Sonoma Clean Power

AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, MAY 20, 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 MAY 20, 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: https://zoom.us/j/91236268664
- Telephone number: 1 (669) 900-9128
- Meeting ID: 912 3626 8664

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 April 15, 2021 Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) - pg. 5
2. Recommend that the Board of Directors Approve an Extension of Customer Service Policy A.6a – 2020 COVID-19 Emergency Consumer Protection Policy (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. 19
4. Introduction to the Integrated Resource Planning (IRP) Process (Staff Recommendation: Receive and File) - pg. 33
5. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 47
6. Recommend that the Board of Directors Adopt SCP Energy Risk Management Policy (Staff Recommendation: Approve) - pg. 49
7. Review and Recommend that the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2021-2022 with no Change to Rates on July 1, 2021 (Staff Recommendation: Approve) - pg. 65

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.

COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator
CCA	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP's standard service
CPUC	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 (*This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.)*
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers – 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
TOU	Time of Use, used to refer to rates that differ by time of day and by season

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Sonoma Clean Power

DRAFT MEETING MINUTES
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 PARTICIPATED IN THE APRIL 15, 2021, MEETING BY TELECONFERENCE.

CALL TO ORDER

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

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

Staff present: Geof Syphers, Chief Executive Officer; Mike Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; and Carolyn Glanton, Program Manager.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Public Comment: Tom (no last name provided) inquired about the opening date for the Advanced Energy Center as well as rebates available for certain technologies.

Chief Executive Officer, Geof Syphers, replied to the commenter that while progress is moving quickly, the Advanced Energy Center does not have a set opening date yet. It will be announced publicly via SCP's website and in Board and Committee meetings when the time comes.

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

1. Approve March 18, 2021 Draft Community Advisory Committee Meeting Minutes

2. Recommend that the Board of Directors Adopt the 2021 EverGreen Local Resource Plan

   Public Comment: Jenny Blaker submitted the following written comment, which was read into the meeting record:

   Dear Chair and members of the Community Advisory Committee

   I see that energy from burning of biomass is still being considered in various items on today's meeting agenda and still being considered as part of the Evergreen Local Resource Plan.

   I'm sorry that I cannot participate in the meeting today but do urge you once again to review and consider the implications of the March 29 letter to the Board of Directors of SCP, included in the packet for today.

   Climate scientists worldwide oppose the use of forest woody biomass to create energy. It is not clean (but highly toxic); not carbon neutral (producing more carbon emissions than coal), and not renewable, as living trees are one of the best ways to sequester carbon, and if they are cut down, even if they are replaced, the seedlings would take decades to grow to mature trees. Logging of trees is also devastating to forest ecosystems, important wildlife habitat, and our watersheds.

   I urge you to listen to these scientists (the March 29 letter has references and links to many related studies) in any decision-making related to the use or promotion of bioenergy from forest woody biomass.

   Thank you.

   Jenny Blaker

   Motion to Approve the April 15, 2021 Community Advisory Committee Consent Calendar by Member Dowd.

   Second: Member Wells

   Motion Passed by Roll Call Vote: 7-0-0

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

   Stephanie Reynolds, Director of Internal Operations, provided an overview of the Internal Operations Report. CEO Syphers announced that Commissioners and staff of the California Energy Commission will be touring the Advanced Energy Center on April 19, 2021. He also shared that Eris Weaver from Sonoma County Bicycle Coalition told him that that SCP's Bike Electric program has been keeping them busy with participants signing up for safety classes and receiving their free helmets.

Director Reynolds concluded the report by announcing that SCP staff will be hosting a drive-thru donation event at the Redwood Empire Food Bank on Friday, April 16th.

Public Comment: None

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

   CEO Syphers gave an update on a CPUC Proposed Decision addressing the PCIA. He continued into the legislative portion of the report with brief updates on Senate Bill 612 and Assembly Bill 843. He also addressed concern from public commenters about procuring energy from woody biomass.

   Member Quinlan requested clarification on the proposed amendments to SB 612.

   Public Comment: None

5. Discuss Draft Equity Framework Workshops, Receive Programs Equity Framework and Provide Feedback as Appropriate

   Program Manager, Carolyn Glanton, first gave thanks to a former SCP staffer, Nelson Lomeli, who championed the Programs Equity Framework.

   Before diving into SCP's public equity workshops and the Programs Equity Framework, she gave background on how other CCA's are approaching equity; as a member of CalCCA, SCP staff regularly participates in environmental justice and equity calls with other CCA's. Recently, Central Coast Community Energy (3CE) and Redwood Coast Energy Authority (RCEA) shared some information on what they are doing. 3CE has a large Hispanic community and is working to build partnerships with Community Based Organizations (CBO's). 3CE also shared that they've received more public engagement for virtual events by using Facebook Live instead of Zoom. RCEA's Board passed a resolution and adopted a commitment to racial justice last year. They are also tying Equity and Inclusion to job descriptions and staff work plans; seeking ways to ensure diversity and inclusion in their hiring and promotion practices; increasing engagement and collaboration with local tribes to create a racial justice action plan.

Ms. Glanton then continued by sharing some of the public feedback SCP received in the equity workshops held in March 2021 and thanking SCP staff who assisted with the workshops. The staff report identifies the updates that were made to the draft Framework based on suggestions received from the public, Board of Directors, and Community Advisory Committee Members. The Framework will help staff develop new programs, as well as evaluate existing programs.

Chair Nicholls shared that as a member of the of the Economic Development Board of Sonoma County, he and other members attended a webinar on equity issues and learned about unconscious bias. He recommended SCP staff, Board of Directors, and Committee Members to consider doing the same.

Member Sizemore recommended seeking connections with landlords, or city/county officials that can help make those connections, so that SCP can build trust with the community through trusted sources.

Member Morris suggested adding a recommendation to ensure data collection methods are inclusive of all communities and their members. She also requested that staff keep the Committee apprised of any big learnings or roadblocks that are encountered along the way.

Public Comment: None

6. Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2021-2022 and Draft Rates for July 1, 2021

Mike Koszalka, Chief Operating Officer, gave a high-level overview of the draft budget for Fiscal Year 2021-2022. Notably, the budget requires no rate changes at the start of the fiscal year on July 1, 2021. However, SCP will subsidize customer rates by using funds from SCP's rate stabilization fund to ensure customer rates are no more than 5% above PG&E's bundled rates. While the PCIA remains difficult to forecast, Sonoma Clean Power has no debt and has a healthy amount of reserve funds.

Member Quinlan asked for details on various items, including the PCIA forecasts. Director of Planning and Analytics, Rebecca Simonson, added that the PCIA forecasts have historically been very inaccurate.

Member Chaban asked about the CEC Grant Expenditures that relate to the Advanced Energy Center. Program Manager Chad Asay explained that the Grant covers operating expenses through June 2023 and a large portion, approximately $2.1M, is earmarked for incentives.

Member Morris asked about the rent obligation for the current SCP office space at 50 Santa Rosa Ave. as well as the lobbyist line item in the budget. CEO Syphers explained that there will be an overlap of 7-8 months after SCP moves into the new headquarters. SCP will try to negotiate a buyout with the landlord, but the full rental costs have been factored into the cost of construction for the new building. He said that a lobbyist will be helpful again to help maintain political relationships, do research, and offer expert advice and advocacy.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

None

ADJOURN

The meeting was adjourned by unanimous consent at approximately 2:29 p.m.

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Staff Report – Item 02

To: Sonoma Clean Power Authority Community Advisory Committee

From: Erica Torgerson, Director of Customer Service

Issue: Recommend that the Board of Directors Approve an Extension of Customer Service Policy A.6a – 2020 COVID-19 Emergency Consumer Protection Policy

Date: May 20, 2021

Requested Action:

Recommend to the Board of Directors to approve an extension of Customer Service Policy A.6a – 2020 COVID-19 Emergency Consumer Protection Policy until January 14, 2022.

Background:

On March 16, 2020 Governor Newsom issued an Executive Order requesting the California Public Utilities Commission (CPUC) to monitor the consumer protections offered by the utilities in response to COVID-19. The CPUC issued a letter to the investor-owned utilities, including PG&E, on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for customers in natural disasters, such as wildfires, to the COVID-19 pandemic. See CPUC Decision 19-07-015. Among other protections, it halted all disconnections for non-payment.

Based on Governor Newsom's Executive Order on March 16th, SCP staff implemented its internal "COVID-19 Emergency Consumer Protection Policy I.13" for its Residential and Non-Residential Customers.

On October 1, 2020, the Board of Directors ratified Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy. This policy went into effect the day a state of emergency proclamation has been issued by the California Governor Newsom's Office until December 31, 2020.

On December 3, 2020, the Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until March 3, 2021 to match PG&E's Emergency Consumer Protection Plan.

On February 11, 2021, the Commission unanimously voted to extend protections for all utilities it regulates until June 30, 2021.

On March 4, 2021, SCPA's Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until June 30, 2021 to match PG&E's Emergency Consumer Protection Plan.

Discussion:

The Commission opened an Order Instituting Rulemaking (OIR) to address energy utility customer bill debt on February 11, 2021. The Commission opened the OIR to consider the necessity of establishing special relief mechanism(s) for customers who could not pay their energy bills during the COVID-19 pandemic to give them a better chance of becoming current on their energy bills. SCP through CalCCA has been an active member of the OIR, fighting for protections for all ratepayers and equal treatment of bundled and unbundled customers. This proceeding is moving swiftly with a Proposed Decision expected as early as May 21, 2021.

Staff believes the Emergency Consumer Protection Plans put in place by the IOUs at the behest of the Commission will not be extended past June 30, 2021, but the Commission has not signaled its intentions. PG&E has provided SCP the below Estimated Earliest High-Level Timeline of Key Activities if protections expire. The chart summarizes that a residential customer could be disconnected by PG&E for non-payment as early August 2021, but it is expected that PG&E will focus on getting customers onto payment plans and target the largest arrearage customers first.

Staff believe it could take years to recoup all the arrearages accrued during the pandemic, but staff also believes that people generally pay their electric bill.

Staff proposes the Committee recommend to the Board of Directors the primary changes to Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy outlined below. Without action from the Board of Directors, the four activities below would revert to Customer Service Policy A.3 – Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections on July 1, 2021. A full redline of the entire updated Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy is attached to this presentation.

1) **Late Payment Notice**: SCPA will halt sending modified Late Payment Notices to eligible customers starting through January 14, 2022.
    a) **Modified Late Payment Notices**: SCP will begin sending Modified Late Payment Notices to eligible customers starting July 1, 2021. Modified Late Payment Notices will communicate to customers that their account is delinquent with SCPA and request payment.
2) **Transfer for Non-Payment**: SCPA will not transfer eligible customers back to PG&E for non-payment through January 14, 2022.
3) **Pre-Collection Notices**: SCPA will resume sending Pre-Collection Notices to eligible customers July 1, 2021. These notices are sent to customers who no longer have an account with SCPA but have an outstanding balance.
4) **Collections**: SCPA will resume collection activity for eligible customers July 1, 2021.

<u>Considerations:</u>

- By extending payment protections for SCPA customers, it is expected SCPA's accounts receivable will continue to grow.

- Only PG&E has disconnection authority, plus more information about customers, thus they are better at collecting arrearages from customers than SCPA.
- Extending SCPA's customer protections will help our local community begin to recover financially from the pandemic before transferring customers to PG&E, including taking advantage of SCPA's programs to reduce their utility costs.
  - As Sonoma and Mendocino counties relax pandemic restrictions, more people will return to the workforce.

Fiscal Impact:

Unknown. By extending payment protections to customers, the risk of not recovering payments increases, however for the reasons listed in this presentation, staff believes continuing protections is good practice.

<u>Bad Debt Allowance and Aging</u>

- For the previous fiscal year, SCPA used a 0.70% allowance for bad debt compared to revenues, when SCPA completed its annual financial write-off, the 0.70% was accurate. For this fiscal year, SCPA increased its allowance for bad debt to 1.25% due to the global pandemic.
- SCPA has not transferred a customer from SCP service to PG&E service for non-payment since mid-March 2020.
  - Between January 1, 2020 and May 3, 2021, SCPA's accounts receivable of:
    - 60 - 90 days has increased from $870 thousand to $1.384 million.
    - 90 - 120 days has increased from $569 thousand to $1.168 million.
    - 120+ days has increased from $6.374 million to $11.348 million.

Attachments:

- Redline version of Customer Service Policy A.6a

Customer Service Policy A.6a
2020 Covid-19 Emergency Consumer Protection Policy

Purpose:

On March 16, 2020 Governor Newsom issued an Executive Order requesting the California Public Utilities Commission (CPUC) to monitor the consumer protections offered by the utilities in response to COVID-19. The CPUC issued a letter to the investor-owned utilities, including PG&E, on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for customers in natural disasters, such as wildfires, to the COVID-19 pandemic. See CPUC Decision 19-07-015.

Based on Governor Newsom's Executive Order on March 16th, SCPA implemented its internal "COVID-19 Emergency Consumer Protection Policy I.13" for its Residential and Non-Residential Customers experiencing financial hardship due to the COVID-19 pandemic. This Policy is consistent with and continues the policies set forth in Policy I.13.

On February 11, 2021, the CPUC voted to extend consumer protections for all utilities ~~(that they regulate)~~it regulates until June 30, 2021.

On March 4, 2021, SCPA's Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until June 30, 2021 to match PG&E's Emergency Consumer Protection Plan.

Definitions:

For purposes of this Policy, the following definitions apply:

a) **Residential Customer**[1]: Class of customers whose dwellings are single-family units, multi-family units, mobile homes or other similar living establishments. A customer who meets the definition of a Residential Customer will be served under a residential rate schedule if 50% or more of the annual energy use on the meter is for residential end-uses. PG&E's tariff eligibility requirements will determine customer eligibility for this rate class.
b) **Non-Residential Customer**[2]: Small and medium business customers that take service on a commercial, industrial, or agricultural rate. This definition does not include Non-Residential Customers who are on a fixed usage or unmetered usage rate schedule[3].
c) **SCPA Service Area:** As defined by SCPA's Joint Powers Agreement[4].

[1] PG&E Electric Rule No. 1: Definitions, Sheet 30
[2] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018.
[3] PG&E Electric Rule No. 1: Definitions, Sheet 31
[4] Sonoma Clean Power Authority Joint Powers Authority. https://sonomacleanpower.org/uploads/documents/Third-Amended-JPA-FinalApproved-10-13-16-with-updated-Ex-C.pdf

d) **Impacted Customers**: Customers that are in located in the area designated by California Governor's Office or the President of the United States as a state of emergency.

Background:
On March 4, 2020, Governor Newsom declared a statewide emergency due to COVID-19. In response, PG&E suspended disconnections and implemented flexible payment plans for all residential and small business customers.

As adopted, D.19-07-015 requires PG&E to implement the emergency disaster relief program "in the event the Governor of California or a President of the United States declares a state of emergency because a disaster has either resulted in the loss or disruption of the delivery or receipt of utility service and/or resulted in the degradation of the quality of utility service."

Although COVID-19 has not resulted in the loss or disruption of the delivery or receipt of gas and electrical service and/or in the degradation of the quality of gas and electrical service, SCPA understands that customers may be affected financially, whether diagnosed with the virus or not.

On March 16, 2020 Governor Newsom issued an Executive Order requesting the Commission to monitor the consumer protections offered by the utilities in response to COVID-19. The Commission issued a letter to the investor-owned utilities on March 17, 2020 explaining that although COVID-19 has not resulted in the same disruptions or degradations to utility service as the recent wildfires, the utilities should immediately extend applicable protections provided for in D.19-07-015 to Impacted Customers.

Based on Governor Newsom's Executive Order on March 16th, SCPA implemented its internal "COVID-19 Emergency Consumer Protection Policy I.13" for its Residential and Non-Residential Customers experiencing financial hardship during the COVID-19 pandemic.

On October 1, 2020, the Board of Directors ratified Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy. This policy went into effect the day a state of emergency proclamation has been issued by the California Governor Newsom's Office until December 31, 2020.

On December 3, 2020, the Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until March 3, 2021 to match PG&E's Emergency Consumer Protection Plan.

On February 11, 2021, the Commission unanimously voted to extend protections for all utilities it regulates until June 30, 2021.

On March 4, 2021, SCPA's Board of Directors extended the protections under Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy until June 30, 2021 to match PG&E's Emergency Consumer Protection Plan.

Eligibility for COVID-19 Emergency Consumer Protection Plan:
Due to potential financial hardship from COVID-19, a customer will be eligible for SCPA's 2020 Covid-19 Emergency Consumer Protection Plan if the following criteria has been met:

a. A state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to the health emergency in SCPA's Service Territory; and
b. The customer is a Residential Customer or Non-Residential Customer of SCPA.

2020 COVID-19 Emergency Consumer Protection Plan:
SCPA's Emergency Consumer Protection Plan goes into effect the day a state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory and includes the measures and parameters outlined below:

a. **Late Payment Notice:** SCPA will halt sending Late Payment Notices to eligible customers through ~~June 30~~January 14, 202~~1~~2.
   i. **Modified Late Payment Notice:** SCPA will begin sending Modified Late Payment Notices to eligible customers starting July 1, 2021.
b. **~~Drop~~ Transfer for Non-Payment:** SCPA will not ~~drop~~ transfer eligible customers back to PG&E for non-payment through January 14, 2022. ~~through June 30, 2021.~~
c. **Pre-Collection Notices:** SCPA will ~~stop~~ resume sending Pre-Collection Notices to eligible customers ~~through June 30~~July 1, 2021.
d) **Collections:** SCPA will ~~halt~~ resume collection activity for eligible customers ~~through June 30~~on July 1, 2021.

SCPA's Board of Directors may change or extend these measures at its sole discretion.

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Staff Report – Item 03

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate

Date: May 20, 2021

COMMUNITY ADVISORY COMMITTEE RECRUITMENT FOR CURRENT AND UPCOMING VACANCIES IN 2022

Staff met with the Ad Hoc committee of the Board of Directors to review the informational flier, application questions and to refine the outreach strategies. The recruitment will officially start May 17th and remain open until October 1st. The intention is that the Ad Hoc will make recommendations to fill the upcoming vacancies at the November meeting and the new CAC members will be introduced at the December CAC meeting before starting their terms in January 2022.

WALKING THE WALK

On April 16th, Sonoma Clean Power sponsored another Drive-Up Donation Station at the Redwood Empire Food Bank (REFB). We collected over 700 pounds of food and some cash donations. According to Lisa Cannon, REFB Director of Development, "You are the ONLY company that is doing several food and funds drives. We really appreciate it!"

Our staff really enjoys helping where we can. We plan to schedule several more events through 2021 and beyond.

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, painting, and cabinetry, and on the exterior with the siding, sidewalks, parking lot and charging stations.

ADVANCED ENERGY CENTER UPDATE

Construction

SCP will file its notice of completion for the construction subcontractor by the end of May. The soft opening of the Advanced Energy Center is scheduled for June 15th. The team is working hard to complete design installations, vendor bay installations, and COVID safety practices before we can open publicly. While awaiting this soft opening, 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.

Advanced Energy Center Operations

Final interviews were completed for open intern positions to staff the Advanced Energy Center. Three strong candidates have been identified. This will fill out our entire roster of interns prior to the center's opening.

Education/Training

Most webinars are recorded and can be found on the new Advanced Energy Center Education Hub www.scpadvancedenergycenter.org/education-hub.

Every person who registered receives a copy of the recording and slides.

Upcoming Webinars

- 5/20, 10am – Induction for Commercial Kitchens
- 5/25, 12pm - On-Bill Financing: 0% Financing. 100% Easy.
- 5/26, 1pm - Healthy Home Ventilation Retrofits for Building Professionals (more information coming soon)
- 5/27, 12pm - Financiamiento en factura - Financiamiento al 0%. 100% fácil.
- 6/2, 4pm – Healthy Home Ventilation Retrofits for Homeowners (more information coming soon)

- 6/2, 6pm – Understanding the Time-of-Use Transition & Your Options (more information coming soon)
- 6/3, 6pm - Understanding the Time-of-Use Transition & Your Options (Spanish) (more information coming soon)

Upcoming Events can be found on the new Advanced Energy Center events calendar www.scpadvancedenergycenter.org/events.

Past Webinars

Webinar Name	Webinar Date	Registrations	Live Attendees
On-Bill Financing: 0% Financing. 100% Easy.	4/8, 12pm	13	9
Homeowners Building or Remodeling? How to Achieve Your Resiliency and Energy Goals	4/14, 5pm	13	7
The What and Why of Residential Induction Cooking	4/20, 10am	13	4
Smart and Efficient, Electric Water Heating for Homes: Everything You Need to Know	4/21, 3pm	22	14
Electric Vehicles 101	4/22, 12pm	6	2

PROGRAM UPDATES:

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, 60 electric bicycles have been sold through the program. Approved customers have until September 8, 2021 to redeem their vouchers. Following this report, we have attached a testimonial letter of appreciation from one of our satisfied program participants.

The GridSavvy Community

Google Nest has officially joined the GridSavvy Community family! As a part of the partnership with Google Nest, SCP customers will receive $50 off the purchase of select Google Nest thermostats through the GridSavvy Community webstore and a $5/month bill credit for enrolling their thermostat to participate in GridSavvy Community "events," which automatically adjust the setpoint of the thermostat in times of high stress on the electricity grid. Customers with existing Google Nest thermostats can enroll their device in the GridSavvy Community to earn a one-time $50 enrollment incentive, plus a $5/month bill credit for every month that they continue to participate in the program.

Eligible Thermostat Equipment	**Retail Price** (basis for tax)	**Total Price to SCP Customer**
Google Nest Learning Thermostat. (Snow and Charcoal). Model Nos GA01334-US-1 and GA02081-US-1	$129.99	($79.99) plus tax and $10 shipping and handling fee
Google Nest Learning Thermostat Gen 3 (Stainless Steel). Model No. T3007ES	$ 249.00	($199.00) plus tax and $10 shipping and handling fee

The GridSavvy Community program was also recently awarded the Peak Load Management Alliance's (PLMA) "Thought Leadership" award, a prestigious award in the demand response sphere. The program will be recognized at PLMA's annual conference and through a webinar to PLMA members later this summer.

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 3%. Year-to-date electricity sales reached $151,152,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $112,550,000, 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.

Approximately $72,410,000 is set aside for reserves (Operating Reserve: $59,313,000; Program Reserve: $10,862,000; and Collateral Reserve: $2,235,000).

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-to-date 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 – June 3, 2021

Community Advisory Committee – June 17, 2021

Board of Directors – July 1, 2021

Community Advisory Committee – July 15, 2021

ATTACHMENTS

March 2021 Financial Reports

Bike Electric, Customer Testimonial

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

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

Maher Accountancy

San Rafael, CA
May 4, 2021

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

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of March 31, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 75,203,134
Accounts receivable, net of allowance	18,326,380
Other receivables	2,922,264
Accrued revenue	6,807,210
Prepaid expenses	1,457,385
Deposits	814,979
Restricted cash	147,000
Total current assets	105,678,352
Noncurrent assets	
Unrestricted cash in Rate Stabilization Fund	22,000,000
Land and construction-in-progress	16,503,701
Capital assets, net of depreciation	293,007
Deposits	6,430,922
Total noncurrent assets	45,227,630
Total assets	150,905,982
LIABILITIES	
Current liabilities	
Accrued cost of electricity	12,278,484
Accounts payable	2,471,091
Advanced from grantors	30,425
Other accrued liabilities	999,945
User taxes and energy surcharges due to other governments	575,995
Total current liabilities	16,355,940
DEFERRED INFLOWS OF RESOURCES	
Rate Stabilization Fund	22,000,000
NET POSITION	
Restricted	147,000
Investment in capital assets	16,796,708
Unrestricted	95,606,334
Total net position	$ 112,550,042

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2020 through March 31, 2021

OPERATING REVENUES		
Electricity sales, net	$	149,985,173
Evergreen electricity premium		1,167,256
Grant revenue		1,884,370
Total operating revenues		153,036,799
OPERATING EXPENSES		
Cost of electricity		123,732,203
Contract services		7,035,141
Staff compensation		3,642,868
General and administration		1,041,875
Program rebates and incentives		501,090
Depreciation		61,337
Total operating expenses		136,014,514
Operating income		17,022,285
NONOPERATING REVENUES (EXPENSES)		
Interest income		536,354
Other nonoperating revenue		7,009
Nonoperating revenues (expenses), net		543,363
CHANGE IN NET POSITION		17,565,648
Net position at beginning of period		94,984,394
Net position at end of period	$	112,550,042

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2020 through March 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 160,080,481
Receipts from grantors	3,462,098
Other operating receipts	447,460
Payments to electricity suppliers	(129,533,445)
Payments for other goods and services	(8,500,931)
Payments for staff compensation	(3,584,437)
Tax and surcharge payments to other governments	(2,205,377)
Payments for program rebates and incentives	(1,252,394)
Net cash provided (used) by operating activities	18,913,455
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to acquire capital assets	(7,656,682)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	711,202
Proceeds from certificates of deposit matured	20,291,718
Net cash provided (used) by investing activities	21,002,920
Net change in cash and cash equivalents	32,259,693
Cash and cash equivalents at beginning of year	65,090,441
Cash and cash equivalents at end of period	$ 97,350,134
Reconciliation to the Statement of Net Position	
Unrestricted cash and cash equivalents (current)	$ 75,203,134
Restricted cash and cash equivalents (current)	147,000
Unrestricted cash and cash equivalents (noncurrent)	22,000,000
Cash and cash equivalents	$ 97,350,134

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2020 through March 31, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$	17,022,285
Adjustments to reconcile operating income to net		
cash provided (used) by operating activities		
Depreciation expense		61,337
Revenue adjusted for allowance for uncollectible accounts		1,913,321
(Increase) decrease in:		
Accounts receivable		1,414,251
Other receivables		(278,689)
Accrued revenue		3,388,248
Prepaid expenses		(379,138)
Deposits		(1,029,580)
Increase (decrease) in:		
Accrued cost of electricity		(3,769,961)
Accounts payable		(123,881)
Advance from grantors		(158,450)
Accrued liabilities		846,858
User taxes due to other governments		6,854
Net cash provided (used) by operating activities	$	18,913,455

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended March 31, 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.

Maher Accountancy

San Rafael, CA
May 4, 2021

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

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through March 31, 2021

	2020-21 YTD Amended Budget	2020/21 YTD Actual	2020/21 YTD Amended Budget Variance (Under) Over	2020/21 YTD Actual / Amended Budget %	2020/21 Amended Budget	2020/21 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 150,523,166	$ 149,985,173	$ (537,993)	100%	$ 188,347,000	$ 38,361,827
Evergreen Premium (net of allowance)	1,122,055	1,167,256	45,201	104%	1,488,000	320,744
Inflow from Operating Account Fund Reserves	-	-	-	0%	4,630,000	4,630,000
CEC Grant	2,230,500	1,725,920	(504,580)	77%	2,974,000	1,248,080
BAAQMD grant	50,000	158,450	108,450	317%	50,000	(108,450)
Interest income	567,000	536,354	(30,646)	95%	750,000	213,646
Miscellaneous Income	-	7,009	7,009	0%	-	(7,009)
Total revenue and other sources	154,492,721	153,580,162	(912,559)	99%	198,239,000	44,658,838
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	126,946,580	123,732,203	(3,214,377)	97%	167,024,000	43,291,797
Data management	2,396,250	2,394,472	(1,778)	100%	3,195,000	800,528
Service fees- PG&E	725,764	724,581	(1,183)	100%	969,000	244,419
CCPower JPA	57,000	56,098	(902)	98%	57,000	902
Personnel	4,115,000	3,642,868	(472,132)	89%	5,623,000	1,980,132
Outreach and communications	847,503	493,583	(353,920)	58%	1,130,000	636,417
Customer service	351,150	246,651	(104,499)	70%	383,000	136,349
General and administration	461,250	374,287	(86,963)	81%	615,000	240,713
Legal	282,000	280,696	(1,304)	100%	360,000	79,304
Regulatory and compliance	297,750	88,367	(209,383)	30%	397,000	308,633
Accounting	164,747	159,750	(4,997)	97%	217,000	57,250
Legislative	21,000	-	(21,000)	0%	28,000	28,000
Other consultants	134,997	140,041	5,044	104%	185,000	44,959
CalCCA Trade Association	285,003	261,721	(23,282)	92%	380,000	118,279
Program implementation	2,399,250	1,659,373	(739,877)	69%	3,199,000	1,539,627
Program - CEC grant	4,961,000	3,674,397	(1,286,603)	74%	5,561,000	1,886,603
Total current expenditures	144,446,244	137,929,088	(6,517,156)	95%	189,323,000	51,393,912
OTHER USES						
Capital outlay	6,687,000	6,672,926	(14,074)	100%	8,916,000	2,243,074
Total Expenditures, Other Uses and Debt Service	151,133,244	144,602,014	(6,531,230)	96%	198,239,000	53,636,986
Net increase (decrease) in available fund balance	$ 3,359,477	$ 8,978,148	$ 5,618,671	267%	$ -	$ (8,978,148)

** Represents sales of approximately 1,786,000 MWh for 2020/21 YTD actual.*

RESERVES	Current Balance	% of Long-Term Target	Long-Term Target Balance
Operating Cash Reserve	$ 59,313,000	60%	$ 99,119,500
Program Cash Reserve	10,862,000	55%	19,823,900
Collateral Cash Reserve	2,235,000	13%	16,702,400
	$ 72,410,000	53%	$ 135,645,800

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2020 through March 31, 2021

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	8,978,148
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(61,337)
Add back capital asset acquisitions		8,648,837
Change in net position	$	17,565,648

See accountants' compilation report.

Sent: Monday, April 19, 2021 6:36 PM
To: Sonoma Clean Power Staff <info@sonomacleanpower.org>
Subject: A Big Thank You

Hello, I want to thank you very much for the voucher for the electric Bike. I would never have been able to afford one without it. I purchased my bike from Sonoma Adventures. I am getting more confident each time I ride it and I do feel like I will be using it a lot.

I took the safe riding class at Sonoma Bicycle Coalition and learned much about bike riding safely and received the free helmet. The class was well organized and had some hands on road riding which was very helpful
Again a heartfelt thank you,

Rose Fitzsimmons

Staff Report – Item 04

To: Sonoma Clean Power Authority Community Advisory Committee

From: Ryan Tracey, Senior Energy Analyst
Rebecca Simonson, Director of Planning & Analytics
Geof Syphers, CEO
Mike Koszalka, COO

Issue: Introduction to the Integrated Resource Planning (IRP) Process

Date: May 20, 2021

Recommended Actions

No action. Staff will present an introduction to the internal Integrated Resource Planning (IRP) Process to the Community Advisory Committee (CAC).

Background

Integrated Resource Planning (IRP) evaluates future customer electricity needs and lays out a plan to supply those future needs with demand side and generation resources.

SCP participates in the mandatory CPUC IRP filing that began in 2018 and that is currently required every two years. Recognizing the CPUC process is compliance driven and not specific to SCP goals and methods, SCP also began developing our own internal IRP process in 2018. For the 2021 Internal IRP, SCP is dedicating significant time and resources to rebuild the IRP with the objective of identifying the best mix of generation assets to meet SCP's emissions targets. This plan will balance low cost with the associated resource plan risks.

The portfolio selected from SCP's internal IRP process will be used in the next year's (2022) compliance IRP process. SCP will use the internal IRP process to benchmark Board adopted goals and progress toward those goals.

Staff has previously provided to the CAC and the Board the following IRPs:

1. 2018 Compliance IRP for the California Public Utilities Commission (CPUC) process.
2. 2018 Internal IRP following SCP methodologies and assumptions.
3. 2020 Compliance IRP for the CPUC.
4. 2021 Internal SCP Local Resource Plan

Discussion

This presentation kicks off the SCP 2021 Internal IRP. The presentation slide-deck is attached as Addendum 1 to this report.

There will also be an online survey distributed to the CAC, BOD, and public following this presentation. The survey will focus on IRP priority setting.

The 2021 SCP Integrated Resource Plan current timeline is as follows:

- **05/20/2021 CAC meeting-** Introduction to IRP presentation
- **06/03/2021 BOD meeting-** Introduction to IRP presentation summary
- **07/15/2021 CAC meeting-** technical presentation on load and resource modeling scenarios
- **08/06/2021 BOD meeting-** technical presentation summary
- **09/16/2021 CAC meeting-** Present the IRP Draft narrative and recommended preferred portfolio for feedback.
- **10/07/2021 BOD meeting-** Present the IRP Draft narrative and recommended preferred portfolio for feedback.
- **10/21/2021 CAC meeting** – IRP and preferred portfolio for CAC recommendation to the Board.
- **11/04/2021 BOD meeting** - Staff will seek approval of the IRP and preferred portfolio from Board.

Integrated Resource Plan (IRP)

PUBLIC PRESENTATION #1- INTRODUCTION TO IRP

sonomacleanpower.org

Sonoma Clean Power

Sonoma Clean Power is turning the tide on the climate crisis, through bold ideas and practical programs.

1

Presentation Format

- Presentation will be approx. 20 minutes
- Committee comments and questions
- Public comment
  - 3 minutes allotted per commenter
  - 300 words if written to meetings@sonomacleanpower.org
- Additional Committee comment
- Survey with written comment section posted on website afterward

2

Agenda

- Purpose and Process
- California Energy Policy
- SCP Energy Mix
- Key Assumptions & Challenges
- How Public Can Help

3

Purpose and Process

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4

Purpose

- **Identify future resources** to meet SCP energy demands and achieve internal and regulatory environmental performance goals
- **Reduce costs and risk** by optimizing energy mix and procurement timing
- **Educate, inform, and collect feedback** on customer priorities and concerns for energy supply

Cloverdale Solar

5

Comparison to Regulatory Process

Characteristic	Internal IRP	Regulatory IRP
Timing	Every odd year	Every even year
Objective	Minimize cost and risk	Validate GHG emissions are within state target
Constraints	Internal GHG and RPS metrics, reliability	Reliability and resource availability
Load Forecast	Internal model	% assignment of statewide CEC forecast
Model	Ascend PowerSimm	E3 Resolve (for RSP)
Application	Procurement strategy, advocacy, & long-term financial planning, feeds Regulatory IRP	Compliance and procurement orders

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Internal IRP Process

Discovery
- Align on rules, objectives, and metrics
- Review resource plans from other entities
- Identify strategic resource portfolios

Modeling
- Evaluate open position
- Develop candidate resource portfolios
- Develop multiple load forecasts under varying assumptions
- Assess demand-side opportunities

Optimization
- Market price run optimization
- Stress test various load forecasts
- Evaluate environmental performance and regulatory risk
- Compare candidate portfolios
- Propose preferred portfolio

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California Energy Policy

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Guiding Policy

- **SB 1078** in 2002 established California Renewable Portfolio Standard (RPS) with requirement of 20% by 2017
- **AB 32** in 2006 grants authority to CARB to reduce GHG emissions to 1990 levels by 2020
- **SB 350** in 2015 increases RPS requirement to 50% by 2030, requires 65% of RPS from long-term contracts, and requires load serving entities (LSEs) to develop IRPs
- **SB 32** in 2016 requires CARB to reduce GHG to 40% below 1990 levels by 2030
- **SB 100** in 2018 increases RPS to 60% by 2030 and establishes 100% carbon free or RPS requirement in 2045

The Geysers

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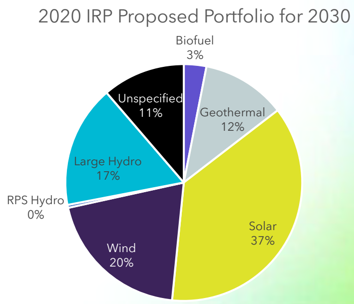
IRP Proceeding

- LSEs assigned a proportion of the statewide load and allowance of electricity sector emissions
  - Emissions estimated on an hourly model of resource dispatch in CAISO
- Resource portfolios to meet load must be compared to CPUC's Reference System Portfolio (RSP) and validated for reliability and resource availability
  - SCP's submitted portfolio relied heavily on solar + storage in 2030 and will be rebuilt in 2021 internal process
- Compiled submissions used to develop Preferred System Plan (PSP) and used as the basis for ordering required procurement
  - 2018 IRP led to order of 3,300 MW of incremental capacity in 2019
  - Proposed order from 2020 IRP for 1,000 MW of new geothermal, 1,000 MW of new long-duration storage, and 5,500 MW of any type



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Adjacent Policy Considerations

- **SB 612** would share attributes and capacity of PCIA resources with SCP customers
- **Title 24** mandates solar on all new construction
- **NEM 3.0 Successor Tariff** could adjust non-bypassable charges, TOU rates, and other incentives for BTM generation
- Governor's **2035 Zero-Emission Vehicle Mandate** will accelerate adoption of EVs and associated electricity demand
- **Adoption of carbon-free electricity targets in Oregon and Washington** reduces available hydropower for import

Golden Hills Wind

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SCP Energy Mix

Sonoma Clean Power

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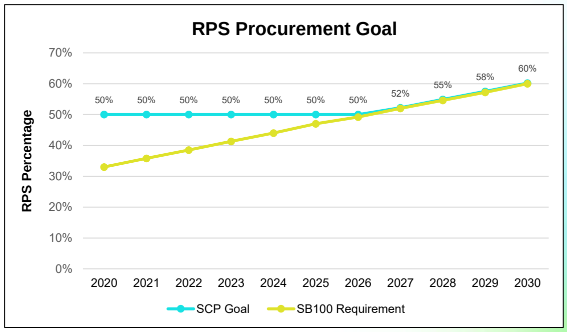
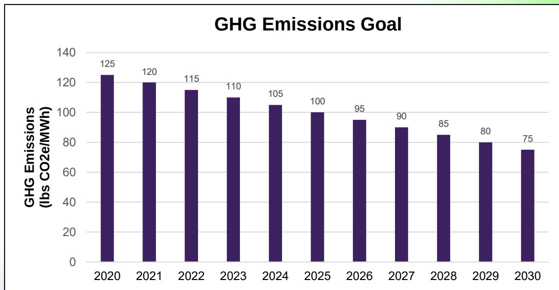
Stated Goals

SCP's portfolio design is currently driven by two stated environmental objectives:

- Delivering **at least 50% RPS** by 2020 and meeting compliance obligations beyond
- Reducing **GHG Emissions to below 75 lbs CO2e/MWh by 2030**
    - Measured using The Climate Registry annual methodology and will be modified to hourly objective
    - 23% below 2030 load-share of GHG emissions in 38 MMT portfolio

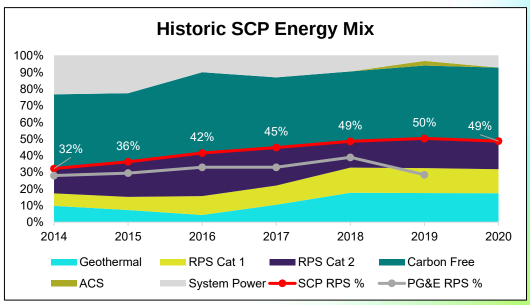


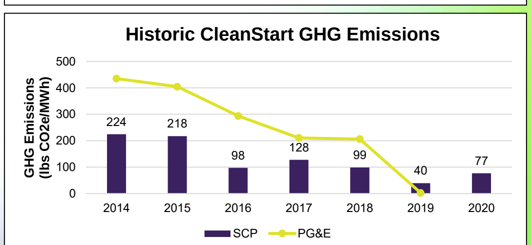


Historical Energy Mix

Since starting service, SCP has made steady progress in improving the environmental performance of its electricity products

- The delivered RPS % has **increased from 32% in 2014 to 49% in 2020**
- GHG emissions have been **reduced from over 200 lbs CO2e/MWh in 2015 to less than 80 lbs CO2e/MWh starting in 2019**



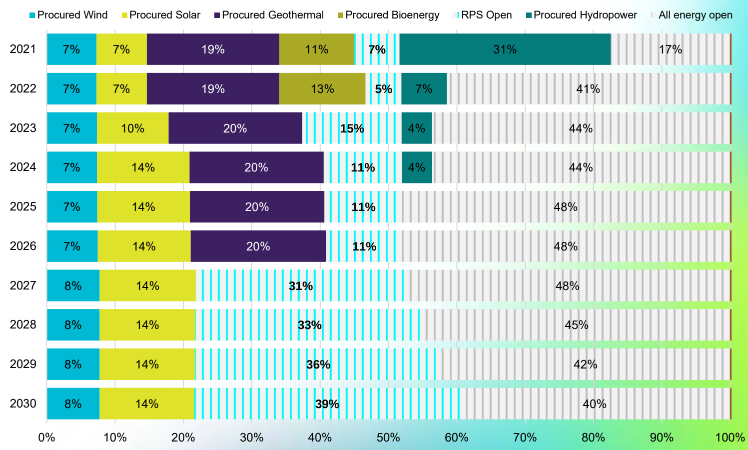


Procured & Planned

In order to reach stated goals, SCP anticipates significant procurement of RPS and carbon free resources in the next decade

- Short-term RPS and carbon free contracts roll-off in 2022 and 2023, partially offset by new contracted solar
- Significant RPS open position following end of existing geothermal contract in 2026

SCP Procured Energy Supply and Open position



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Key Assumptions & Challenges

Sonoma Clean Power

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Key Assumptions

Objectives

- Redefine internal RPS and GHG goal to align with current trajectory
- Migrate to hourly marginal emissions evaluation
- Prioritize cost and reduced risk after satisfying environmental goals

Demand

- Internal weather-normalized model
- Scenarios bracketing current meter count trend
- Scale NEM and EV impacts from CEC statewide forecast scenarios
- Evaluate demand-side capacity resources and emissions mitigation

Supply

- External market intelligence on PPA cost, hourly load shapes, and volatility
- Economic curtailment of renewable resources
- Marginal capacity costs driven by battery energy storage capital costs

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Challenges

- Designing a portfolio that is **robust across the range of uncertainty in market prices** for capacity, energy, and environmental attributes
- Building portfolio with **flexibility for varying trajectories for regulations** on capacity, PCIA, power source disclosure, emissions allocation, and procurement mandates
    - This **regulatory risk** can eliminate or **devalue the attributes** of CCA procured resources
- Selecting energy and capacity resources that enable SCP to **offer competitive rates for customers**

Mustang 2 Solar

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How Public Can Help

What? How?

Sonoma Clean Power

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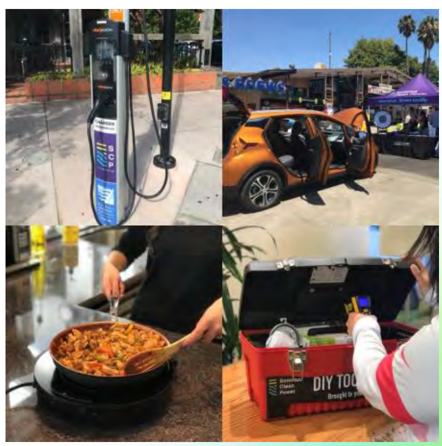
What and How

- Attend public meetings and provide comments or submit written comments
- Complete IRP online survey to be distributed after this presentation



SCP Customer benefits

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Next Steps

Staff will post video recording of this presentation on website for the CAC meetings https://sonomacleanpower.org/documents

The current IRP public process timeline is as follows (subject to change):

- **05/20/2021 CAC meeting-** Introduction to IRP presentation
- **06/03/2021 BOD meeting-** Introduction to IRP presentation summary
- **07/15/2021 CAC meeting-** Technical presentation on load and resource modeling scenarios
- **08/06/2021 BOD meeting-** Technical presentation summary
- **09/16/2021 CAC meeting-** Present the IRP Draft narrative and recommended preferred portfolio for feedback.
- **10/07/2021 BOD meeting-** Present the IRP Draft narrative and recommended preferred portfolio for feedback.
- **10/21/2021 CAC meeting** – Present the IRP and preferred portfolio for CAC recommendation to the Board.
- **11/04/2021 BOD meeting** - Staff will seek approval of the IRP and preferred portfolio from Board.

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Thank you!

Recording of this workshop will be posted to https://sonomacleanpower.org/documents

Sonoma Clean Power

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Sonoma Clean Power

Staff Report – Item 05

To: Sonoma Clean Power Authority Community Advisory Committee

From: Neal Reardon, Director of Regulatory Affairs
Geof Syphers, Chief Executive Officer

Issue: Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate

Date: May 20, 2021

Requested Action:

Receive Legislative and Regulatory Updates and provide feedback as appropriate.

Regulatory Update

Power Charge Indifference Adjustment ("PCIA")

PCIA on Bundled Bills

IOUs were previously required by CPUC Decision D. 18-10-019 to transparently show above-market procurement charges on bundled customer bills as well as CCA customer bills. The ultimate implementation of that will occur in Summer of 2022, when bundled customers will see a charge on page 2 of their bill for legacy above market costs.

Working Group #2 – prepayment of PCIA obligation as lump sum

On May 5th, the CPUC will host a workshop to discuss terms of equitable PCIA prepayment terms. These would apply to CCAs seeking to make a lump sum PCIA payment in lieu of leaving their customer exposed to volatile fees. SCP will participate on behalf of CalCCA. The goal of the workshop is to inform Energy Division staff's recommendation on how IOU prepayment frameworks should be implemented. The initial IOU proposal remains suspended by Energy Division staff following protests submitted by CalCCA and other parties highlighting the inequity of the IOU proposal.

Following this workshop, CPUC staff directed the IOUs to file a supplemental advice letter revising their proposal for a prepayment framework. Staff made it clear that they do not support the IOU's initial proposal that CCAs be required to post two years' worth of PCIA chargers as collateral to begin prepayment negotiations.

Working Group #3 – allocation of IOU resources and prudent management of costs

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 prioritized the most important elements that require modification to make allocation of resources equitable and submitted opening comments via CalCCA on April 26th. In addition, SCP staff worked with three other Northern California CCAs to submit a second set of opening comments highlighting the need for a transparent rate-setting process that provides information well in advance of rate changes.

Following feedback from multiple stakeholders, CPUC staff postponed the vote on this Proposed Decision. The assigned Administrative Law Judge issued an amended version which made very few changes. In addition, the Commissioners are holding a Rate Setting Deliberative Meeting on this topic on May 12th. It is currently on the agenda for the May 20th Commission meeting.

While staff 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

There are no written materials for the legislative update and a verbal update will be given to the Committee.

Staff Report – Item 06

To: **Sonoma Clean Power Authority Community Advisory Committee**

From: **Geof Syphers, CEO**

Issue: **Recommend that the Board of Directors Adopt SCP Energy Risk Management Policy**

Date: **May 20, 2021**

Recommendation

Staff requests that the Community Advisory Committee ("CAC") recommend the SCP Board of Directors ("Board") adopt the newly revised SCP Energy Risk Management Policy in Attachment A.

Background

Since 2015, SCP has made few changes to its risk management policies while working to improve internal practices. Staff is presenting a significantly updated Energy Risk Management Policy ("Policy") that, if adopted by the Board, would codify the changes staff have largely already implemented and supersede four existing Board policies:

- B.1 Financial Policy - CEO Spending Authority
- C.1 Power Services - Risk Management;
- C.2 Power Services - California Independent System Operator; and
- C.3 Power Services - Procurement Criteria, Policies, and Signature Authority.

The scope of the new proposed Policy addresses SCP's electric supply and participation in energy markets and continues to leave the detailed management of operational risks to staff for matters like data management, deal entry, settlement validation, and the accuracy of load and generation forecasts.

Staff drafted language intending to balance the objectives of providing stable and competitive electric rates to customers, maintaining the financial viability of SCP, managing business processes to allow SCP staff to work efficiently and cost effectively, and achieving SCP's environmental goals.

The proposed Policy would establish an organizational structure for risk management controls, including setting acceptable risk parameters and limits, identifying permitted transactions and product types.

Discussion

The Proposed SCP Energy Risk Management Policy is attached as Attachment A to this report. If adopted, the Policy will be actively monitored by SCP's CEO, COO, Director of Regulatory Affairs, Managing Director of Power Procurement and Senior Risk Officer in consultation with SCP's Special Counsel – collectively, staff's Risk Oversight Committee. Every two years, this group would present any recommended updates to the Policy to the CAC and Board for consideration.

The purpose of the Policy is to limit the Authority's exposure to unnecessary risks and provide a clearer guide to procurement-related decisions.

Perhaps most importantly, the Policy would clarify the separation of duties in SCP's staff between Procurement (sometimes called "Front Office"), Controls and Reporting ("Middle Office"), and Settlements and Recording ("Back Office").

Risk Management activities are managed by the Middle Office. The responsibility of the Middle Office is to oversee portfolio exposure, credit and counterparty exposure and regulatory compliance. Staff will develop key metrics to identify and analyze risk and create reports so that staff's Risk Oversight Committee can evaluate and monitor risks.

The Policy also identifies authorized forms of purchase agreements and authorized products for SCP to purchase.

Finally, the Policy clarifies SCP's existing requirements for energy market activity to be consistent with both the Integrated Resource Plan and Joint Powers Authority, and incorporates all of the existing signing authorities to consolidate those policies in one place.

Attachments

- Attachment A – Draft SCPA Energy Risk Management Policy
- Attachment B – Existing Financial Policy B.1 CEO Spending Authority
- Attachment C – Existing Power Services C.1 Risk Management

- Attachment D – Existing Power Services C.2 California Independent System Operator
- Attachment E – Existing Power Services C.3 Procurement Criteria, Policies, and Signature Authority

DRAFT SCPA Energy Risk Management Policy

Adopted on _________________

TO BE REVIEWED AND ADOPTED BY THE SCPA BOARD OF DIRECTORS. THIS DRAFT POLICY HAS NO EFFECT UNLESS AND UNTIL IT IS ADOPTED.

1. Introduction

It is the policy of the Sonoma Clean Power Authority ("SCPA") to operate Sonoma Clean Power ("SCP") to provide electric energy and energy-related programs to customers consistent with our Board-approved IRP. SCPA also has a duty to make financially sound and timely investments, and to safeguard the Authority against adverse conditions.

This Energy Risk Management Policy ("Policy") recognizes that there are risks inherent in participating in energy markets, and establishes the key control structures and policies to prudently manage risk:

- Clearly defined segregation of duties and delegation of authority
- Organizational structure for risk management controls
- Policies setting acceptable risk parameters and risk limits
- Procedures for risk reporting
- Permitted transactions and product types

The scope of this Policy addresses SCPA's electric supply and participation in energy markets. It does not address operational details such as the prudent handling of data, deal entry, settlement validation, accuracy of load and generation forecasts, and myriad other detailed tasks. It also does not address general business risks, insurance, legislative or policy risks.

SCPA recognizes that risks are inherent in the electric energy business. SCPA therefore seeks to use the prudent management of energy market transactions to minimize the risks to SCPA and its customers.

2. Energy Risk Management Objectives

The primary objectives of energy risk management activities are to balance the business objectives of (1) providing stable electric rates to customers, (2) maintaining the on-going financial viability of the agency, and (3) managing business processes to allow the staff of SCPA to work efficiently and cost effectively while achieving standards in our Integrated Resource Plan ("IRP").

2.1. Retail Rate Stability

Stable rates are of high value to the citizens and businesses in Sonoma and Mendocino Counties, and yet energy commodity market prices are extremely volatile. Therefore, a key objective is to manage the risks inherent in the energy commodity markets to limit customer exposure to large swings in rates. This is done by mitigating both market risk and credit risk. Reserve balances maintained by SCPA per Financial Policy B2 provide financial credit for entering into long-term contracts and financial liquidity for entering into shorter-term contracts and purchases of energy in the spot and forward market as needed to meet the projected load.

2.2. Maintain Financial Viability of the Agency

SCPA seeks to: (a) reduce exposure to potential adverse energy price movements; (b) control costs by optimizing SCPA contracts; and (c) offering commodity products that address customer needs and recover costs through rate setting Board adopted financial policies.

2.3. Efficient and Cost-Effective Business Processes

SCPA staff will utilize business practices and controls that are sufficient to identify, evaluate, and manage risks, and are designed to streamline recording, analysis and reporting requirements. Staff will strive to improve the risk management procedures to enhance productivity, reduce the cost of conducting risk management activities, and maintain transparency and value of the risk management process.

3. General Transacting Policy

3.1. Anti-speculation

Speculative buying and selling of energy products are prohibited. SCPA will not speculate in the energy market. Purchases of power products are only allowed where there is expectation of receiving delivery/utilizing the financial product. Selling of products is only allowed when SCPA owns the underlying products. Financial transactions that financially protect SCPA from major swings in market pricing are allowed.

3.2. Consistency with Integrated Resource Plan

Any transaction that is not consistent with the Board's most recently adopted Integrated Resource Plan must be reported by the CEO at the next Board meeting together with the reasons for the transaction.

3.3. Open and Competitive Process

Whenever possible, SCPA will seek to obtain multiple bids when making a purchase or sale transaction and select the best value transaction consistent with SCPA's Board-adopted IRP.

3.4. Adherence to all Required Registrations and Certifications

Note: The following may be updated by staff periodically to reflect changing requirements:

SCPA aims to comply with all applicable compliance regulations. For instances where SCPA does not meet compliance obligations, the nature of the action will be presented to the Board along with any resulting penalties or consequences.

a) California Public Utilities Commission (CPUC)

SCPA shall maintain its certification to operate a CCA through an Implementation Plan and maintain a functional relationship for customer billing with a CPUC-certified Service Agreement between SCPA and the investor-owned utility.

b) California Independent System Operator (CAISO)

SCPA is a Market Participant in the CAISO Federal Energy Regulatory Commission filed tariff, which includes Scheduling Coordination, energy imbalance settlement, congestion revenue rights, settlements and other rights and responsibilities as determined by CAISO. SCPA's market participation shall strictly comply with the laws, rules and regulations governing CAISO operation, including but not limited to, the FERC approved CAISO Tariff, CAISO Business Practice Manuals, and any successors; be consistent with SCPA Board adopted Policies; and continuously seek the lowest cost, least risk impact to SCPA customers.

c) Western Renewable Energy Generation Information System (WREGIS)

SCPA is a WREGIS account holder where SCPA has the right to purchase, transfer and retire certificates. WREGIS certificates are required for compliance with state requirements for renewable energy.

d) California Energy Commission (CEC)

SCPA engages with the California Energy Commission to ensure compliance in areas including adhering to renewable energy mandates, Resource Adequacy load forecasting, Integrated Energy Policy Report and power content reporting.

e) California Air Resources Board (CARB)

SCPA engages with CARB to ensure compliance in areas including Low Carbon Fuel Credits.

3.5. Operational Risk Assessment

The Board has directed staff to ensure that standard procedures are maintained to address portfolio valuation risk, counterparty credit and default risk, risks associated with forecasting error, risks of overconcentration on technologies, location or specific counterparties, and other related market risks as determined by the Risk Oversight Committee ("ROC").

4. Oversight Bodies

4.1. Sonoma Clean Power Authority Board of Directors

The SCPA Board of Directors has the primary oversight responsibility, governing SCPA's preferred resources through the Integrated Resource Plan, selecting customer programs, establishing customer rates and ensuring SCPA is responsibly managed by hiring, reviewing and potentially terminating its CEO. The Board receives advice from its Community Advisory Committee and the public. The Board also establishes and reviews this policy from time to time and reviews staff reports on risk.

4.2. Chief Executive Officer

The CEO has responsibility for executing and ensuring compliance with policies adopted by the Board of Directors. The CEO shall establish a staff "ROC" which shall consist of the CEO, COO, Director of Regulatory Affairs, Managing Director of Power Procurement and Senior Risk Officer. The CEO shall report annually to the Board regarding energy risk management activities. The CEO shall maintain clear delegations of energy market contracting authority for each type of transaction and each staff position within SCPA.

4.3. Risk Oversight Committee (ROC)

The ROC shall advise the CEO on prudent risk management and aid in ensuring compliance with this and other Board policies. Any transaction or activity requiring the approval of the CEO or SCPA's Board Chair or Vice Chair shall first be reviewed by the ROC.

The ROC shall serve in an oversight and advisory role which governs and ensures adherence to the Policy. The ROC is responsible for making recommendations to approve or reject transactions based on the Policy, reviewing hedge tolerance bands, seeking input on recommended transactions prior to seeking Board approval to execute, reviewing PPA and long-term transactions including seeking input on RFOs prior to issuance, reviewing RFOs, verifying term sheets details and confirming final contracts prior to execution.

The ROC will define internal controls, strategies and processes for managing market risks such as those incurred through wholesale trading, retail marketing, long-term contracting, Congestion Revenue Rights ("CRR") trading and load and generation scheduling.

In addition to the above-mentioned responsibilities, the ROC will evaluate energy market transactions for consistency with SCPA's procurement strategy and targets (i.e. Renewable Portfolio Standard ("RPS"), Greenhouse Gas ("GHG"), Resource Adequacy ("RA"), energy storage) and established risk tolerances. The ROC will also validate that risk management controls and practices are sufficient to monitor and manage SCPA's risk exposure.

The ROC also approves counterparties based on Section 5 of this Policy.

The ROC reviews risk management reports provided by the Power Services Team's Middle Office including SCPA's Net Open Position ("NOP"), market exposure, credit exposure, counterparty credit ratings, transaction compliance, and other relevant market data and portfolio parameters.

The ROC shall recommend updates to the Board for this Policy as needed. At a minimum, this Policy will be reviewed and updated by the ROC at least every two years.

4.4. Management Responsibility

Risk management oversight is accomplished through supervisory review and approval and appropriate separation of duties as follows:

f) Front Office – Planning and Procurement

The Front Office is primarily responsible for resource planning and procuring energy supplies and services. The Front Office management responsibility is accomplished through supervisory review and using appropriate transaction approval processes.

g) Middle Office – Controls and Reporting

The Middle Office provides the primary independent management responsibility. The Middle Office oversees all risk management activities including portfolio exposure, credit and counterparty exposure, and compliance. The Middle Office responsibilities provides checks and balances while monitoring SCPA's risk exposures and ensuring compliance with policies, guidelines, and procedures. The functions of the Middle Office can be broadly defined as risk analysis, compliance tracking and review, credit analysis, and management reporting.

i. Risk Analysis

The Middle Office performs rigorous risk analysis to evaluate the risk exposure on both a transaction and portfolio basis.

ii. Confirmations

Confirmations ensures transactions have gone through appropriate approval, legal review and proper signing authority for execution.

iii. Compliance Tracking and Review

The Middle Office monitors all compliance obligations and transactions to ensure compliance of transactions with SCPA policies and state regulations.

iv. Credit Analytics

The Middle Office monitors and analyzes counterparty creditworthiness. The Middle Office objectively measures and monitors credit limits and credit histories, and may temporarily or permanently halt trading, upon recommendation of the ROC. Credit will provide guidelines and transaction limitations and actively monitor counterparty risk to minimize the potential adverse financial impacts on SCPA in the event of a defaulting counterparty. Credit will implement a mechanism to monitor and report on supply portfolio related counterparty credit exposures. Counterparty credit exposures and transaction volumes relative to the established limits are to be monitored on an ongoing basis and reported to the ROC by the Middle Office. Credit will also analyze and track exposure to margin call, collateral tracking, Letters of Credit and anything related to SCPA's financial exposure for credit purposes.

v. Management Reporting

The Middle Office administers reports to the ROC related to risk management.

h) Back Office – Settlement and Recording

The Back Office is primarily responsible for counterparty checkouts, settlement of invoices, bookkeeping and accounting, and contract administration. The Back Office roles in oversight are ensuring that invoices reflect purchases or sales, independently monitoring transactions in the tracking database, and verifying and reporting on compliance with procedures. Back Office is responsible for compliance reporting functions including but not limited to WREGIS retirement, RPS retirement reporting, retail sales, and LCFS.

5. Authorized Forms of Agreement

The Board authorizes the CEO to develop and maintain such standard forms of agreement necessary to fulfill SCPA's compliance obligations and generally supply all of SCPA's energy and energy-related services. The CEO shall utilize legal counsel with specific expertise in each type of agreement in the development of the standard forms and in reviewing any potential exceptions. The Middle Office and SCPA's General Counsel maintains the authorized forms of agreement and ensures that exceptions are reviewed by expert counsel prior to execution.

6. Authorized Transacting Products

Products allowed for electric transactions include energy, capacity, transmission, financial hedges and ancillary services. All transactions must:

1. be committed to by authorized transacting personnel;
2. be with approved counterparties;
3. use an authorized form of agreement;
4. be committed over recorded phone lines, via electronic mail or in writing;
5. be recorded into SCPA's deal book within 24 hours of execution; and
6. be consistent with this Policy.

Failure to observe the above minimum requirements when executing energy transaction is a violation of this Policy and is subject to disciplinary action.

7. Transacting Authority

The CEO is authorized to make all necessary energy product expenditures which meet all of the following criteria, and may delegate these authorities to staff as necessary:

1. In the best interest of SCPA's customers;
2. Consistent with this Policy and all other Board policies;
3. Less than 10 years in duration;

4. Less than $250 million in notional value.

8. Conflict of Interest

In accordance with the Municipal Code and California law, personnel involved in transacting and oversight of SCPA's supply resources may not engage in financial conflicts of interest, unless SCPA is duly informed, and it elects to waive such conflicts. Certain conflicts cannot be waived, including conflicts related to the Political Reform Act and Government Code Section 1090. All personnel in procuring or selecting counterparties for contracting or transacting are required to complete, on an annual basis, the Form 700 Disclosure forms and submit these forms to the Clerk.

Financial Policy B.1

CEO Spending Authority

The Sonoma Clean Power Authority (SCPA) CEO is authorized to make expenditures without prior Board or Community Advisory Committee review or approval provided that:

1. For power procurement , the total term and dollar amount does not exceed the limits established in Power Services Policy C.3;

2. For all other expenditures the total annual dollar amount/cost or the purchase or contract does not exceed $100,000 AND the expenditure will not result in exceeding the annual amount currently budgeted and approved in the applicable category;

3. The expenditure is consistent with all adopted SCPA policies;

4. The Board Chair and Vice Chair, and the Community Advisory Committee Chair are notified immediately following any purchases that exceed $100,000;

5. The expenditure is in the best interests of SCPA customers; and

6. All expenditures in excess of $100,000 are reported at the next Board meeting.

Adopted: June 5, 2014
Amended: April 7, 2016 & April 1, 2021

Power Services Policy C.1

Risk Management

Sonoma Clean Power Authority (SCPA) provides retail electric service to customers enrolled in the Sonoma Clean Power program. In order to provide such service while meeting associated legal compliance obligations and furthering the purposes of the program, SCPA engages in several types of procurement activities for an array of energy-related products. The products may include those related to energy, capacity, ancillary services, energy transmission and others that may be defined through legislative and regulatory changes. Procurement activities may include competitive solicitations, bilateral negotiations, programmatic activities, project development and participation in various markets such as those run by the California Independent System Operator (CAISO).

As an agency that serves customer electric load, and manages a portfolio to perform this function, SCPA faces exposure to many types of risk, such as: forecast error, commodity price fluctuation, market liquidity, and counterparty credit. These risks directly impact overall procurement costs and the risk of adverse procurement cost changes.

SCPA shall implement processes that monitor and manage procurement cost risk consistent with utility industry practice, for the purpose of prudently balancing the dual objectives of cost minimization and protection against low-probability adverse cost movements. These objectives are frequently in conflict, as lowest cost procurement may be achieved by settling all transactions in spot markets and none through forward contracts, while the lowest risk portfolio may be achieved at prohibitively high cost.

Therefore, SCPA's risk management processes shall include methods to model and calculate portfolio cost in low probability circumstances (5% probability, or 95th percentile) and shall, on no less frequently than a quarterly basis, monitor this cost against a tolerance threshold equal to a 10% increase in procurement costs. In the event that the calculated portfolio cost at the 95th percentile exceeds the tolerance threshold, SCPA management will be notified and corrective action will be taken to reduce this cost to a level at or below the threshold.

Adopted: November 7, 2013
Amended: January 8, 2015

Power Services Policy C.2

California Independent System Operator

Sonoma Clean Power Authority (SCPA) is a Market Participant as defined in the California Independent System Operator's (CAISO) Federal Energy Regulatory Commission filed tariff. SCPA's participation in the CAISO markets includes, but is not limited to, the areas of Scheduling Coordination, energy imbalance settlement, Congestion Revenue Rights accrual, settlements, and other activities, rights and responsibilities as determined in the CAISO tariff as it applies to all CAISO market participants. SCPA's CAISO market participation shall:

1) Strictly comply with the laws, rules and regulations governing CAISO operation, including but not limited to, the Federal Energy Regulatory Commission approved CAISO Tariff, CAISO Business Practice Manuals, and any successors;
2) Be consistent with SCPA Board adopted Policies; and
3) Continuously seek the lowest cost, least risk impact to SCPA customers.

On an interval appropriate to each specific CAISO market, but in no circumstance on less than a monthly basis, SCPA shall monitor CAISO transactions for conformance to expected outcomes. SCPA shall immediately take all appropriate actions to address identified deviations. To the extent SCPA identifies contingencies that are likely to result in an impact exceeding 5% of gross revenues, SCPA shall report such contingencies and their proposed resolution to the Community Advisory Committee and the Board at the next available Committee and Board meetings.

Adopted: November 7, 2013
Amended: January 8, 2015

Power Services Policy C.3

Procurement Criteria, Policies, and Signature Authority

This Procurement Policy C.3 applies to all "Energy Contracts" as defined in Exhibit A to the Third Amended and Restated Joint Powers Agreement.

Definitions:

As used in this Procurement Policy C.3:

"Transaction" means any "Energy Contract."

"Spot Transaction" means any Transaction that involves deliveries of product for a period of less than five days.

General Requirements:

All Transactions other than Spot Transactions must be evidenced by a written agreement or confirmation that has been reviewed and approved as to form by the General Counsel or by an outside counsel approved by the General Counsel.

All Transactions must be consistent with any then-applicable Integrated Resource Plan adopted by the Board of Directors. If no Integrated Resource Plan has been adopted by the Board of Directors, all Transactions must be consistent with the purposes stated in the JPA. Transactions that are not consistent with an adopted Integrated Resource Plan or with the JPA must be approved by the Board of Directors. All Transactions must also meet the criteria set forth in Procurement Policy C.1, relating to risk management.

Any Transaction requiring the posting of collateral will require, at a minimum, the signatures of the current head of Power Procurement and the Chief Executive Officer, in addition to any other applicable signature requirements.

Procurement Categories and Signature Requirements:

The table below shows the requirements for specific categories of procurement, and the individuals who are authorized to execute agreements, confirmations, and other documents relating to the procurement.

PROCUREMENT CATEGORY	SIGNATURE REQUIREMENTS	COUNSEL REVIEW REQUIREMENTS
Spot Transactions	The current head of Power Procurement and one additional staff member in Power Procurement as designated by the CEO.	None
Non-Spot Transactions of Duration Less Than 3 Years and Having Notional Value Equal to or Less Than $5,000,000	The current head of Power Procurement and either the CEO or COO.	Outside Counsel
Transactions Less Than 10 Years and Notional Value of Equal to or less than $250,000,000	The current head of Power Procurement and the CEO.	Outside Counsel and General Counsel
Transactions of 10 Years or More Duration or Having Notional Value Greater Than $250,000,000	The current head of Power Procurement, the CEO, and Chair and Vice Chair of Board of Directors	Outside Counsel and General Counsel

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Staff Report – Item 07

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 Recommend that the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2021-2022 with no Change to Rates on July 1, 2021

Date: May 20, 2021

Requested Action

Review and recommend that the Sonoma Clean Power Board of Directors approve the Proposed Fiscal Year 2021-2022 Annual Budget with no change to Rates on July 1, 2021.

Proposed Budget Updates

To facilitate review of the proposed budget updates in this report, staff will highlight what has changed from the Draft Budget presented at the April meeting. This summary of changes can be found following the revised staff report Summary below.

Summary

To set a new fiscal year budget, staff brings the budget to the CAC and BOD twice. The first Draft Budget is presented by staff for review and comment by the CAC and BOD to give staff direction on the early direction of the budget. This occurred in April for the CAC and May for the BOD. Staff may revise some of the budget figures between the Draft and Proposed budgets based on CAC and BOD input and updated information. In the second budget review, the Proposed Budget is presented for approval.

The Proposed Budget presented in this report has been adjusted from the Draft Budget reviewed with the CAC and the BOD. The following are attributes of the Proposed Budget and assumptions regarding customer billing rates for Fiscal Year 2021-2022:

- 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 relative to the current fiscal year due to lower SCP customer rates.
- Based on the most recent consultant forecast for the PCIA change in January 2022, and the most recent forecast of PG&E's expected change in generation rates in January 2022, the Operating Account Fund (for rate stabilization) provides $1.3 million in funding support during the fiscal year to keep customer bills within 5% of PG&E bundled customers.
- Customer bills remain within 5% of PG&E bundled customer bills for the fiscal year.
- Preserves about $16.0 million in SCP's rate stabilization fund to subsidize future customer rates as PG&E increases its fees.

Proposed Budget Changes from the Draft Budget

This section summarizes the changes made to the Draft Budget subsequent to the CAC and BOD review.

Revenues	Revenues were increased $1.7 Million due to a change in the forecast for PG&E generation rates and their PCIA fee in 2022.
Operating Account Fund	A reduction of $113,000 in the use of the Operating Account Fund to adequately subsidize customer rates.
Cost of Energy and Scheduling	The estimated cost of energy during the coming fiscal year has risen a bit due to the updated market outlook on future energy prices. See the Budget Tables later in this report for details.

Outreach and Communications	Added 19.5% ($220,000) to support the successful launch of the Advanced Energy Center based on the results of focus groups and recent market research. This additional amount would support updating displays quarterly, improve our ability to connect with and provide services to impacted customers, and updating customer communication and reporting tools. The need for this greater level of marketing support is a direct result of the recently completed market research focus groups. The focus groups gave us directional information that suggest SCP needs to revisit basic SCP information communications with customers to improve understanding and clarity about what SCP does/why it's important. We need to enhance our customer research around customer needs, and generally increase our listening to customers as well as increasing the level and modes of communications to them.

Background

Staff is presenting 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 starting June 15.

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, and only, 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 exit 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.

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 Proposed Budget continues that approach.

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 Proposed 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 fueled power, which itself fluctuates significantly with the commodity price of methane. For these reasons, staff will continue to update the Committee and Board on the PCIA as new information is available.

The Proposed 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.

Budget Overview

The Fiscal Year 2021-2022 Proposed 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, increase 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.

PROPOSED BUDGET

The Proposed 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 FY 20-21	DRAFT Budget FY 21-22	PROPOSED Budget FY 21-22	Changes from Draft Budget
REVENUES & OTHER SOURCES				
Electricity Sales (net of allowance)	$ 188,347,000	$ 177,577,000	$ 179,277,000	Up $1.7M from draft budget due to updated forecast of PCIA and PG&E rates
Operating Account Fund Inflows	$ 4,630,000	$ 1,466,000	$ 1,353,000	Slightly smaller use of rate stabilization funds than in the draft budget
EverGreen Premium (net of allowance)	$ 1,488,000	$ 2,074,000	$ 2,074,000	
CEC Grant Proceeds	$ 2,974,000	$ 2,065,000	$ 2,065,000	
BAAQMD Grant	$ 50,000	$ 50,000	$ 50,000	
Interest Income	$ 750,000	$ 840,000	$ 840,000	
Total Revenues	$ 198,239,000	$ 184,072,000	$ 185,659,000	
EXPENDITURES				
Product				
Cost of Energy and Scheduling	$ 167,024,000	$ 158,069,000	$ 159,436,000	Updated estimated energy costs due to recent market trends
Data Management	$ 3,195,000	$ 3,198,000	$ 3,198,000	
Service Fees to PG&E	$ 969,000	$ 973,000	$ 973,000	
Product Subtotal	$ 171,188,000	$ 162,240,000	$ 163,607,000	
Personnel	$ 5,623,000	$ 6,200,000	$ 6,200,000	
Outreach and Communications	$ 1,130,000	$ 1,130,000	$ 1,350,000	Added communication resources based on recent mkt research results
Customer Service	$ 383,000	$ 363,000	$ 363,000	
General and Administration	$ 615,000	$ 1,140,000	$ 1,140,000	
Other Professional Services				
Legal	$ 360,000	$ 410,000	$ 410,000	
Regulatory and Compliance	$ 397,000	$ 430,000	$ 430,000	
Accounting	$ 217,000	$ 245,000	$ 245,000	
Legislative	$ 78,000	$ 120,000	$ 120,000	
Other consultants	$ 185,000	$ 225,000	$ 225,000	
Other Professional Services Subtotal	$ 1,237,000	$ 1,430,000	$ 1,430,000	

	Revised Budget FY 20-21	DRAFT Budget FY 21-22	PROPOSED Budget FY 21-22	Changes from Draft Budget
EXPENDITURES – ***continued***				
Industry Memberships and Dues	$ 437,000	$ 536,000	$ 536,000	
Programs				
Program Dev. and Implementation	$ 3,149,000	$ 5,640,000	$ 5,640,000	
CEC Grant Program	$ 5,561,000	$ 4,000,000	$ 4,000,000	
Programs Subtotal	$ 8,710,000	$ 9,640,000	$ 9,640,000	
Total Expenditures	$ 189,323,000	$ 182,679,000	$ 184,266,000	
Revenues Less Expenditures	$ 8,916,000	$ 1,393,000	$ 1,393,000	
OTHER USES				
Capital Outlay	$ 8,916,000	$ 1,393,000	$ 1,393,000	
DEBT SERVICE				
Debt Service	$ -	$ -	$ -	
Total Expenditures, Other Uses	$ 198,239,000	$ 184,072,000	$ 185,659,000	Maintain reduction in overall costs from FY20-21
Net Increase/(Decrease) in Fund Balance	$ -		$ -	
Cumulative Net Increase/(Decrease) in Fund Bal.				
Operating Account Fund (Bill Stability)	$ 17,370,000	$ 15,904,000	$ 16,017,000	

INFORMATION ONLY - SUPPLEMENTAL TO THE PROPOSED BUDGET

Details on the proposed 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.

	PROPOSED Budget FY 21-22	Forecast [1] FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
REVENUES & OTHER SOURCES					
Electricity Sales (net of allowance)	$ 179,277,000	$ 186,775,000	$ 168,055,000	$ 165,195,000	$ 177,926,000
Operating Account Fund Income/(Deferral)	$ 1,353,000	$ -	$ 10,320,000	$ 9,135,000	$ 1,665,000
EverGreen Premium (net of allowance)	$ 2,074,000	$ 2,133,000	$ 2,187,000	$ 2,241,000	$ 2,298,000
Grant Proceeds	$ 2,115,000	$ -	$ 500,000	$ 500,000	$ 500,000
Interest Income	$ 840,000	$ 600,000	$ 600,000	$ 500,000	$ 500,000
Total Revenues	$ 185,659,000	$ 189,508,000	$ 181,662,000	$ 177,571,000	$ 182,889,000
EXPENDITURES					
Product					
Cost of Energy and Scheduling	$ 159,436,000	$ 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	$ 163,607,000	$ 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	$ 1,350,000	$ 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	$ 184,266,000	$ 180,291,000	$ 181,662,000	$ 177,571,000	$ 182,889,000
Revenues Less Expenditures	$ 1,393,000	$ 9,217,000	$ -	$ -	$ -
OTHER USES					
Capital Outlay	$ 1,393,000	$ -	$ -	$ -	$ -
DEBT SERVICE					
Debt Service	$ -	$ -	$ -	$ -	$ -
Total Expenditures, Other Uses	$ 185,659,000	$ 180,291,000	$ 181,662,000	$ 177,571,000	$ 182,889,000
Net Increase/(Decrease) in Fund Balance	$ -	$ 9,217,000	$ -	$ -	$ -
Operating Account Fund Balance (EOY)	$ 16,017,000	$ 25,234,000	$ 14,914,000	$ 5,779,000	$ 4,114,000

[1] This series of revenue and cost forecasts are based on the best available information available at the time of the forecast (May, 2021).

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 low-kWh, 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, or RA), 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 cash-out 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 Proposed 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 Impacted 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 once again host events. Development broadly includes frequent meetings with customers, other CCAs, industry stakeholder groups, and PG&E.

Other Professional Services

Legal

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.

Legislative

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 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.