing CCA industry to follow suit.

Staff believe this leadership role is important to sustain over the next several years of extremely high PG&E fees on our customers, and the Board wisely set aside \$22 million from the last fiscal year to subsidize customer rates during this period. At least until PG&E's Diablo Canyon nuclear power plant is permanently retired in 2025, our customers will likely be subject to a PG&E Power Charge Indifference Adjustment (PCIA) fee that is more than 250% higher than in 2014 when SCP started service.

From its inception until last year, Sonoma Clean Power had been able to provide customers lower overall bills each year. This had been achieved by offering significantly lower electric generation rates to all customer classes in order to more than offset the PCIA fee PG&E charges our customers. These low generation rates have resulted in tens of millions in customer bill savings since 2014.

Three of SCP's most common rate classes are shown in the following charts.





As the charts illustrate, SCP consistently provides generation rates for every customer class significantly below what PG&E charges their bundled customers. Nevertheless, our customers continue to face high PCIA fees that can drive their total charges above bundled customer bills. We expect this situation to persist for the next several years.

When SCP set rates that are currently in effect, the Board's guidance was to adopt a change to Board Policy B.2 on April 2, 2020 directing the Authority to avoid using credit reserves unless the rates would need to exceed 7% above bundled service rates. Staff has sought to beat that requirement by keeping rates at or below a 5% differential, and this draft budget continues that approach.

When Diablo Canyon Nuclear Power Plant stops operating (one unit in January 2025 and the other unit in July of 2025) PG&E's total costs for resources used to calculate PCIA will decline by about one third.

At the end of FY 19-20, SCP deferred \$22 million in revenues and set these funds aside (called the Operating Account Fund) with the intent to use them in future

periods to protect customers from rate shock due to changes in the PCIA. This draft budget shows that we expect to keep our customers' bills within 5% of PG&E bundled customer bills by using the Operating Account Fund and not having to use any of SCP's existing credit reserves.

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

The draft budget reflects a scenario where our current rates from April 1, 2021 are sustained through January 31, 2022. On or about February 1, 2022, staff expects that SCP may need to adjust rates to account for changes to the PCIA. However, PG&E could change bundled rates and fees at earlier and/or later dates than expected, so this date may change.

Staff conducted a sensitivity analysis to our energy sales (kilowatt-hours, or kWh) varying sales above and below the midpoint forecast presented in this budget. The result merely altered the amount of Operating Account Fund needed to balance SCP's income statement. This analysis did not indicate a change in our rate setting or budgeting strategy was needed at this time.

Budget Overview

The Fiscal Year 2021-2022 draft budget and rates presented in this item seek to:

- Continue to procure a supply portfolio of electricity generation that is at least 30% lower in greenhouse gas emissions than PG&E's portfolio,
- Actively participate in joint procurement through the new CCPower JPA

- Focus program activities into improving existing programs, opening the Advanced Energy Center, improving the availability and equitable participation in SCP programs, and showcasing SCP's new headquarters as a living example of an advanced energy facility.
- Maintain the current level of customer service support, community outreach and improve our communications to customers through marketing.
- Increase funding and staff support for the new building, planning and the Advanced Energy Center.

DRAFT BUDGET

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

		Revised Budget		RAFT udget	
		FT 20-21		77-17	NOTES
REVENUES & OTHER SOURCES					
Electricity Sales (net of allowance)	Ş	188,347,000	\$ 17	7,577,000	Lower sales volume. Bad debt budgeted at 1.25%.
Operating Account Fund Inflows	Ş	4,630,000	10	1,466,000	Estimate only. Will request Board approval for final figure.
EverGreen Premium (net of					
allowance)	Ş	1,488,000		2,074,000	Growth and inclusion of City of Santa Rosa and City of Petaluma accounts.
CEC Grant Proceeds	Ş	2,974,000 \$	-	2,065,000	
BAAQMD Grant	Ş	50,000		50,000	
Interest Income	Ş	750,000		840,000	
Total Revenues	Ş	198,239,000	\$ 18	34,072,000	
EXPENDITURES					
Product					
Cost of Energy and Scheduling	Ş	167,024,000	15	69,069,000	Lower expected sales volume.
Data Management	Ş	3,195,000	10	3,198,000	
Service Fees to PG&E	Ş	\$ 000 ['] 696		973,000	
Product Subtotal	Ş	171,188,000 \$	\$ 16	52,240,000	
Personnel	Ş	5,623,000	10	6,200,000	Increase of 4 staff and regular increases.
Outreach and Communications	Ş	1,130,000	10	1,130,000	
Customer Service	Ş	383,000	10	363,000	
General and Administration	Ş	615,000	10	1,140,000	New headquarters costs, moving costs, current lease, new IRP planning tool.
Other Professional Services					
Legal	Ş	360,000 5	10	410,000	
Regulatory and Compliance	Ş	397,000	10	430,000	
Accounting	Ş	217,000 \$	10	245,000	
Legislative	Ş	78,000 \$	10	120,000	Return to using a Sacramento lobbyist
Other consultants	Ş	185,000	10	225,000	
Other Professional Services Subtotal	Ş	1,237,000	10	1,430,000	

		Revised Budget FY 20-21		DRAFT Budget FY 21-22	Notes
EXPENDITURES – continued					
Industry Memberships and Dues	Ş	437,000	Ş	536,000	Combines CalCCA and CC Power dues
Programs	×		•		- - - - -
Program Dev. and Implementation CFC Grant Program	ν v	3,149,000 5 561 000	<u>አ</u> ላ	4 000 000	Program details in Strategic Action Plan
Programs Subtotal	s S	8,710,000	s s	9,640,000	
Total Expenditures	Ş	189,323,000	Ś	182,679,000	
Revenues Less Expenditures	Ş	8,916,000	Ş	1,393,000	
OTHER USES Capital Outlay	Ş	8,916,000	Ş	1,393,000	Completion of headquarters building construction
DEBT SERVICE Debt Service	Ş	,	Ś	,	No debt
Total Expenditures, Other Uses	Ş	198,239,000	Ş	184,072,000	Note reduction in overall costs
Net Increase/(Decrease) in Fund Balance	Ş	1	Ş	1	
Cumulative Net Increase/(Decrease) in Fu Operating Account Fund (Bill Stability)	ind Ba \$	l. 17,370,000	Ş	15,904,000	

INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

Details on the draft budget are provided in this section along with projections of the next five years. This five-year outlook is subject to significant changes as new information is available regarding PCIA and the market cost of energy.

		DRAFT								
		Budget		Forecast		Forecast		Forecast		Forecast
		FY 21-22		FY 22-23		FY 23-24		FY 24-25		FY 25-26
Electricity Sales (net of allowance)	¢	177 577 000	¢	186 775 000	¢	168 055 000	S	165 195 000	Ś	177 926 000
Operating Account Fund Income/(Deferral)	ç	1 466 000	¢	(9 217 000)	ç	10 320 000	¢	9 135 000	¢	1 665 000
EverGreen Dromium (not of allowance)	ç	2 074 000	ç	2 122 000	ç	2 197 000	ç	2 241 000	ç	1,003,000
Grant Proceeds	ç	2,074,000	ç	2,155,000	ç	2,107,000	ç	2,241,000	ç	2,296,000
Interest Income	ç	2,115,000	ç		ç	500,000	ç	500,000	ç	500,000
Total Revenues	ç	184 072 000	ç	180 291 000	ç	181 662 000	ç	177 571 000	ç	182 889 000
	Ŷ	107,072,000	Ŷ	100,201,000	Ŷ	101,002,000	Ŷ	177,571,000	Ŷ	102,000,000
EXPENDITURES										
Product										
Cost of Energy and Scheduling	\$	158,069,000	\$	158,471,000	\$	159,036,000	\$	154,243,000	\$	158,657,000
Data Management	\$	3,198,000	\$	3,199,000	\$	3,199,000	\$	3,200,000	\$	3,200,000
Service Fees to PG&E	\$	973,000	\$	974,000	\$	974,000	\$	974,000	\$	974,000
Product Subtotal	\$	162,240,000	\$	162,644,000	\$	163,209,000	\$	158,417,000	\$	162,831,000
Personnel	\$	6,200,000	\$	6,572,000	\$	6,834,000	\$	7,108,000	\$	7,400,000
Outreach and Communications	\$	1,130,000	\$	1,130,000	\$	1,130,000	\$	1,130,000	\$	1,130,000
Customer Service	\$	363,000	\$	350,000	\$	355,000	\$	360,000	\$	365,000
General and Administration	\$	1,140,000	\$	958,000	\$	913,000	\$	750,000	\$	775,000
Other Professional Services										
Legal	\$	410,000	\$	500,000	\$	500,000	\$	500,000	\$	500,000
Regulatory and Compliance	\$	430,000	\$	460,000	\$	492,000	\$	527,000	\$	563,000
Accounting	\$	245,000	\$	255,000	\$	265,000	\$	276,000	\$	287,000
Legislative	\$	120,000	\$	124,000	\$	128,000	\$	132,000	\$	136,000
Other consultants	\$	225,000	\$	235,000	\$	245,000	\$	250,000	\$	250,000
Other Professional Services Subtotal	\$	1,430,000	\$	1,574,000	\$	1,630,000	\$	1,685,000	\$	1,736,000
Industry Memberships and Dues	\$	536,000	\$	563,000	\$	591,000	\$	621,000	\$	652,000
Programs	\$	9,640,000	\$	6,500,000	\$	7,000,000	\$	7,500,000	\$	8,000,000
Total Expenditures	\$	182,679,000	\$	180,291,000	\$	181,662,000	\$	177,571,000	\$	182,889,000
Revenues Less Expenditures	\$	1,393,000	\$	1.5	\$	-	\$	100	\$	-
OTHER USES										
Capital Outlay	\$	1,393,000	\$	2.5	\$	-	\$	-	\$	-
DEBT SERVICE										
Debt Service	\$	-	\$	-	\$	-	\$	1	\$	-
Total Expenditures, Other Uses	\$	184,072,000	\$	180,291,000	\$	181,662,000	\$	177,571,000	\$	182,889,000
Net Increase/(Decrease) in Fund Balance	ć		¢		¢		Ś		Ś	
	Ŷ	9 7 8	Ŷ		Ļ	97.) 	ې	(E)	Ý	(0,7)
Operating Account Fund Balance (EOY)	\$	15,904,000	\$	25,121,000	\$	14,801,000	\$	5,666,000	\$	4,001,000

Further detail on each of the proposed budget categories follows.

REVENUES AND OTHER SOURCES

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

The total sales are based on the following scenario:

- No change to rates on July 1, 2021
- Set new rates only when PG&E changes the PCIA or their generation rates. PG&E's next significant changes are expected on January 1, 2022. Due to the limited forewarning of rates, SCP rate changes can be effective 30 days after PG&E publishes new rates.

The total sales estimate is based on 87% of eligible customers and load participating in SCP. The net financial performance of SCP is not sensitive to small changes in the rate of participation because a majority of expenses are proportional to the load served. In other words, income and expenses generally tend to go up and down together.

Staff's estimate of uncollectable billings remains at 1.25% of gross revenues. Total budgeted revenues are net of this reduction.

Staff has forecast energy sales for CleanStart and EverGreen and has developed lowkWh, mid-kWh, and high-kWh scenarios to determine a range of expected outcomes. Staff presents the mid-kWh scenarios in this budget.

EXPENDITURES Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 2,393,000 MWh of energy, long term renewable power purchase agreements, ProFIT feed-in-tariff projects, capacity (resource adequacy), short term renewable and carbon free contracts,

scheduling services, CAISO fees, and other miscellaneous power market expenses. The volume of purchased energy is approximately 7% greater than the volume sold because of normal system transmission and distribution losses.

SCP has entered into renewable and financial hedge contracts with suppliers that will meet approximately 90% of its expected energy requirements through the full fiscal year, meaning that energy costs are reasonably well known, although changes in energy market prices will still have an impact on SCP's costs.

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

Based on current rates of participation by net-metered customers, the total payout amount forecast for SCP's NetGreen customers is estimated to be about \$460,000 for the fiscal year.

Energy is procured for over 90% of the forecast load through December 2024. The primary price risks are therefore related to forecast error, changes in rates of customer participation, Public Safety Power Shutoffs (PSPS), variable generation output of solar and wind resources, generation curtailment risks, forward pricing peak and off-peak unhedged energy, unprocured resource adequacy, and legislative and regulatory risks (e.g., PCIA fees).

Scheduling Coordinator services are provided by Northern California Power Agency through December 2024. The charges for this service are included together with energy and resource adequacy in the budget. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.

Data Management is a broad scope of services provided by contract through Calpine Energy Solutions, including billing data validation, bill coordination with

PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting.

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

Personnel

Personnel costs include direct salaries, benefits, workers compensation premiums, and payroll taxes. We have added employee development expenses of 1% of direct labor costs to improve the skills and abilities of our staff. For FY 21-22, we expect to hire four new full-time staff. One for the front desk in the new headquarters building, one for building management for the new headquarters building and the AEC, and one in Planning & Analytics. SCP also expects to add a senior Legal Director role in this next fiscal year.

Outreach and Communications

The attached draft budget assumes that nearly all marketing efforts will focus on the Advanced Energy Center and Outreach Communications and sponsorships. Other marketing focuses include Advanced Energy Build and other programmatic support.

SCP will continue to focus on increasing our reach and relevance to underserved communities through our updated Marketing team outreach efforts, and with our Programs Equity Framework and Community Education and Engagement Plan. SCP will also continue supporting nonprofit events and efforts which provide exposure and visibility for SCP as a community partner committed to supporting our diverse communities as the economy opens up post-pandemic.

Similarly, SCP will continue to reinforce brand awareness through our consistent marketing, public relations and social media platforms, and will continue to provide leadership within the non-profit sector and the community choice industry.

Customer Service

This subcategory includes required customer noticing and local business and industry development.

Customer Noticing

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

- Move-in notice postcard (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)
- Opt-out confirmation immediate notice (weekly)
- Opt-out confirmation 6-month notice (weekly)
- Late payment notice (monthly)
- Pre-collections notice (monthly)
- Joint Rate Comparison with SCP and PG&E information (annually)
- California Energy Commission's Power Content Label (annually)
- As needed, special rate notices (e.g., NetGreen 2.0 transition)

The budget reflects the approximately 1,250 letters mailed every week plus the required annual mailings.

Business and Industry Development

The Customer Service team also works with SCP's local business and industry groups through memberships and sponsorships to increase awareness of SCP and improve relationships. SCP hopes to participate in many events that raise money and awareness for local businesses, such as the food, wine, and agricultural industries. This is contingent on the economy opening back up and that business are able to again host events. Development broadly includes frequent meetings with customers, other CCAs, industry stakeholder groups, and PG&E.

Other Professional Services

<u>Legal</u>

An increase in costs is expected in this category for the next fiscal year as regulatory activity increases.

Regulatory & Compliance

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

Accounting

Accounting includes services from three different providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. The County's Auditor Controller Treasurer Tax Collector's (ACTTC) office provides internal auditing and control for SCP. SCP also has an outside auditor review our financial statements each year. A modest increase in accounting fees is anticipated as the business has increased in complexity.

<u>Legislative</u>

Staff anticipate rehiring a Sacramento legislative lobbyist. These costs also include coverage for tracking and advancing bills in the legislative session that affect SCP and the energy industry directly. Contributions to the statewide CalCCA trade association continue to allow SCP to track and participate in legislative work that affects CCAs across the state.

Other Consultants

Other Consultants covers costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the buildings at 431 E Street and 741 4th Street, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts. With the addition of the new headquarters building, the Advanced Energy Center and our new Integrated Resource modeling software tool, these costs are increasing.
CalCCA

The CalCCA trade association is an important entity for sharing the costs of legislative, regulatory, and analytic work. The association has been instrumental in improving SCP's effectiveness at the CPUC on matters including the PCIA, resource adequacy, and in the legislature on organizing and providing direction to lobbyists and requesting action. We expect further improvements in the association's service to SCP and the other public CCA power providers around California.

Programs

The semi-annual Programs Strategic Action Plan recently presented to the Committee and Board details the programs that SCP is planning to deliver in the next fiscal year. In addition, the Programs Equity Framework is an enhancement to that plan and will result in new programs and initiatives that will be brought to the Committee and Board for review.

Other Uses

Capital Outlay is for equipment costing in excess of \$1,000, including computers, printers and furniture. However, SCP's capital investment in its owned headquarters building will conclude in early FY 21-22.

Debt Service

SCP currently carries no debt.

Net Increase/ (decrease) in Available Fund Balance

Staff has balanced our FY21-22 expected net fund balance to zero by using funds from the Operating Account fund as previously discussed.

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109 of 109