



**AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, SEPTEMBER 16, 2021
1:00 P.M.**

******GOVERNOR'S EXECUTIVE ORDER N-08-21******

RE CORONAVIRUS COVID-19

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-08-21 WHICH SUSPENDED CERTAIN REQUIREMENTS OF THE BROWN ACT, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE WILL PARTICIPATE IN THE SEPTEMBER 16, 2021 MEETING BY TELECONFERENCE. DUE TO THE EXECUTIVE ORDER, 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://us06web.zoom.us/j/84866139918>
 - Telephone number: (253) 215-8782
 - Meeting ID: 848 6613 9918

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.

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.

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 July 15, 2021 Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) - pg. 5
2. Receive Notice on Starting Contract Negotiations with Calpine Energy Solutions, LLC for Data Management Services (Staff Recommendation: Receive and File) - pg. 11
3. Recommend that the Board of Directors Approve Updated Terms and Conditions for 12-Month Pilot Program (Staff Recommendation: Approve) - pg. 13
4. Receive Notice on Board of Directors Approved Performance-Based Salary Increase and Annual Contract Goals for CEO Syphers (Staff Recommendation: Receive and File) - pg. 21
5. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 23

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

6. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 29
7. Receive Update on Empower (SCP's Community Engagement, Education, and Outreach) (Staff Recommendation: Receive and File) - pg. 49
8. Recommend that the Board of Directors Approve Resolution Creating a Geothermal Opportunity Zone (Staff Recommendation: Approve) - pg. 53
9. Recommend that the Board of Directors Approve an Investment Policy for Sonoma Clean Power (Staff Recommendation: Approve) - pg. 65

COMMITTEE MEMBER ANNOUNCEMENTS

ADJOURN

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 (<i>This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.</i>)
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers - Fully subscribed
RA	Resource Adequacy - a required form of capacity for compliance
RPS	The Renewables Portfolio Standard (RPS) is a California regulatory program that sets continuously escalating renewable energy procurement requirements for the state's electricity suppliers. Electricity suppliers must procure a verified percentage of total electricity through RPS-certified renewable facilities.
REC	Renewable Energy Credit - process used to track renewable energy for compliance in California.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day and by season

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**DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, JULY 15, 2021
1:00 P.M.**

******GOVERNOR'S EXECUTIVE ORDER N-08-21******

RE CORONAVIRUS COVID-19

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-08-21 WHICH SUSPENDED CERTAIN REQUIREMENTS OF THE BROWN ACT, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE PARTICIPATED IN THE JULY 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, Vice Chair Baldwin, and Members Quinlan, Dowd, Sizemore, Chaban, Wells, and Morris.

Staff present: Mike Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Erica Torgerson, Director of Customer Service; Rebecca Simonson, Director of Planning and Analytics; and Ryan Tracey, Senior Energy Analyst.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Public Comment: None

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

1. Approve June 17, 2021 Draft Community Advisory Committee Meeting Minutes
2. Recommend that the Board of Directors Approve an Extension of Customer Service Policy A.6a - 2020 COVID-19 Emergency Consumer Protection Policy

Member Morris asked a brief clarifying question about wording on page 18 of the packet, in Item 2. The wording under "1) Late Payment Notice: SCPA will halt sending modified Late Payment Notices to eligible customers starting through January 14, 2022" as written was unclear. Erica Torgerson, Director

of Customer Service, confirmed that the wording is incorrect and assured that it will be corrected prior to being presented to the Board of Directors.

Motion to Approve the June 17, 2021 Community Advisory Committee Consent Calendar with an Amendment to Wording in Item #2 by Member Dowd

Second: Sizemore

Motion Passed by Roll Call Vote: 8 - 0 - 0

Public Comment: None

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

Stephanie Reynolds, Director of Internal Operations, started by updating the Committee on progress at the new headquarters building. Staff will be returning to work in-person, in the new headquarters, on July 20th. The office will remain closed to visitors and public, however Committee members can arrange for tours of the space if they would like to see it. She also updated on upcoming Board of Directors (BOD) and Community Advisory Committee (CAC) meetings. Guidance as of this meeting allows for virtual public meetings through September 30, 2021. There will be no August CAC or September BOD meetings.

The Advanced Energy Center has been open for one month and has seen 437 visitors, surpassing the monthly goal set by Chief Operating Officer Mike Koszalka of 400 visitors per month.

COO Koszalka spoke on the financial aspects of the report. Calling attention to the budgetary comparison on page 25, there is a positive year-to-date variance. He noted that while not all invoices for FY 2020-2021 have been received yet, he expects to end the year positive, which means there may not be a need to use the rate stabilization fund.

Public Comment: None

4. Integrated Resource Planning (IRP) Portfolio Scenario Modeling

Ryan Tracey, Senior Energy Analyst in the Planning and Analytics Department, gave a presentation on the Portfolio Scenario Modeling portion of the Internal Integrated Resource Planning (IRP) process. Slides shown during the

presentation were included in the July 15, 2021 meeting packet materials.

Tracey reiterated a point he touched on in the introductory presentation of the IRP process provided during the May Community Advisory Committee (CAC) meeting that these CAC meetings will serve as the public input portions throughout the IRP process, which will continue until the December Board of Directors meeting when staff expects to seek approval of the IRP and preferred portfolio.

Member Quinlan asked if the Geysers geothermal resource is sustainable as drought conditions persist and whether using water in that capacity is the best use for it. He also asked for clarification on the use of behind-the-meter resources in the plan.

Vice Chair Baldwin asked about the value of using historical weather data as a variable when indicators show that weather in the future may be very different.

COO Koszalka gave background on the PowerSimm software tool from Ascend Analytics, LLC which allows for stochastic input variability to compare various future models against one another to assess risk.

Vice Chair Baldwin asked about public input, the surveys, and how staff decides how to weigh responses. Rebecca Simonson, Director of Planning and Analytics, replied that public input and responses to the surveys help staff determine the community's priorities.

Chair Nicholls reminded staff of the significant Latino/Latinx community in the SCP service territory and the importance of getting messages out to those populations. He suggested that staff create a PDF to send to Committee and Board members for posting among their networks.

Member Morris commented that she finds the internal IRP vs. regulatory IRP confusing and suggested that staff make that clearer when presenting to the Board especially, where many members are new and may be less familiar with these processes.

Public Comment: None

5. Recommend that the Board of Directors Delegate Authority to the Chief Executive Officer to Execute a Three-Year Software License, Maintenance, and Support Agreement with Ascend Analytics, LLC for a Contract Total of \$557,479 and an Additional \$67,481 Spending Authority Under the Agreement

Rebecca Simonson, Director of Planning and Analytics, presented this item.

SCP staff has been using the PowerSimm software tool since May 1st under a 90-day trial agreement to ensure that the tool will meet staff needs. In addition to benefits identified in the prior item's discussion, the PowerSimm software tool provides market intelligence, resource and load modeling, portfolio evaluation, and risk evaluation. Director Simonson explained that the additional \$67,841 spending authority that staff requested could be used in a variety of ways including technical consulting and running customized system scenarios. Authorizing the additional spending would allow staff to make quick decisions when necessary and avoid the need to seek Board approval for each request.

Member Quinlan asked about the possibility of negotiating favorable pricing terms in the future if staff chooses to extend the contract in the future. Director Simonson provided a multi-pronged answer that SCP could extend the contract, the current draft agreement outlines set cost increases over the 3-year term and staff expects that pricing would be similar in the future, and also that staff expects to make most use of the tool during the 3-year agreement due to planning for the closure of Diablo Canyon scheduled for 2025. COO Koszalka added that the market for this type of software is competitive and if terms were not favorable, staff could switch to a different tool in the future with relative ease.

Member Chaban asked about the initial training for the tool. Director Simonson reiterated that staff is currently in a 90-day trial period of the tool and the agreement outlines an implementation period. Member Chaban also asked if staff had used this software previously and if any other CCAs are using it. Director Simonson replied that while staff is utilizing the software now, they had not previously used it before the trial. California Clean Power, East Bay Community Energy, Silicon Valley Clean Energy all are using the software.

Member Chaban continued his questions by asking who owns the data, to which Director Simonson replied that SCP owns the data and will own the outputs as well. He also asked about the regulatory modeling; Director Simonson explained that Ascend Analytics refreshes the framework every six months to take regulatory and policy trends into consideration. Member Chaban's final questions related to insurance and liability requirements surrounding cybersecurity.

Public Comment: None

Motion to Recommend that the Board of Directors Delegate Authority to the Chief Executive Officer to Execute a Three-Year Software License, Maintenance, and Support Agreement with Ascend Analytics, LLC for a Contract Total of \$557,479 and an Additional \$67,481 Spending Authority

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Under the Agreement by Member Sizemore

Second: Dowd

Motion Passed by Roll Call Vote: 8 - 0 - 0

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

Neal Reardon, Director of Regulatory Affairs, gave an update on the Western Community Energy (WCE) bankruptcy and deregistration notice. On Monday, July 12th, 2021, Southern California Edison (SCE) submitted a filing saying that in order to take the 113,000 customers back to bundled service, they would need to charge them an additional \$14.7 million which works out to approximately \$130 per customer; most of these customers are residential. Based on current exit fee calculations, the specifics of the proposed fees are a concern and staff will be monitoring this topic closely and will provide any updates as they become available.

In CEO Syphers' absence, there was no verbal legislative update provided.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

Member Sizemore announced that SB156 and AB164 on broadband investments and appropriations of \$6 million both passed.

SCP staff member Cordel Stillman, Director of Programs, announced to the Committee his upcoming retirement, effective September 1st and offered his thanks for their teamwork. Many members responded that he will be missed.

ADJOURN

The meeting was adjourned by unanimous consent at approximately 2:37 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: Receive Notice on Starting Contract Negotiations with Calpine Energy Solutions, LLC for Data Management Services

Date: September 16, 2021

Recommendation:

No action required at this time. A full contract for data management services will be brought to this Committee for consideration in spring 2022.

Background:

On November 14, 2013, Sonoma Clean Power executed a Professional Services Agreement with Noble Americas Energy Solutions, LLC (now Calpine Energy Solutions, LLC) for data management services. In September 2017, SCP and Calpine Energy Solutions (Calpine) extended its relationship through a Second Addendum to its Professional Service Agreement. The Second Amendment was presented to the Community Advisory Committee on July 11, 2017. The Committee unanimously recommended the Board of Directors approve the Second Amendment, which they did on August 3, 2017.

Calpine provides SCP with billing and data services, including receiving customer usage from PG&E, applying SCP rates, and returning customer billing costs back to PG&E to be placed on bills. This includes billing over 230,000 transactions each month with an accuracy rate more than 99.99%. In addition, Calpine works with a third party to provide local contact center services for SCP customers.

SCP's current contract with Calpine expires April 30, 2022.

Discussion:

Currently there are three data management service organizations serving Community Choice Aggregators (CCAs) in California: GridX, Sacramento Municipal Utility District (SMUD), and Calpine. GridX provides data services for one CCA (Central Coast Community Energy (3CE)), SMUD provides service to two CCAs (Valley Clean Energy and East Bay Community Energy), and Calpine serves the remaining CCAs.

In evaluating SCP's options for data management services, SCP has known the market players of Calpine, GridX, and SMUD for years. Calpine offers an advantage over its competitors with its economies of scale, CCA specific history, and working relationship with PG&E. As the second CCA in California after Marin Clean Energy (MCE), SCP and MCE worked closely with Calpine to improve and grow its service for CCAs, including improving transparency, the Customer Relationship Manager platform, call center services, data flow, SQMD services, and more. By serving 20 CCAs, Calpine can offer a wider breath of services to its clients and the ability to do big projects such as bill protection for residential customers' transition to time-of-use rates.

For these reasons, SCP is not issuing a request for proposal, but negotiating a new contract with Calpine that includes a price reduction, stronger service-level agreements for the contact center, and the option to bring additional contact center services in-house. This will allow uninterrupted service to SCP customers during a period of considerable complexity including bill protection for residential customers transitioned to time-of-use rates, tracking the Arrearage Management Plan (AMP) enrollees for bill forgiveness, and verification of arrearages for the California Arrearage Payment Program (CAPP) to provide financial assistance to SCP customers with pandemic past-due balances.

A contract with Calpine does not preclude SCP from transitioning to a new data management service provider or bringing data management services and/or contact center services in-house to SCP in the future.

Fiscal Impact:

To be determined in a final contract.

Attachments:

None.



Staff Report - Item 03

To: Sonoma Clean Power Authority Community Advisory Committee
From: Danielle McCants, Senior Customer Care Specialist
Issue: Recommend that the Board of Directors Approve Updated Terms and Conditions for 12-Month Pilot Program
Date: September 16, 2021

Recommendation

Recommend that the Board of Directors approve updated Terms and Conditions and CleanStart Tariff for a limited twelve-month pilot program starting January 1, 2022, in which the current one-time termination fee of \$5 per residential account or \$25 per commercial account for opt outs outside the first 60 days of SCP service is suspended. Upon the conclusion of pilot on December 31, 2022, Terms and Conditions and CleanStart Tariff will revert back to the previously approved version (i.e., \$5/\$25 termination fee) unless the Board votes to continue the practice.

Background

In an effort to identify and manage operational risk, Staff reviewed and analyzed types of reasons customers opt out of SCP service and how to retain more customers. During this process, Staff looked at historical opt outs and opt out reasons and identified a noticeable trend for the duration a customer is active with SCP prior to opting out. In both 2020 and 2021, opt out end dates significantly tapered off after the seven-to-eight-week mark indicating that customers may be most influenced within their first 60-days of service.

During the first 60-days of service, customers receive two move-in notices to inform them that they have started electric generation service with SCP. Within those notices is information on who SCP is, the benefits of being an SCP customer, service options (CleanStart, EverGreen, or Opting Out), and includes our current Terms and Conditions of service. Both notices explain that customers who wish to opt out of SCP service can do so at no fee within the first 60 days of receiving service and that opt outs following those 60 days will be charged a one-time termination fee. The \$5

termination fee (\$25 for commercial) is collected to cover processing and administration costs.

Staff looked at the breakdown by customer class (residential vs commercial), both following similar trends to the 2020 and 2021 years. Residential opt outs for January 2020 through June 2021 peak at week three then taper off significantly after 8 weeks of service. Commercial opt outs for the same period both peak and taper off at week six.

With a majority of opt outs happening within the first 60 days of service and 37% (in 2021) due to “rate or cost concern”, staff proposes the approval of updated Terms and Conditions and CleanStart Tariff to suspend the termination fee under a pilot term with the purpose of identifying whether the termination fee contributes to customers choosing to opt out.

Discussion

The goal of the pilot is to determine whether the termination fee has an impact on opt outs. By eliminating the fee on a trial, fixed period, staff can extrapolate whether opt outs increase, decrease, or are unaffected. It’s recommended that the trial include both residential and commercial customers. Including both account types provides a holistic approach, allows Staff to see whether there’s an impact on each group, and allows for consistency across web messaging and noticing.

If approved, for the duration of the pilot, SCP’s Terms and Conditions, CleanStart Tariff, move in notices, talking points, and Customer Service Representative (CSR) script would need to be updated. There may be additional process revisions needed by Calpine, SCP’s billing vendor, that would need to be investigated. A duration of 12-months was chosen as a shorter duration may skew results due to seasonal bill impacts.

Results would be analyzed on a rolling 6-month average. A decrease in the percentage of opt outs within the first 8-weeks (compared to move in notices) would be indicative that the termination fee is a factor in increasing opt outs.

Upon the conclusion of the pilot, Terms and Conditions and CleanStart Tariff will revert to the previously approved fees (i.e., \$5/\$25 termination fee) unless the Board votes to continue.

Fiscal Impact

The expected direct cost of suspending opt-out fees is \$14,420 per year. However, the actual financial impact could be better or worse depending on whether more

customers choose to stay or opt out, and that financial impact is likely to be larger in magnitude than the direct impact of suspending the fees.

Year	Avg. Weekly Opt Out	Residential Opt Outs	Commercial Opt Outs	Revenue Collected
2020	41.62	1975	189	\$14,600
	Avg. Weekly Opt Out (YTD)	Residential Opt Outs (Estimated)	Commercial Opt Outs (Estimated)	Estimated Revenue Collected
2021	39.9	1888	191	\$14,115
	Avg. Weekly Opt Out (Estimated)	Residential Opt Outs (Estimated)	Commercial Opt Outs (Estimated)	Estimated Loss of Revenue
2022	40.76	1929	191	\$14,420

Attachments

- Attachment A – Proposed Updated Terms and Conditions
- Attachment B – Proposed Updated CleanStart Tariff



TERMS AND CONDITIONS OF SERVICE

Rates: Sonoma Clean Power (SCP) electric generation rates are set with the intention of providing its customers clean electricity at competitive rates. Changes to SCP rates are adopted at duly noticed public meetings of the Sonoma Clean Power Authority Board of Directors which is advised by a Community Advisory Committee and SCP staff. Customers may establish and maintain service under the standard CleanStart Service Tariff or may elect to upgrade to SCP's EverGreen Service Tariff, which is 100% local, renewable energy. Please visit sonomacleanpower.org or call our local contact center at 1 (855) 202-2139 for more information.

PG&E will continue to charge all customers for electric delivery service and natural gas service, if applicable. SCP customers pay to PG&E a Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge in addition to electric delivery charges. Please contact PG&E for more information about its charges.

Billing: SCP customers receive a single combined monthly bill from PG&E that includes all energy-related charges, including SCP electric generation charges and PG&E's electric delivery charges. SCP electric generation charges replace PG&E's electric generation charges.

PG&E is required to charge all customers for transmission, distribution, public goods programs and other non-generation charges at the same rates regardless of who supplies the customer with electric generation. Customers pay the entirety of their charges to PG&E and PG&E forwards payments to SCP for its portion of charges.

Discount Programs: Customers currently enrolled in the California Alternative Rates for Energy (CARE) program, the Family Electric Rate Assistance (FERA) program, Medical Baseline, or receive the PG&E employee discount will continue to receive all these benefits and discounts as an SCP customer.

Enrollment: California State Assembly Bill 117, enacted into law in 2002 (Public Utilities Code section 366.2), requires Community Choice Energy programs such as SCP to operate as the default electric generation provider through an automatic enrollment process. Except in the cases of customers served by the Cities of Healdsburg and Ukiah through their city operated public power utilities, SCP is the default electricity provider for the Counties of Sonoma and Mendocino. You may request to return to PG&E electric generation at any time. To upgrade to SCP's 100% local, renewable EverGreen Service or return to PG&E generation service call our local contact center at

1(855) 202-2139 or visit our website at sonomacleanpower.org. Please have your PG&E account number available so that we may process your request.

Opt Out: You may opt out of SCP electric generation service at any time by calling 1-(855) 202-2139 or by completing the opt out form at sonomacleanpower.org/opt-out. You will need your PG&E account information to begin the opt out process.

~~There is no fee to opt out before enrollment or in the first 60 days of receiving SCP service. If you opt out 60 or more days after SCP service begins, you will be charged a one-time termination fee of \$5 per residential account or \$25 per commercial account.~~ All customers will also be subject to PG&E's terms and conditions of service, which will prohibit you from returning to SCP for a full year after your opt out date.

If you return to PG&E generation service after receiving SCP service for more than 60 days, PG&E requires that you choose one of the following options to return to its service:

Option 1: Return to PG&E generation service at the end of the current billing cycle. You will be billed at PG&E's transitional rates for a six-month period, and PG&E's standard bundled electricity rates thereafter.

Option 2: Give six month's advance notice of your intent to return to PG&E generation service. At the end of the six-month notice period, you will be returned to PG&E service and billed PG&E's standard bundled electricity rates.

Accounts cannot be transferred in the middle of a billing cycle. Your opt out request must be received at least 5 business days prior to your meter read date in order to switch service to PG&E before your next billing cycle begins. All other opt out requests will be processed on the subsequent meter read date. If you opt out or otherwise stop receiving service from SCP, you will be charged for all SCP electricity used before ending SCP electric service.

Failure to Pay: SCP may transfer delinquent accounts to PG&E upon 14 calendar days' written notice to the customer. Delinquent accounts will be required to pay the termination fee described above to process the transfer. Transfer back to PG&E does not relieve the customer of paying SCP charges and/or other charges due and owing including, PG&E charges, nor does it halt any PG&E shut-off procedures. Customers may be subject to collections by SCP and/or PG&E for all amounts due and owing plus interest, penalties, and other charges associated with the delinquent account.

Customer Privacy Policy: SCP's Notice of Accessing, Collection, Storing, Using, and Disclosing Energy Usage Information Policy can be found at sonomacleanpower.org/privacy-policy or by calling 1 (855) 202-2139.

CleanStart Service Tariff

Sonoma Clean Power (SCP) offers its standard CleanStart Service comprised of a mix of renewable and carbon-free energy sources and unspecified system power to all eligible customers.

APPLICABILITY: The CleanStart Service Tariff is applicable to eligible residential and non-residential customers located in SCP's service territory.

TERRITORY: This tariff is available to any person or corporation whose premise(s) are located within SCP's service territory, which includes the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, the Town of Windsor, and the Unincorporated areas of Sonoma County and Mendocino County (excludes the Cities of Healdsburg & Ukiah).

RATES: All electric energy supplied by SCP to customers will be measured by means of Pacific Gas and Electric (PG&E) installed electric meters except where energy supplied to highway sign lighting, traffic control devices, communication system amplifiers or other loads can be accurately determined from load and operating time or other relevant data and where, in the opinion of PG&E, the installation of a meter is impractical.

All SCP residential and non-residential rates charged under this Tariff will be in accordance with the customer's Rate Schedule as established by PG&E. A customer served under this Tariff is responsible for all applicable SCP charges including energy (kWh) and demand (kW) charges, EverGreen premium, taxes, and surcharges as applicable.

SCP rates and rate design, including the rates and rate design reflected in this Tariff, are subject to change from time to time.

The CleanStart Service residential Rate Schedules can be found here:
<https://sonomacleanpower.org/uploads/documents/Residential-Rates.pdf>

The CleanStart Service non-residential Rate Schedules can be found here:
<https://sonomacleanpower.org/uploads/documents/Commercial-Rates.pdf>

PG&E tariffs and rates still apply. SCP customers will continue to be subject to the terms, conditions, and billing procedures of PG&E for services other than electric generation.

ENROLLMENT TERM: SCP is the default electricity provider for its service territory. Customers within the service territory automatically receive SCP's CleanStart service. If a customer wishes to receive electric generation from PG&E, the customer must opt out of SCP service.

A customer who opts into SCP will automatically be placed on the customer's Rate Schedule under the CleanStart Service Tariff on the first day of their next billing cycle where the billing cycle start date occurs at least five business days after the date of the customer's request. A customer request that is received within five business days of the customer's next billing cycle may result in the customer being placed on the CleanStart Service in the following billing cycle.

TERMINATION: There is no minimum service length under this schedule. Customers who choose to opt out of SCP in the 60 days before or after the start of service with SCP can return to SCP service at any time. Customers opting out of SCP service 60 days or more after SCP service starts ~~must pay an SCP termination fee of \$25 (for non-residential customers) or \$5 (for residential customers), and~~ will be subject to PG&E's terms and conditions of service, which prohibit a customer from returning to SCP service until after one year of PG&E bundled service. For information on PG&E's terms and conditions visit pge.com/cca.

Customers who opt out are charged for all SCP electricity used before transferring electric service to PG&E. Accounts will be transferred to PG&E on the day of the electric account meter read, and cannot be transferred during the middle of a billing cycle. Opt out requests received at least 5 business days prior to a customer's meter read date will be processed for that meter read date; all other opt out requests will be processed on the next meter read date.

BILLING: Monthly bills are calculated in accordance with the customer's CleanStart Rate Schedule, premiums, fees, and taxes. PG&E will continue to send the customer's monthly utility bill, including electric delivery and electric generation charges as well as gas charges as applicable.

TERMS AND CONDITIONS: Nothing in the CleanStart Service Tariff precludes or supersedes SCP's Terms and Conditions. SCP's Terms and Conditions can be found at sonomacleanpower.org/terms-and-conditions.

POWER SOURCES: SCP reports its power sources to the California Energy Commission annually. The CleanStart Service power mix can be found at sonomacleanpower.org/power-sources.

More information about SCP's CleanStart Service can be found online at sonomacleanpower.org or by calling 1 (855) 202-2139.

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Staff Report - Item 04

To: Sonoma Clean Power Authority Community Advisory Committee

From: Geof Syphers, CEO

Issue: Receive Notice on Board of Directors Approved Performance-Based Salary Increase and Annual Contract Goals for CEO Syphers

Date: September 16, 2021

Requested Action:

None. Receive notice that the Board of Directors approved a 3.0% performance-based salary increase and the recommended annual contract goals for CEO Syphers.

Approved Goals:

1. Ensure customers are protected from PCIA by minimizing costs and using SCP's rate stabilization funds to offset the fee sufficient to ensure total bills do not exceed 5% above bundled service.
2. Continue building the comprehensive plan to address social equity. Last year, the agency completed sections of the plan for Customer Programs and for Community Engagement and Education. This year, create two additional sections on Human Resources and Customer Service.
3. Become the go-to source for people who need to replace or upgrade appliances. Bring at least 2,000 visitors to the Advanced Energy Center, host at least 50 events there, and host a Grand Opening event before the end of 2021.
4. Preserve financial credit and liquidity by maintaining at least four months of cash on hand in reserves at all times.
5. Ensure the most recently published and verified emissions factor for CleanStart is below the target adopted in SCP's Integrated Resource Plan.

6. Finish construction and open the SCP headquarters building.
7. Continue to advocate at the State and Federal level for CCAs, progress on climate issues and ratepayer costs.
8. Provide the Board with options for aggressive long-term climate goals, including an option for achieving 24/7 carbon-free energy by 2030.



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: September 16, 2021

Requested Action:

Receive Legislative and Regulatory Updates and provide feedback as appropriate.

Regulatory Update:

Power Charge Indifference Adjustment ("PCIA") Allocation of Utility Resources

On July 26th, the three investor-owned-utilities ("IOUs") held a public meeting with interested parties to discuss the IOU proposal for allocating the renewable attributes of resources in their portfolios to CCAs and ESPs. This meeting was required by the CPUC in advance of the IOUs submitting a filing describing the details of this proposal. Overall, the proposal was reasonable in light of the Decision. However, SCP staff will continue to monitor and engage as necessary. Responses to the utility filing outlining the specific details for allocations are due on September 13th.

As background, in May of this year the CPUC declined to grant CCA customers equal access to the attributes generated by IOU resources they are forced to pay for through the PCIA. The one attribute that Decision did find CCA customers should have access to is the renewable nature of energy generated by utility portfolios. These renewable attributes, called Renewable Energy Credits or "RECs" are required by statute for Renewable Portfolio Standard ("RPS") requirements. It is expected that this mechanism will be implemented by Q1, 2023. Once adopted, CCAs will have

the option to decide whether customers receive a financial credit for the renewable premium in utility contracts – as is the case today – or if instead the CCA receive the REC attribute.

PG&E General Rate Case “GRC” Application

On July 1st, PG&E filed their 2023 Phase I GRC application which covers the 2024, 2025, and 2026 years. PG&E proposes to have a second and third track of this Phase I GRC to request reasonableness review of certain memorandum and balancing account costs to be recorded in 2021 and 2022. PG&E is requesting a 9.6% total company revenue increase over currently authorized and requested base rates for 2022.

PG&E says that approximately 75% of the requested revenue requirement increase is for risk reduction to its gas and electric operations. Approximately 50% of the requested revenue requirement increase over 2022 is for wildfire reduction work, including vegetation management programs. PG&E forecasts investing approximately \$3.2 billion in expense and \$4.2 billion in capital during the 2023 to 2026 period to address wildfire risk.

PG&E is requesting a 48.2% increase in Electric Distribution and 1.1% increase in Electric Generation (EG) cost functionalization categories. They are also proposing to allocate to electric transmission and electric distribution because wildfire liability risks are associated almost entirely with electric facilities. In practice, this means that all customers will pay for these liability risks.

If this initial Application were granted entirely as requested by the utility, a typical residential customer using 500 kWh of electricity and 33 Therms of gas would see their 2023 bill increase by \$25.19 (18.1%) and \$10.81 (18%), respectively, relative to 2021 bills.

SCP staff are heavily engaged in this proceeding and plan to litigate this Application over the next year. Following an initial protest of the Application, staff will issue discovery requests to better understand the assumptions contained in the underlying data and will later submit testimony and briefings. Staff’s guiding principles in this proceeding are as follows:

- 1) Shareholders must be held accountable for utility performance and subjected to risk comparable to the 10.25% return on equity their investment generates;

2) Management must demonstrate absolute transparency in decision making and provide data supporting all underlying assumptions, analyses, and explain how alternative solutions were evaluated;

3) Additional investments that are deemed necessary to maintain public safety and/or reduce PG&E's reliance on the PSPS strategy should be clean, cost-effective, and temporary.

CalCCA Exploring Joint Action to Intervene in All of PG&E's Rate Cases

With the recent notice from PG&E requesting major increases in rates over the next few years, and following a period where PG&E's rates have escalated an average of 7% each of the past several years, Northern California members of CalCCA are exploring creating a joint team to strongly intervene on behalf of ratepayers in all of PG&E's important rate cases. If this goes forward, it would mean building CalCCA's technical, regulatory and legal team to engage in PG&E's annual ERRA and quadrennial GRC cases to advocate for fair rates, equitable investments, and to find waste and inefficiencies. Staff will report out more on this topic and CalCCA works to develop the proposal.

Legislative Update:

Senator Josh Becker reports that Pro Tem Toni Atkins named him as Chair of the new Subcommittee on the Clean Energy Future that will explore policy options and identify barriers related to getting to a 100% clean electrical grid. Joining Becker on the committee are: Senators Brian Dahle, Lena Gonzalez, Dave Min and Henry Stern.

NextEra is making a late-session play to press the legislature to require the Department of Water Resources to build the Eagle Crest pumped hydro facility near Joshua Tree National Monument, and further to require all electric customers to pay for it via a DWR bond on everyone's bills. As the Governor's recall election neared, the Governor agreed to add the project to a budget trailer bill, but it is running into strong environmental and local area government opposition. CalCCA is opposed to the proposal on two grounds: (1) it would prevent member CCAs from procuring our own energy storage projects, which could have preferable environmental, labor or grid reliability attributes; and (2) the project is not identified as necessary in the CPUC or the CAISO's plans, meaning it could harm ratepayers for decades when it may not be needed.

As previously reported, CalCCA's sponsored bill, SB 612 to provide ratepayers with equitable access to IOU resources they pay for, by Senator Anthony Portantino (D-La Canada-Flintridge), that was pulled by the Chair, Assemblymember Chris Holden (D-Pasadena) is now a two-year bill and as a result no action may be taken on the bill until at least January 2022. The bill cannot be moved for the remainder of 2021, but CalCCA remains active in working toward reinvigorating it in 2022.

Finally, the California Hispanic Chamber of Commerce recently released a report entitled "Failure to Diversify: California's Community Choice Aggregators Are Woefully Behind in Contracting With the State's Diverse Small Businesses," causing quite a stir. The report picks up on the CPUC's Government Order 156 ("GO-156") summary, which noted that CCAs in their first year of reporting had a significantly lower percentage of total contract value with companies majority owned by women, minorities, disabled veterans, and LGBT people. In reviewing the matter, SCP staff, CalCCA and California Energy Markets found the actual performance of CCAs was much better than noted in the Chamber's report for several reasons:

First, CCAs are chiefly involved in power generation, where fewer than 30 companies are registered with GO-156 out of 8,000 registered firms. IOUs do nearly all of their GO-156 contracting in non-CCA activities, so comparing total contracting is not appropriate. When comparing CCAs against PG&E's contracting in power generation, CCAs are doing a bit better than PG&E, though it is important to note that power generation is dominated by extremely large corporations none of which are eligible under the GO-156 program.

Second, CCAs are governments which means that due to Prop 209 it is a crime for a CCA to specifically contract with GO-156 organizations because of their GO-156 status. No targeted contracting is allowed. All progress on GO-156 contracting for CCAs is therefore only achieved by pursuing other related goals, such as local contracting and small business contracting, and by encouraging existing suppliers to register with GO-156. CCAs perform very well on these metrics, and SCP has encouraged the CPUC to consider evaluating CCAs on this basis.

Despite these factors, staff note that no electric providers are doing great at contracting with GO-156 eligible firms and that some of the structural policy barriers need to continue to be challenged. SCP's Board supported ACA-5, which would have removed Prop 209's prohibitions on targeted contracting, but ultimately the voters rejected the idea. However, continued efforts to improve policy should be explored.

CalCCA has reached out to the California Hispanic Chamber to discuss the issue and to work toward diversity and equity in California's power sector. We hope to build that relationship so that all electric providers can make progress over the coming years.

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Staff Report - Item 06

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: September 16, 2021

COMMITTEE MEMBER VACANCIES AND RECRUITMENT PROCESS

Due to recent and upcoming vacancies, the Committee agenda for October will include discussion and a vote to appoint a Vice Chair for the remainder of the calendar year. Regarding the ongoing recruitment, staff continue to review applications that have been submitted for the committee vacancies due to departures and terms coming to an end in 2021. The Ad Hoc Committee of the Board of Directors will be meeting following the October 7th meeting to do a first round review of applications and plan for interviews.

NBBJ BEST PLACES TO WORK 2021

For the third year in a row, Sonoma Clean Power has been named one of the North Bay Business Journal's Best Places to Work.

This award is more special than most in that we are judged by surveys completed by our own team, along with a review of the benefits package we offer and our involvement in the community we serve. Thank you for helping SCP continue to be one of the BEST!

CURRENT PARTICIPATION NUMBERS (BY TOWN OR TERRITORY, AS OF 8/3/21)

Meters and Participation by TOT

COUNTY	Eligible	SCP	% Part.	% Opt Out
<input checked="" type="checkbox"/> MENDOCINO	38,621	30,855	79.9%	20.1%
FORT BRAGG INC	4,041	3,350	82.9%	17.1%
POINT ARENA INC	349	297	85.1%	14.9%
UNINC MENDOCINO CO	31,476	25,003	79.4%	20.6%
WILLITS INC	2,755	2,205	80.0%	20.0%
<input checked="" type="checkbox"/> SONOMA	224,863	198,173	88.1%	11.9%
CLOVERDALE INC	3,895	3,249	83.4%	16.6%
COTATI INC	3,850	3,485	90.5%	9.5%
PETALUMA INC	26,978	24,004	89.0%	11.0%
ROHNERT PARK INC	18,911	16,813	88.9%	11.1%
SANTA ROSA INC	76,717	68,063	88.7%	11.3%
SEBASTOPOL INC	4,429	4,027	90.9%	9.1%
SONOMA INC	6,469	5,657	87.4%	12.6%
UNINC SONOMA CO	73,631	64,167	87.1%	12.9%
WINDSOR INC	9,983	8,708	87.2%	12.8%
Total	263,484	229,028	86.9%	13.1%

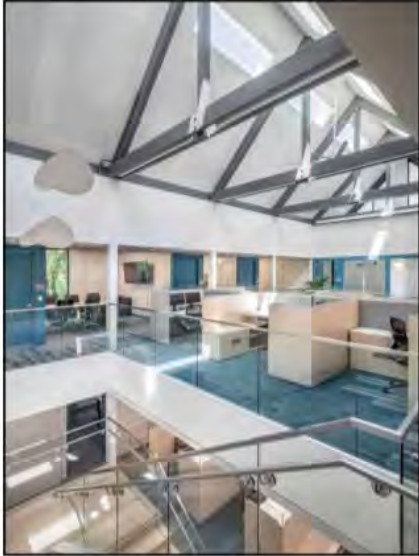
STAFF UPDATES

Following the retirement of Cordel Stillman, Rebecca Simonson has been named as the new Director of Programs. Her former role as Director of Planning and Analytics has been filled by Ryan Tracey, who previously worked with Rebecca as a Senior Energy Analyst.

SCP HEADQUARTERS PROJECT UPDATE

The Headquarters Building was officially opened to staff on July 20th and we have been adjusting to our new surroundings well, with some staff still working remotely. Due to the current COVID safety guidelines, the office continues to be closed to the public and visitors at this time. We look forward to holding meetings and events in the near future when they can be done safely. A recent ad in the North Coast Builders' Exchange publication, Building News, highlighted the project for member Midstate Construction.

Member Spotlight



Sonoma Clean Power Headquarters

General contractor Midstate Construction Corporation, and owner Sonoma Clean Power recently completed renovation of the Sonoma Clean Power headquarters in Santa Rosa, CA.

Designed by EHDD Architecture, the renovation of this 15,330 square foot office building includes exterior façade upgrade, 240 square foot addition with second level deck, sitework, landscape, irrigation, building systems, elevator, photo-voltaic panels, exterior battery system and utilities.

Midstate Construction Corporation
1180 Holm Rd
Petaluma, CA 94954
www.midstateconstruction.com

SPIRIT OF ENTREPRENEURSHIP GRANT

In the third year of awarding the Spirit of Entrepreneurship Grant, SCP, Santa Rosa Junior College (SRJC) staff and students continued to facilitate check-in meetings and the actual grant competition over digital meeting platforms due to the COVID-19 Pandemic. SCP's involvement in the Grant has facilitated deeper relationships with the Junior College and elevated SCP's visibility in the community.

We continue to be impressed with the resolve and innovation of the students in the competition, which afforded six students the opportunity to participate in the "Pitch Contest" facilitated via the Zoom Meeting platform.

For SCP's Commercial Accounts Manager, Nathan Kinsey, and Senior Customer Care Specialist, Danielle Baker, it was an honor to present the recipient of SCP's third annual Spirit of Entrepreneurship Grant:

Tori O'Neil - The Bark Yard - 1st Place, \$10,000

The Bark Yard is a dog park that provides a safe and social place for humans and canines to unwind, complete with cool-down stations, small obstacles, and room to run. The dog area is visible to an outdoor eating/drinking patio where refreshments, food, and dog treats will be served. The space will host events, bringing dog owners

sonomacleanpower.org

(and wishful owners) together in a fun environment promoting the love of dogs. From leveraging local food services, reusable materials, energy efficient appliances and onsite renewable energy, local partnerships with landowners/wineries, cross promotional opportunities for small businesses, donations and promotional opportunities to local dog organizations, not to mention a sound business plan; The Bark Yard includes a wide cross section of Sustainability that this Grant opportunity is seeking to promote.

DIRECT COMMERCIAL CUSTOMER EVERGREEN OUTREACH

SCP's Customer Service team has initiated a direct outreach campaign to commercial customers, advising them of the value of SCP's EverGreen service, with the intent to increase EverGreen enrollment. As part of that effort, we're asking for CAC and Board Members' referrals to business owners and managers in their networks.

The success of the SCP Mendonoma Campaign's direct commercial outreach reinforced our understanding of the effectiveness of contacting customers about EverGreen who had been first referred by a trusted source. In the Mendonoma campaign, a local supermarket owner, Steve May of Surf Market, contacted business owners in his network, informing them of the value he saw in EverGreen, and asked them if he could refer them to SCP's Customer Service for a follow-up. That joint effort increased commercial customer EverGreen enrollment along the coastal region from 15 accounts to 44: a 214% increase in just weeks. And enrolled customers were genuinely appreciative of the opportunity.

We're using what we learned and what worked about that effort in expanding our outreach into other networks and are targeting commercial and non-profit enterprises that we believe have a high probability of enrolling in EverGreen. High probability is defined as organizations or owners who have declared their intent, through public or social media, to significantly reduce their operation's carbon footprint or greenhouse gas emissions. Other high probability businesses could include those owned by a celebrity or successful entrepreneur who would see value and accept the premium costs of EverGreen without reservation.

CAC and Board Members accepting this opportunity to spread the word can email info@sonomacleanpower.org for further details, including talking points, scripts, and e-flyers they can use when contacting people in their networks.

BIKE ELECTRIC PROGRAM

On September 1st, staff launched an online offering for Bike Electric customers in partnership with Ridepanda. The Ridepanda service addresses several barriers for customers including price, selection, and rural market access. Customers receive free shipping, complementary eBike consultations, and access to a toll-free customer service line. In the week after launch, over 60 electric bikes were purchased through the new platform. As of 9/9, SCP reached the goal of 200 eBikes sold!

ADVANCED ENERGY CENTER

We have had over 1047 visitors to the Advanced Energy Center already! This is really exceptional, given COVID limitations. The average daily attendance is almost 20 persons per day. Ninety-nine customers have submitted projects and received bids to install energy efficient projects deployed via the Advanced Energy Center, and of those 34 applied for the 0% on-bill financing loan program.

Upcoming events this month include Rancho Cotati Rotary Club, Thursday Sept. 9, Santa Rosa Chamber mixer, Sept. 23, Contractor Meet & Greet, Sept. 23.

INTEGRATED RESOURCE PLAN

Staff continues to make progress on the internal Integrated Resource Plan (IRP). Following Board approval of the contract with Ascend Analytics, the SCP portfolio has now been migrated to dedicated computing resources and preliminary portfolios have been successfully created and tested in the system. SCP also expects an update from Ascend this month on the CAISO system which incorporates new regulations and market data. Due to organizational changes and urgency around preparing advocacy addressing the CPUC's recently released Preferred System Plan, staff expects that the original target delivery dates of a recommended portfolio will slip. In the meantime, the Planning & Analytics department is kicking-off a cross-agency effort to establish strong alignment on input assumptions, value drivers, and risk sensitivities. Staff is committed to delivering an optimized portfolio through this process in time to inform procurement decisions required to satisfy mandates and feed next year's regulatory IRP process.

2020 POWER SOURCE DISCLOSURE REPORT

As occurs every year, Staff will request the Board of Directors approve SCP's 2020 Power Content Label and related compliance filings in the October board meeting. Due to the late nature of the material, staff a full report on this topic will have to be brought to the Committee at the October 21 meeting.

LOCAL RESOURCE PLAN SITE LEASING INTEREST PROGRAM

Staff initiated a Site Leasing Interest Program (SLIP) open for applicants on August 5, 2021, as part of the implementation of the 2021 EverGreen Local Resource Plan. The Site Leasing Interest Program seeks to gauge local interest among SCP's commercial, industrial, agricultural, and municipal customers in leasing access to rooftops and land for SCP to develop clean power systems.

On May 6, 2021, SCP's Board of Directors adopted a Local Resource Plan (LRP) that outlined SCP's goals for developing renewable energy resources within its service territory (Sonoma and Mendocino Counties). The LRP was developed with public input. One of the consistent themes of the public's input was that there were municipal, commercial, industrial, and agricultural customers that had sites available to develop renewable projects on and that SCP should engage with them. As such, the LRP defined an implementation strategy to identify potential sites that would be willing to host renewable energy projects and the Board approved this strategy to be implemented by August 6, 2021.

The SLIP timeline was to remain open until 12/31/2021 or until at least 100,000 square feet of combined suitable candidate sites are identified. To participate, sites must have a minimum of 10,000 square feet available to lease that is contiguous and reasonably free and clear of obstructions. This could include rooftops, parking lots, ponds, and previously impacted land. Sites must not be on prime agricultural land or designated for conservation under the Williamson Act. Applicants must also have site control.

Staff has received interest from multiple applicants since the opening of the program and has identified that the 100,000 square feet goal has been achieved, thus the current SLIP program is no longer open to further applicants.

SCP expects to issue a subsequent Request for Proposals (RFP) to Project Developers to develop projects on the participant's sites. The goal of this process is to develop clean power projects on multiple sites to create economies of scale, driving down project costs.

SCP & PGE JOINT RATE MAILER

Attached to this report are samples of the hard-copy versions of the annual Joint Rate Mailer sent to SCP and PG&E customers. The attached versions reflect the E-TOU-C & B-1-TOU rates. This was the first year that SCP sent both electronic and hard copy versions to our customers. Those that received electronic versions have formally elected to receive all communications electronically instead of physical mail. Essentially, this is a choice that customers made.

Below are the quantities, the digital email date, and the various physical mailer delivery dates to the post office:

- Digital Email Mailers
 - E-TOU-C: 98,335 (Email blast on 8/20)
 - B-1-TOU: 5,888 (Email blast on 8/20)
 - B-10-TOU: 891 (Email blast on 8/20)
 - B-19: 360 (Email blast on 8/20)
 - **Total = 105,474**
- Physical Mailers
 - E-TOU-C: 113,310 (Delivered to PO on 8/30 & 8/31)
 - B-1-TOU: 13,238 (Delivered to PO on 8/27)
 - B-10-TOU: 1,775 (Delivered to PO on 8/27)
 - B-19: 445 (Delivered to PO on 8/27)
 - **Total = 128,768**

MONTHLY COMPILED FINANCIAL STATEMENTS

The monthly compiled financial statements and budgetary comparison schedule attached to this report are in draft form. Maher Accountancy is working with our outside auditors to review all fiscal year documents and complete our annual audit. This will be presented to the CAC and Board later this year.

UPCOMING MEETINGS

Board of Directors - October 7, 2021

Community Advisory Committee - October 21, 2021

Board of Directors - November 4, 2021

ATTACHMENTS

- Joint Rate Mailers
- June 2021 Draft Financial Reports
- Better Together Grant - Letter of Support



Sonoma Clean Power
P.O. Box 1030
Santa Rosa, CA 95402-1030



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SANTA ROSA

We support your power to choose

As part of our mutual commitment to support your energy choice, Sonoma Clean Power (SCP) and Pacific Gas and Electric Company (PG&E) have partnered to provide you with a comparison of typical residential electric rates, average monthly charges and generation portfolio contents.

If this comparison does not address your specific rate, please visit PG&E online at pge.com/cca or call **1-866-743-0335**. For information on SCP's generation rates, please visit sonomacleanpower.org or call **1-855-202-2139**.

Understanding your energy choice

2021 Residential Electric Rate Comparison, E-TOU-C*			
		CleanStart	EverGreen
Generation Rate (\$/kwh)	\$0.11125	\$0.07643	\$0.10143
PG&E Delivery Rate (\$/kwh)	\$0.17498	\$0.17498	\$0.17498
PG&E PCIA/FF (\$/kwh)	N/A	\$0.04751	\$0.04751
Total Electricity Cost (\$/kwh)	\$0.28623	\$0.29892	\$0.32392
Average Monthly Bill (\$)	\$142.37	\$148.68	\$161.11

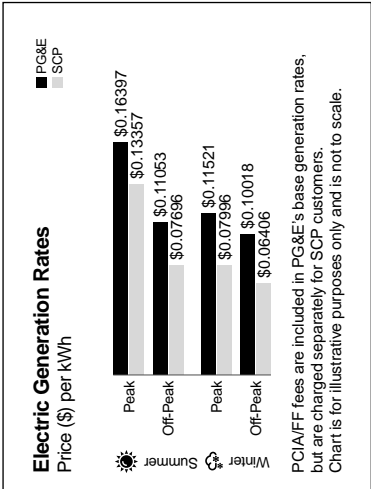
*This compares electricity costs for an average residential customer in the SCP/PG&E service area (Sonoma and Mendocino counties) with an average monthly usage of 497 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on E-TOU-C rate schedules. Rates are effective March 1, 2021 for PG&E and April 1, 2021 for SCP.



Generation Rate is the cost of creating electricity to power your home. The generation rate varies based on your energy provider and the resources included in your energy provider's generation supply.

PG&E Delivery Rate is a charge assessed by PG&E to deliver electricity to your home. The PG&E delivery rate depends on your electricity usage, but is charged equally to both SCP and PG&E customers.

The **PCIA** is a charge to ensure that both PG&E customers and those who have left PG&E service to purchase electricity from other providers pay the above market costs for generation resources that were procured by PG&E on their behalf. "Above market" refers to expenditures for electric generation resources that cannot be fully recovered through sales of these resources at current market prices. PG&E acts as a collection agent for the **Franchise Fee (FF)** surcharge, which is levied by the California Public Utilities Commission (CPUC) on behalf of cities and counties in PG&E's service territory for all customers. The costs for resources included in the PCIA and FF surcharges are included in the generation rate for PG&E bundled service customers.

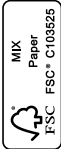
If this comparison does not address your specific rate, please visit PG&E online at pge.com/ca or call **1-866-743-0335**. For information on SCP's generation rates, please visit sonomacleanpower.org or call **1-855-202-2139**.



 Electric Power Generation Mix*		
	CleanStart	EverGreen
Specific Purchases	Percent of Total Retail Sales (MWh)	
Renewable	31%	49%
• Biomass & Biowaste	3%	0%
• Geothermal	3%	15%
• Eligible Hydroelectric	1%	0%
• Solar Electric	16%	10%
• Wind	8%	24%
Coal	0%	0%
Large Hydroelectric	10%	44%
Natural Gas	16%	0%
Nuclear	43%	0%
Other	0%	0%
Unspecified Sources of Power**	0%	7%
TOTAL	100%	100%



*As reported to the California Energy Commission's Power Source Disclosure Program. PG&E data is subject to an independent audit and verification that will not be completed until October 1, 2021. The figures above may not sum up to 100 percent due to rounding.

**Unspecified sources of power refers to electricity that is not traceable to a specific generating facility, such as electricity traded through open market transactions. Unspecified sources of power are typically a mix of all resource types, and may include renewables.



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*PG&E refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation.
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Understanding your energy choice

2021 Commercial Electric Rate Comparison, B-1 TOU*			
		CleanStart	EverGreen
Generation Rate (\$/kWh)	\$0.10990	\$0.07672	\$0.10172
PG&E Delivery Rate (\$/kWh)	\$0.16092	\$0.16092	\$0.16092
PG&E PCIA/FF (\$/kWh)	N/A	\$0.04608	\$0.04608
Total Electricity Cost (\$/kWh)	\$0.27082	\$0.28372	\$0.30872
Average Monthly Bill (\$)	\$387.77	\$406.24	\$442.04

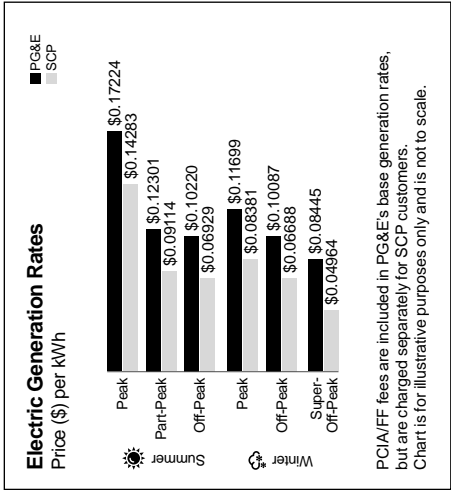
*This compares electricity costs for an average commercial customer in the SCP/PG&E service area (Sonoma and Mendocino counties) with an average monthly usage of 1,432 kilowatt-hours (kWh). This is based on a representative 12-month billing history for all customers on B-1 TOU rate schedules. Rates are effective March 1, 2021 for PG&E and April 1, 2021 for SCP.



Generation Rate is the cost of creating electricity to power your business. The generation rate varies based on your energy provider and the resources included in your energy provider's generation supply.

PG&E Delivery Rate is a charge assessed by PG&E to deliver electricity to your business. The PG&E delivery rate depends on your electricity usage, but is charged equally to both SCP and PG&E customers.

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If this comparison does not address your specific rate, please visit PG&E online at pge.com/cica or call **1-866-743-0335**. For information on SCP's generation rates, please visit sonomacleanpower.org or call **1-855-202-2139**.



 Electric Power Generation Mix*		
	CleanStart	EverGreen
Specific Purchases	Percent of Total Retail Sales (MWh)	
Renewable	31%	49%
• Biomass & Biowaste	3%	0%
• Geothermal	3%	15%
• Eligible Hydroelectric	1%	0%
• Solar Electric	16%	10%
• Wind	8%	24%
Coal	0%	0%
Large Hydroelectric	10%	44%
Natural Gas	16%	0%
Nuclear	43%	0%
Other	0%	0%
Unspecified Sources of Power**	0%	7%
TOTAL	100%	100%

*As reported to the California Energy Commission's Power Source Disclosure Program, PG&E data is subject to an independent audit and verification that will not be completed until October 1, 2021. The figures above may not sum up to 100 percent due to rounding.

**Unspecified sources of power refers to electricity that is not traceable to a specific generating facility, such as electricity traded through open market transactions. Unspecified sources of power are typically a mix of all resource types, and may include renewables.



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"PG&E" refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation.
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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 June 30, 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
August 31, 2021

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of June 30, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 63,096,366
Accounts receivable, net of allowance	18,775,129
Other receivables	1,366,763
Accrued revenue	7,525,255
Prepaid expenses	1,110,342
Deposits	3,792,916
Total current assets	95,666,771

Noncurrent assets

Unrestricted cash in Rate Stabilization Fund	22,000,000
Land and construction-in-progress	15,005,715
Capital assets, net of depreciation	4,891,116
Deposits	6,160,922
Total noncurrent assets	48,057,753
Total assets	143,724,524

LIABILITIES

Current liabilities

Accrued cost of electricity	14,262,184
Accounts payable	3,941,108
Other accrued liabilities	865,298
User taxes and energy surcharges due to other governments	520,128
Total current liabilities	19,588,718

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	22,000,000
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NET POSITION

Investment in capital assets	19,896,831
Unrestricted	82,238,975
Total net position	\$ 102,135,806

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2020 through June 30, 2021

OPERATING REVENUES

Electricity sales, net	\$ 185,815,340
Evergreen electricity premium	1,573,133
Grant revenue	2,381,614
Total operating revenues	<u>189,770,087</u>

OPERATING EXPENSES

Cost of electricity	165,480,489
Contract services	9,576,842
Staff compensation	4,921,778
General and administration	1,486,097
Program rebates and incentives	1,318,170
Depreciation	269,825
Total operating expenses	<u>183,053,201</u>
Operating income	<u>6,716,886</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	427,517
Other nonoperating revenue	7,009
Nonoperating revenues (expenses), net	<u>434,526</u>

CHANGE IN NET POSITION

	7,151,412
Net position at beginning of period	<u>94,984,394</u>
Net position at end of period	<u>\$ 102,135,806</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

July 1, 2020 through June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 195,477,625
Receipts from grantors	4,080,368
Other operating receipts	1,418,114
Payments to electricity suppliers	(170,914,572)
Payments for other goods and services	(10,624,494)
Payments for staff compensation	(4,823,208)
Tax and surcharge payments to other governments	(2,589,138)
Payments for program rebates and incentives	(2,596,526)
Net cash provided (used) by operating activities	<u>9,428,169</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(10,329,213)</u>
------------------------------------	---------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	615,251
Proceeds from certificates of deposit matured	<u>20,291,718</u>
Net cash provided (used) by investing activities	<u>20,906,969</u>

Net change in cash and cash equivalents	20,005,925
Cash and cash equivalents at beginning of year	<u>65,090,441</u>
Cash and cash equivalents at end of period	<u>\$ 85,096,366</u>

Reconciliation to the Statement of Net Position

Unrestricted cash and cash equivalents (current)	\$ 63,096,366
Unrestricted cash and cash equivalents (noncurrent)	<u>22,000,000</u>
Cash and cash equivalents	<u>\$ 85,096,366</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
July 1, 2020 through June 30, 2021

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

Operating income	\$ 6,716,886
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	269,825
Revenue adjusted for allowance for uncollectible accounts	2,931,790
(Increase) decrease in:	
Accounts receivable	(52,965)
Other receivables	1,263,926
Accrued revenue	2,670,203
Prepaid expenses	(32,095)
Deposits	(3,737,517)
Increase (decrease) in:	
Accrued cost of electricity	(2,926,555)
Accounts payable	524,127
Advance from grantors	(188,875)
Accrued liabilities	2,038,432
User taxes due to other governments	(49,013)
Net cash provided (used) by operating activities	<u>\$ 9,428,169</u>



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 June 30, 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
August 31, 2021

**SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through June 30, 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) *	\$ 188,347,000	\$ 185,815,340	\$ (2,531,660)	99%	\$ 188,347,000	\$ 2,531,660
Evergreen Premium (net of allowance)	1,488,000	1,573,133	85,133	106%	1,488,000	(85,133)
Inflow from Operating Account Fund Reserves	4,630,000	-	(4,630,000)	0%	4,630,000	4,630,000
CEC Grant	2,974,000	2,156,414	(817,586)	73%	2,974,000	817,586
BAAQMD grant	50,000	225,200	175,200	450%	50,000	(175,200)
Interest income	750,000	427,517	(322,483)	57%	750,000	322,483
Miscellaneous Income	-	7,009	7,009	0%	-	(7,009)
Total revenue and other sources	198,239,000	190,204,613	(8,034,387)	96%	198,239,000	8,034,387
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	167,024,000	165,480,489	(1,543,511)	99%	167,024,000	1,543,511
Data management	3,195,000	3,198,050	3,050	100%	3,195,000	(3,050)
Service fees- PG&E	969,000	966,753	(2,247)	100%	969,000	2,247
CCPower JPA	57,000	56,098	(902)	98%	57,000	902
Personnel	5,623,000	4,921,778	(701,222)	88%	5,623,000	701,222
Outreach and communications	1,130,000	896,272	(233,728)	79%	1,130,000	233,728
Customer service	383,000	304,309	(78,691)	79%	383,000	78,691
General and administration	615,000	523,389	(91,611)	85%	615,000	91,611
Legal	360,000	348,034	(11,966)	97%	360,000	11,966
Regulatory and compliance	397,000	114,228	(282,772)	29%	397,000	282,772
Accounting	217,000	200,250	(16,750)	92%	217,000	16,750
Legislative	28,000	-	(28,000)	0%	28,000	28,000
Other consultants	185,000	193,797	8,797	105%	185,000	(8,797)
CalCCA Trade Association	380,000	348,961	(31,039)	92%	380,000	31,039
Program implementation	3,199,000	3,772,766	573,766	118%	3,199,000	(573,766)
Program - CEC grant	5,561,000	4,259,257	(1,301,743)	77%	5,561,000	1,301,743
Total current expenditures	189,323,000	185,584,431	(3,738,569)	98%	189,323,000	3,738,569
OTHER USES						
Capital outlay	8,916,000	9,965,696	1,049,696	112%	8,916,000	(1,049,696)
Total Expenditures, Other Uses and Debt Service	198,239,000	195,550,127	(2,688,873)	99%	198,239,000	2,688,873
Net increase (decrease) in available fund balance	\$ -	\$ (5,345,514)	\$ (5,345,514)		\$ -	\$ 5,345,514
* Represents sales of approximately 1,786,000 MWh for 2020/21 YTD actual.						
RESERVES						
Operating Cash Reserve	\$ 59,231,000	64%	\$ 92,133,000			
Program Cash Reserve	10,845,000	59%	18,426,600			
Collateral Cash Reserve	2,224,000	14%	15,943,600			
	\$ 72,300,000	57%	\$ 126,503,200			



431 E Street
Santa Rosa, CA 95404
sonomacleanpower.org

August 30, 2021

Attention: Better Together Resilient Communities Grant Program
Pacific Gas & Electric
77 Beale Street
San Francisco, CA 94105

Subject: Letter of Support for Communities of Lake County for Better Together Resilient Grant Program Application

Sonoma Clean Power (SCP) is pleased to offer this letter of support for Trane Technologies' application for the Better Together Resilient Communities Grant Program on behalf of communities in Lake County.

SCP is the community choice aggregation (CCA) serving customers in Sonoma and Mendocino counties. SCP retains a close relationship with our neighbors in Lake County and share a desire to develop local energy resources, reduce the cost and improve the reliability of clean energy, and mitigate the threat of increasingly frequent wildfires.

The Firemain Linked Auxillary Supply Hydraulic Energy Storage (FLASHES) proposed for communities in Lake County offers an inventive approach to increasing resiliency while also delivering clean energy when it's most needed. FLASHES will equip disadvantaged communities threatened by wildfires with greatly enhanced firefighting capabilities. Meanwhile, local energy generation and storage will alleviate the burden of Public Safety Power Shutoffs (PSPS), relieve local transmission constraints, and reduce the dependency on carbon-emitting generation to meet demand from peak load. The capabilities of FLASHES strongly align with the needs load serving entities like SCP desire in new resource development.

SCP is excited that the Better Together Resilient Communities Grant Program presents an opportunity for resource-constrained communities like those in Lake County to fund exploration and development of innovative projects like FLASHES. SCP urges the grant committee to support Lake County in this endeavor, which could be a model for other communities on how to develop cost-effective resiliency solutions that concurrently mitigate and abate the impacts of climate change.

Sincerely,

Geof Syphers
Chief Executive Officer

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Staff Report - Item 07

To: Sonoma Clean Power Authority Community Advisory Committee

From: Claudia Sisomphou, Communications Specialist

Issue: Receive Update on Empower (SCP's Community Engagement, Education, and Outreach)

Date: September 16, 2021

Recommendation:

Receive a presentation on the evolution of Empower, an Agency-wide endeavor to improve the relevance, reach, and impact of SCP's partnerships, community offerings, and education, engagement, and outreach efforts. Provide detailed input on the questions in the Key Questions section.

Background:

While reviewing applications for the Community Outreach (event sponsorship) program, the Marketing team noted that there were a number of requests to sponsor community projects and efforts which aligned well with SCP's values, but fell outside of the program's guidelines. Because of limits on resources (both budget and staff time), it was important that every granted request clearly fell within the set criteria. However, without any other means of support to offer, every denied request felt like a missed opportunity to engage with a community group or organization that had proactively reached out to SCP.

This recognition opened the door to a larger discussion around SCP's Public Relations and Marketing department's existing strategies for community engagement and outreach, as well as how the Agency's needs had shifted over the years. Brand awareness, business relationships, and name-recognition had been major priorities of the department's education and outreach efforts for SCP's first few years of service.

Today, those efforts have served the Agency well, as most residents and businesses in Sonoma and Mendocino counties are aware of Sonoma Clean Power.

However, through countless interactions with customers, the breakdown of participants in SCP's customer programs, and qualitative data provided by recent focus groups, it is evident that there is still confusion around what Sonoma Clean Power is, what services it provides, how it operates (individually, and in relation to PG&E), and why customers see SCP charges on their bill. There was also internal acknowledgment that SCP has struggled to reach and engage with certain customer groups, including those who are low-income, Spanish-speaking, renters, and living in underserved communities.

These challenges are common among electric power providers, with most utilities accrediting their community engagement to donations and occasional participation in live events. Nevertheless, SCP staff believe that the status quo is not a good enough bar for SCP to be measured by.

To tackle this problem, the Marketing team began reevaluating the effectiveness of its existing community education, engagement, and outreach efforts, and began developing Empower to guide the cultivation of new Marketing strategies and its allocation of resources. The more that Marketing thought about its goals and target audiences, the more obvious it became how intertwined its efforts were with other departments, from first interactions with the public all the way through planning and development, and beyond.

What started as a plan to better support the work of local organizations, increase customer participation, and build community trust, has now presented the opportunity for an Agency-wide shift in how SCP operates. Better quality outreach and engagement will inform and improve the effectiveness of SCP's programs, services, partnerships, and offerings. To produce valuable benefits, SCP must not only garner public input from across the service territory and different demographic groups, but also invite the input to change, halt, and expand the work SCP does.

With Empower at the core of how SCP allocates its resources, evaluates partnerships and new ideas, identifies customer groups to engage with, and tracks progress and measures success, SCP will be an Agency that better serves and supports **all** its customers and communities.

The areas for improvement that Empower seeks to focus on, in no particular order, are:

1. Building Partnerships
2. Customer Education
3. Focus on Equity
4. Engaging Youth

Key Questions:

As SCP staff work to develop Empower and put it into practice, staff seek the help and guidance of the Committee, the Board, and the public. At this early stage, staff request input and discussion on the following:

1. Are there local organizations, cities, or agencies that have notably effective community engagement and/or education programs? What makes these efforts effective?
2. What examples of community projects or efforts do you know of that listened to the considerations and concerns of its constituents, and did a great job incorporating public feedback into the final policy or action?
3. How can the Community Advisory Committee members best support SCP in Building Partnerships, Customer Education, Focusing on Equity, or Engaging Youth?

Fiscal Impact:

In the first year of implementation, the Public Relations and Marketing department will dedicate \$40,000 of its approved budget toward implementing Empower. These funds will offer financial support to the SCP community and customers in a variety of ways, including community grants of up to \$2,000 (max of 20 recipients per fiscal year), providing giveaways and food & beverages at public forums or workshops that SCP co-sponsors, offering matching donations to nonprofits and community organizations, and assisting partners with event, program, or project expenses when appropriate and on a case-by-case basis.

As some of SCP existing efforts fall under the umbrella of Empower, other departments may also contribute financially to addressing one or more of the four areas for improvement. For example, existing scholarships, grants, or partnerships that are currently managed and funded by other departments (e.g., Spirit of Entrepreneurship Grant, SWITCH Vehicle Program, 10,000 Degrees Scholarship).

Attachments:

None



Staff Report - Item 08

To: Sonoma Clean Power Authority Community Advisory Committee

From: Geof Syphers, CEO
Ryan Tracey, Director of Planning & Analytics
Deb Emerson, Managing Director

Issue: Recommend that the Board of Directors Approve Resolution Creating a Geothermal Opportunity Zone

Date: September 16, 2021

Recommended Actions

Staff are requesting that the Community Advisory Committee ("CAC") recommend that the Board of Directors ("Board") approve a resolution creating a Geothermal Opportunity Zone. The draft resolution is attached as Appendix 2 to this report.

Background

The California grid increasingly relies on intermittent renewable resources like solar and wind to meet climate objectives. More recently, battery storage is being deployed at scale to extend the capability of the current renewable fleet to provide power in evenings. However, very limited growth has occurred for clean baseload resources like geothermal that will be needed to provide reliability in cloudy and windless weather.

Earlier this year, SCP staff began investigating opportunities to develop more geothermal locally. After engaging a group of geothermal technology and development companies, SCP identified a potential opportunity to create a partnership with SCP's member counties and position SCP as a large electric off-taker

to accelerate the development of a valuable baseload clean energy resource and directly benefit the local economy.

Discussion

A memo outlining the objectives, context, and next steps of implementing a Geothermal Opportunity Zone is attached as Attachment 1 to this report.

Fiscal Impact

There is no direct financial impact from creation of the Geothermal Opportunity Zone, but SCP will expect to contribute funding and staff time to pursue projects over time. These resources will be used to address regional-scale barriers to geothermal development, including permitting and transmission constraints and will be introduced for separate review and approval to SCP's governing board.

Attachments

Attachment 1- Geothermal Opportunity Zone Proposal Memo

Attachment 2 - Draft Resolution Establishing the Sonoma-Lake-Mendocino Geothermal Opportunity Zone



Geothermal Opportunity Zone Proposal

Sonoma Clean Power (SCP) is exploring the formation of a Geothermal Opportunity Zone (GeoZone) in the Counties of Sonoma, Lake and Mendocino to encourage and support the development of geothermal electric power and research new types of geothermal technology. These technologies have the potential to lower costs, minimize environmental impacts, and reduce the need for water.

The success of solar power has led to a new challenge: California now needs a lot of renewable energy that runs when the sun isn't shining to meet its climate goals. With the technology we have today, only offshore wind and geothermal have the potential to meet the scale of this challenge. Locally, we have world-class geothermal potential that can directly address this need.

What is the need for geothermal?

The Preferred System Plan (PSP) portfolio released by the California Public Utilities Commission (CPUC) estimates 1.2 GW of new geothermal resources will be required by 2030 to achieve emissions and reliability targets and 2.3 GW by 2045. This is on top of retaining 1.6 GW of existing geothermal capacity. Northern California is anticipated to contribute a quarter of the required new capacity (over 600 MW by 2045). The CPUC has ordered load serving entities to procure 1 GW of firm zero-emitting resources by 2026 to accelerate development of geothermal resources. Given the complexity of permitting and development, this timeline requires rapid action.

Opportunities to expand capacity at the existing Geysers geothermal field with conventional steam plants are limited by the availability of water to inject for pressure maintenance and the extent of reservoir permeability, and such water constraints are not expected to improve over time as forecasts predict more frequent droughts. However, recent technological advances in the geothermal industry could enable widespread development with reduced water use constraints while also minimizing resource assessment risk. To get started, however, these new technologies need a proving ground.

Why create an opportunity zone?

The Counties of Sonoma, Lake and Mendocino contain the largest operational geothermal resource in the world. This provides us with an opportunity to forge a partnership to actively support the development of geothermal power. With SCP staffing and financing, we can

begin to identify and mitigate barriers to development while advocating for federal and state funding.

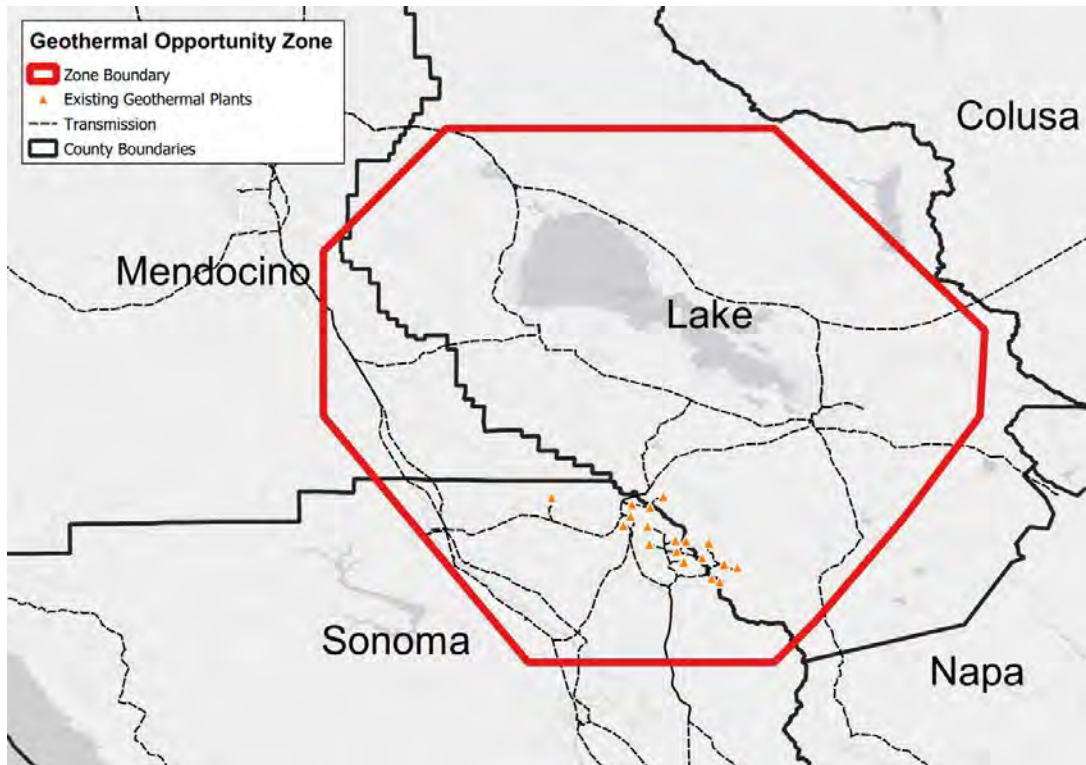
A GeoZone would create a lower-risk opportunity for geothermal development by having SCP act as a public advocate for grants to cover some or all the above-market costs for new technologies. SCP could also potentially be a purchaser of the energy generated. The GeoZone would create a clear opportunity to advocate for federal tax credits and priority for critical grid infrastructure.

SCP would seek to create opportunities for the three counties to lease publicly owned land, increase employment opportunities for the local workforce, and increase the local tax base. SCP is also interested in testing geothermal technologies that have significantly lower water needs than the existing facilities in anticipation that the reclaimed water used at the Geysers will have increasing value for other uses as droughts worsen.

Success in the GeoZone will provide SCP customers with a clean energy resource that is reliable, local, affordable, and sustainable. Proactively identifying development barriers, establishing relationships with developers, and advocating for public funding and infrastructure will drive down the cost of geothermal energy, which currently commands a premium.

Should the Counties of Sonoma, Lake and Mendocino agree, a prospective boundary for the GeoZone is shown in Figure 1. Available data from the National Renewable Energy Laboratory (NREL) indicates that the thermal anomaly underlying the Geysers is regionally extensive through much of Lake County and adjacent sections of Mendocino and Sonoma counties. The area also hosts a dense network of high voltage transmission capacity. This prospective boundary has been used to guide preliminary work on the potential GeoZone described later in more detail.

Figure 1. Map of Geothermal Opportunity Zone and Existing Infrastructure

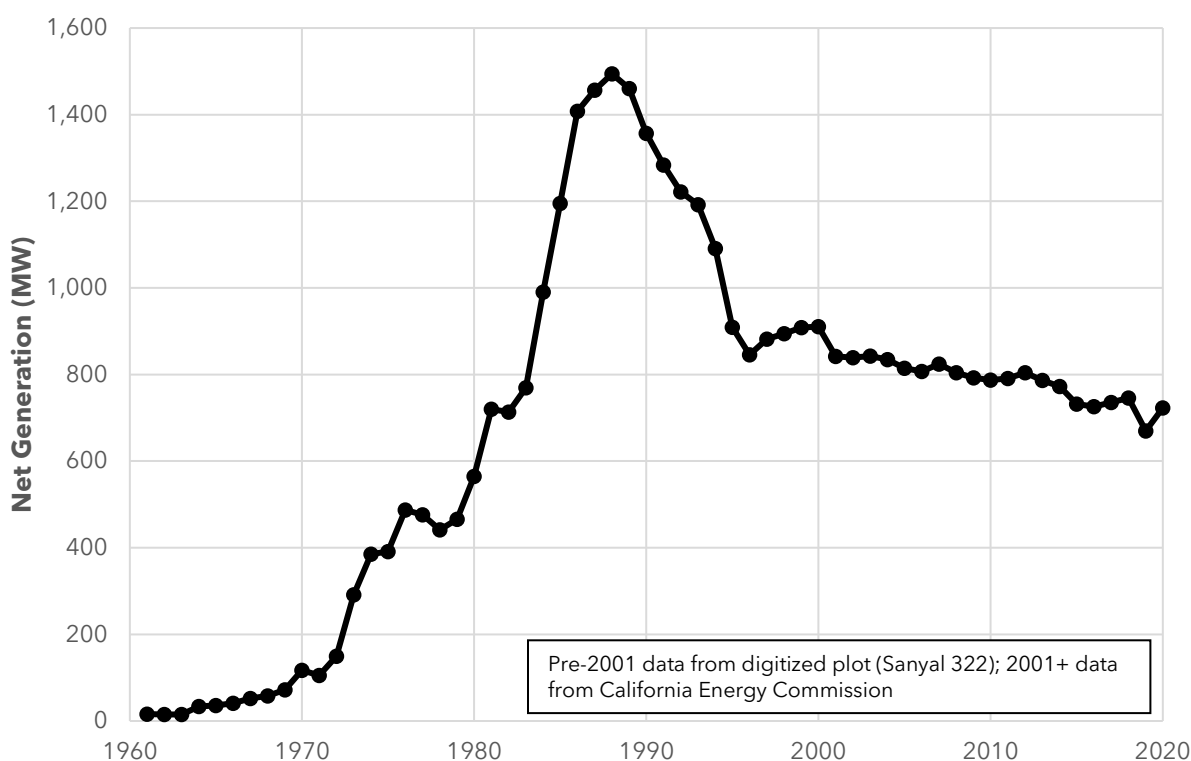


What is the status of the existing geothermal resource?

Existing geothermal development employs conventional hydrothermal technology that requires a geologic heat source, subsurface permeability, and water to generate power. The geographic area with proven characteristics for conventional development is limited to the area in and around the existing Geysers field on the border between Sonoma and Lake counties.

There are currently fifteen active plants in the Geysers field generating around 700 MW of net power. Figure 2 below charts the historic generation of the Geysers starting with PG&E's first 11 MW plant in 1960 and peaking near 1,500 MW just before the newest geothermal plant (Aidlin) was commissioned in 1989. All existing plants at the Geysers utilize dry steam generation technology.

Figure 2. Historic Net Generation Output of the Geysers Field



After precipitously declining due to reservoir depletion, generation stabilized in 1997 after startup of an injection project fed from a Lake County wastewater pipeline. In 2003, a second pipeline from Santa Rosa provided additional injection capacity allowing 80% to 90% of produced fluids to be replaced (Khan 2). By 2010, these two projects were estimated to be avoiding 155 MW of projected capacity decline at the Geysers (Khan 2). In total, 15 million gallons per day or 16,000 acre-feet per year of treated wastewater are injected into the reservoir (Calpine). Although the energy requirements for delivering the injection water are significant (9 MW for the Santa Rosa system), they are small compared to the net generation impact. It appears current injection volumes are sufficient to sustain Geysers generation, but any additional capacity will require increased injection volumes or new generation technology that reduced the amount of water needed per MW generated.

What new technologies may enable additional resource development?

New geothermal technologies offer the opportunity to reduce water usage, shrink the surface footprint, and expand the geographic range of geothermal power production.

Figure 3 illustrates the current technology in use at the Geysers. Wastewater is injected from the Santa Rosa Subregional System and from Lake County to maintain mass balance in the reservoir. That water is heated to steam by hot rock in the reservoir, produced, and run through a turbine. Most of the mass is allowed to evaporate up at the surface, along with geologic emissions (including carbon dioxide). Most existing wells are vertical, requiring extensive flowlines at the surface to connect wells to surface facilities.

Figure 3. Existing hydrothermal / dry steam technology

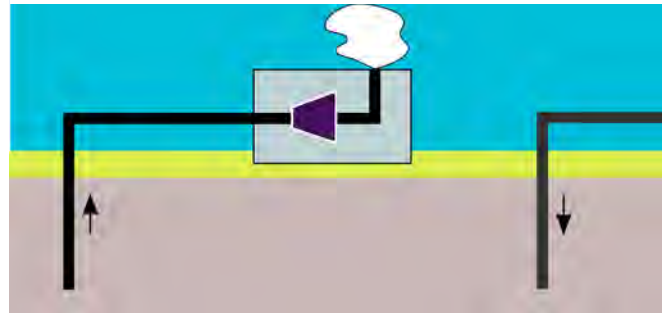


Figure 4. New binary technology

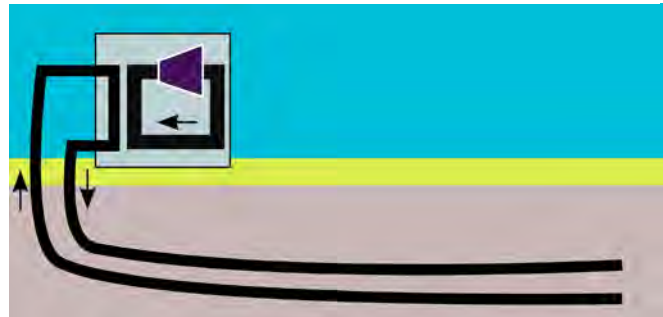


Figure 4 demonstrates the advantages of new technologies available for geothermal development. Instead of evaporating, produced fluids are run through a heat exchanger that transfers heat to a separate closed-loop system powering the turbine (binary system). All produced mass is returned to the reservoir through injection wells and there are no geologic emissions. Directional drilling allows wellheads to be located next to surface facilities, minimizing the length of flowlines and associated surface footprint of development. New subsurface technologies, including closed-loop wells and engineered geothermal systems, provide the capability to transfer heat without requiring reservoir permeability. This has good potential to expand the region for development far beyond the footprint of the current Geysers field.

Meanwhile, greatly enhanced resource assessment capabilities increase the resolution of characterizing reservoir properties and reduce the risk in identifying suitable drilling targets. New monitoring techniques improve reservoir management and the longevity of geothermal resources. Advances in energy storage can be used to add valuable flexibility to geothermal generation.

What work has SCP started in forming an opportunity zone?

SCP started investigating the opportunity to promote local geothermal resource development earlier this year. As part of that effort, work has started in the following focus areas:

1. **Resource evaluation:** After using available public datasets on the extent of the local geothermal resource to define the GeoZone, SCP entered into an initial pre-feasibility contract with Dr. William Glassley to perform a characterization of geothermal potential within the potential GeoZone area. The results of this study will be used in refining the scope of the GeoZone, informing advocacy, and engaging potential developers.
2. **Technology:** SCP arranged meetings with geothermal development and technology companies to understand the current landscape of the industry, identify applicability of new development concepts to the GeoZone, and further understand potential

barriers to development. SCP also engaged Redwood Coast Energy Authority (RCEA) on the process they used to partner with private entities to promote development of offshore wind.

3. **Transmission:** SCP is working on developing more in-house expertise on the transmission planning process. SCP met with CAISO on the initiative and is identifying opportunities for advocacy. Concurrently, SCP is collecting information on the existing transmission infrastructure.
4. **Site control:** SCP evaluated options for using public land for geothermal development within the GeoZone and has started initial discussions with staff in Lake County on specific opportunities. SCP also is conducting a high-level appraisal of mineral ownership in the GeoZone area.

What are the next steps?

Should the SCP Board create the structure for a Geothermal Opportunity Zone, Staff would immediately reach out to the County Boards of Supervisors in Sonoma, Mendocino and Lake Counties to introduce the concept and seek their participation. By joining the GeoZone, member jurisdictions would be asked to agree to support efforts to streamline permitting, increase advocacy for geothermal development, and consider opportunities to use certain public land for site development.

In parallel with that outreach, Staff plan to release a Request for Information (RFI) to potential development partners in October, and use the responses to the solicitation to further inform the potential for success of the GeoZone.

While it is still a bit speculative at this early stage, staff are exploring structuring a public-private partnership in a manner similar to Redwood Coast Energy Authority's arrangement for offshore wind. Partners would be asked to implement development of projects within the GeoZone while working with SCP to address regional-scale barriers to development including permitting, resource characterization, and transmission planning, construction and access.

SCP staff will increase advocacy at the CPUC and CAISO for plans and rulings that could further enable development of local geothermal resources. This could include engagement in the Integrated Resource Plan proceeding, the Transmission Planning Process, and the interconnection enhancements stakeholder initiative.

SCP staff will also press federal lawmakers to reinstate the federal tax credits for geothermal which expired in January 2021, and seek other state and federal support for geothermal energy and baseload renewable energy development.

SCP, along with its partners could facilitate a programmatic EIR that defines the GeoZone formally and addresses the potential programmatic environmental impacts of geothermal development within the GeoZone. SCP also expects to institute a best practices forum in the GeoZone to allow private and public partners to share lessons learned in permitting, exploration, development, and stakeholder engagement to improve the success of development in the region.

References

- "GEYSERS BY THE NUMBERS." Calpine Corporation, <https://geysers.com/The-Geysers/Geysers-By-The-Numbers>.
- KHAN, A.K. "The Geysers Geothermal Field, an Injection Success Story." Proceedings World Geothermal Congress, 2010.
- SANYAL, S.K., "Forty Years of Production History at The Geysers Geothermal Field, California—the Lessons Learned." Geothermal Resources Council Transaction, v. 24 ,2000.

DRAFT

Resolution 2021-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER
AUTHORITY ESTABLISHING THE SONOMA-LAKE-MENDOCINO GEOTHERMAL
OPPORTUNITY ZONE**

Whereas, the Sonoma Clean Power Authority (SCPA) wishes to accelerate the development of renewable energy and reduce greenhouse gas emissions; and

Whereas, SCPA recognizes that baseload renewable energy sources which operate 24 hours per day 365 days per year are necessary to achieve both State and local climate goals; and

Whereas, SCPA's member jurisdictions own and control certain property which may have development potential for baseload renewable energy projects; and

Whereas, SCPA recognizes the long permitting and development timelines for geothermal power projects; and

Whereas, SCPA has an interest in sharing information and working collaboratively together with the Counties of Sonoma, Mendocino and Lake; and

Whereas, SCPA is a publicly-owned and governed electricity provider serving customers in Sonoma and Mendocino Counties ("Counties") and having both an interest in purchasing the electric energy produced by new renewable resources and staff with expertise in resource development; and

Whereas, SCPA wishes to establish a geothermal opportunity zone as set forth in this Resolution;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY DOES HERBY RESOLVE AS FOLLOWS:

1. The above Recitals are true and correct and incorporated by this reference.
2. The Sonoma Clean Power Authority ("SCPA") establishes the Sonoma Lake Mendocino Geothermal Opportunity Zone ("GeoZone"), consisting of the land area in Counties electing to participate or a subset of that land area as agreed to by SCPA and the participating Counties. The GeoZone shall be used to facilitate the potential development of geothermal energy resources within its boundaries. These activities may include identifying potential sites for new geothermal energy production and for the research of new and emerging geothermal technology, collaboratively sharing information among the Counties, soliciting developers to construct new geothermal and other clean power resources, exploring a program environmental impact review to reduce development risks and timelines, seeking federal and state funds and changes in policy to support geothermal

development, and facilitating the use of the renewable energy output by customers in the Counties. Activities shall not include any final commitment to develop geothermal energy resources at any site, which shall only be made by SCPA, the Counties, or other applicable regulatory agency after necessary environmental and similar review.

3. The CEO or designee is hereby authorized to take such administrative actions necessary to implement the GeoZone.

4. For the reasons set forth above, the adoption of this Resolution is not a “project” requiring environmental review pursuant to State CEQA Guidelines § 15060, subdivision (c)(3) and §15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5). Alternatively, the actions are statutorily exempt from CEQA review pursuant to State CEQA Guidelines § 15262 and exempt under the “common sense” exemption identified in State CEQA Guidelines § 15061, subdivision (b)(3). None of the exceptions to the use of the “common sense” exemption as identified in Government Code § 15300.2 exist.

5. This Resolution shall be effective immediately.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY THIS ____TH DAY OF OCTOBER 2021 BY THE FOLLOWING ROLL CALL VOTE:

[insert voting table]

Chair, Sonoma Clean Power Agency

ATTEST:

Clerk of the Board

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Staff Report - Item 09

To: Sonoma Clean Power Authority Community Advisory Committee

**From: Mike Koszalka, Chief Operating Officer
Geof Syphers, Chief Executive Officer**

Issue: Recommend that the Board of Directors Approve an Investment Policy for Sonoma Clean Power

Date: September 16, 2021

Recommendation

Staff are requesting that the Committee recommend the Board of Directors approve the attached draft Sonoma Clean Power investment policy as Financial Policy B.5, Investments.

Background

Sonoma Clean Power, since its inception in 2014, has taken a conservative approach to cash management as we began building our financial credit and reserves. Over the last seven years, we have built reserves to \$72 million – approximately 57% of SCP’s long-term target.

Our cash funds are held with the following three institutions: River City Bank, Summit State Bank, and the Sonoma County Investment Pool.

The County Investment Pool is considered a safe institution for public agencies to hold substantial cash holdings for the purpose of preserving capital. These deposits can be withdrawn with very little delay and without penalty making this account quite liquid. However, the County Investment Pool earns relatively low returns and does not provide insurance on the funds.

Most of the funds SCP holds at River City Bank and Summit State Bank are in Insured Cash Sweep (ICS) accounts. ICS accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for their full balance. The bank uses other member banks to place funds into demand deposit accounts, money market deposit accounts at increments below the standard FDIC insurance maximum of \$250,000 so that both

principal and interest are eligible for FDIC insurance. These funds are available to SCP with no delay or penalty making them completely liquid.

Given the extremely low interest rate as of September 1, 2021, the returns on the ICS accounts and the County Investment Pool are all around 50 basis points (0.5%). SCP is currently earning just over \$50,000 per month in interest at these rates. While this interest income is helpful, it is also not matching inflation, so there is risk that SCP's deposits lose purchasing power over time.

As a public agency, SCP is guided by State law regarding allowed investments of public funds. Without a formal investment policy in place, to date staff has taken the most conservative approach to cash management by primarily holding funds in banking institutions and with the County.

Discussion

SCP has the potential to better allocate our cash holdings within State law in order to increase our return without adding significant financial risk. Staff is proposing the attached Financial Policy B.5, Investments, to guide staff in selecting and managing investments of SCP's cash holdings.

Currently, staff does not have plans to change our current cash holding strategy. Establishing this policy would clarify staff's authority to invest in financial instruments other than our current banking and financial relationships.

If adopted, the Chief Executive Officer (and his/her designee, if necessary) would have the authority to invest and reinvest money of SCP, including selling or exchanging securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to Financial Policy B.5.

Fiscal Impact

This policy will have limited impact in the short term as interest rates and returns for the financial investments allowed by State law and this policy are low. This policy does have the potential to increase interest revenues in the future.

Attachments

- Attachment A - Draft Sonoma Clean Power Investment Policy
- Attachment B - Local Agency Investment Guidelines, CDIAC, 1.1.2021
(Available at [this link](#) or by request from the Clerk of the Board.)

PROPOSED DRAFT - This policy has no effect unless and until it is adopted by the SCPA Board of Directors.

**Financial Policy B.5
Investments**

1. Purpose

This statement contains guidelines for the prudent investment of SCPA's cash balances in accordance with California Government Code sections 53600, et. seq. The goals of SCPA's Investment Policy are to protect SCPA's cash balances, retain sufficient liquidity, and produce a return on investment to preserve value over time.

2. Standard of Care

The standard of prudence to be used by investment officials will be the "prudent investor" standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

3. Scope

This Investment Policy applies to all funds and investment activities of SCPA. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents.

4. Objectives

The primary objectives, in priority order, of the investment activities of SCPA are:

- **Safety of Principal** - Preservation of principal is the foremost objective of SCPA.
- **Liquidity** - SCPA's portfolio will remain sufficiently liquid to enable SCPA to meet its cash flow requirements. It is important that the portfolio contain investments which provide the ability of being easily sold at any time.
- **Return on Investment** - SCPA's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering SCPA's investment risk constraints and cash flow needs.

Delegation of Authority

Pursuant to California Government Code Section 53607, the Chief Executive Officer (and his/her designee, if necessary) is authorized to invest and reinvest money of

SCPA, to sell or exchange securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to this investment policy.

SCPA may engage the support services of outside investment advisors regarding its investment program, so long as these services are likely to produce a net financial advantage or necessary financial protection of SCPA's financial resources. Outside investment advisors must be approved by the Chief Executive Officer and the Board of Directors. SCPA CEO (and his/her designee, if necessary) will be responsible for managing the investment advisors.

Conflict of Interest

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

Authorized Financial Dealers and Institution

The purchase by SCPA of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

Should SCPA staff choose to contract with a dealer or institution to manage its investments, the CEO would be responsible for making this decision, conducting the evaluation of all institutions that wish to do business with SCPA, to determine if they are adequately capitalized, staffed by qualified investment professionals, and agree to abide by the conditions set forth in SCPA's Investment Policy and any other guidelines that may be provided. If SCPA does go forward with a dealer or institution, the following action will be taken annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, SCPA's Investment Policy.
2. Submit their most recent audited Financial Statements within 120 days of the institution's fiscal year end.

If SCPA has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of SCPA.

Authorized Investments

The Local Agency Investment Guidelines update for 2021 that was issued by the California Debt and Investment Advisory Commission (CDIAC), FIGURE 1, lists the acceptable investments authorized for local agencies in California. The following is a reproduction of FIGURE 1 from the report that is in force as of January 1, 2021. SCPA will abide by these guidelines and any successors issued by the State.

FIGURE 1

INVESTMENT TYPE	MAXIMUM MATURITY ^a	MAXIMUM SPECIFIED % OF PORTFOLIO ^b	MINIMUM QUALITY REQUIREMENTS	GOVT CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations—CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^e	None	53601(g)
Commercial Paper—Non-Pooled Funds ^f (under \$100,000,000 of investments)	270 days or less	25% of the agency's money ^g	Highest letter and number rating by an NRSRO ^h	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money ^g	Highest letter and number rating by an NRSRO ^h	53601(h)(2)(c)
Commercial Paper—Pooled Funds ⁱ	270 days or less	40% of the agency's money ^g	Highest letter and number rating by an NRSRO ^h	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% ^j	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^k	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^k	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^l	20% of the base value of the portfolio	None ^m	53601(j)
Medium-Term Notes ⁿ	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{p,q}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^r	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^s	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^t	N/A	None	None	16340
Supranational Obligations ^u	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

Restriction on Investment Policies and SCPA Constraints

Section 53600 et. seq. of the State of California Government Code outlines the collateral requirements for certain types of investments and limits the percentage of total investments which can be placed in certain classifications. Investments must meet the time schedules as indicated by the cash flow projections of SCPA. Investments will be purchased with the intent to hold until maturity, however this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, liquidity, credit quality, or enhance the rate of return.

Maturity Limit

State law requires that the maturity of any given instrument should not exceed five years unless specifically approved by the SCPA Board of Directors at least three months before the investment is made.

Internal Control

The CEO is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of SCPA are protected from loss, theft, or misuse. The SCPA CEO or his/her designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board). As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

Performance Standards

SCPA's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs.

Reporting Requirements

The CEO will provide a year-to-date investment summary to the Board of Directors on a quarterly or more frequent basis. The summary will show the type of investment, the average balance of funds invested, and average annual percentage yield.

Policy Review

This Investment Policy will be reviewed at least annually to ensure its consistency with:

1. The California Government Code sections that regulate the investment and reporting of public funds.
2. The overall objectives of preservation of principal, sufficient liquidity, and a market return.

Glossary

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Collateral refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Duration is a measure of the sensitivity of the price of a security or a portfolio of securities to a change in interest rates, typically stated in years.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$65 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Local Government Investment Pools (LGIP) are investment tools similar to money market funds that allow public entities to invest funds.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders. Eligible money market funds must strive to maintain a stable net asset value (NAV) of \$1 per share.

Net Asset Value (NAV) is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value. Money Market funds that SCPA is authorized to invest in are required to maintain an NAV of \$1.00 at all times.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve-month maturities.
2. **Treasury Notes** that have original maturities of one to ten years.
3. **Treasury Bonds** that have original maturities of greater than 10 years.