AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, JANUARY 20, 2022
1:00 P.M.

******AB 361******
RE CORONAVIRUS COVID-19

CONSISTENT WITH THE PROVISIONS OF AB 361, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE WILL PARTICIPATE IN THE JANUARY 20, 2022, MEETING BY TELECONFERENCE. 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/89591222887
- Telephone number: 1 (720) 707-2699
- Meeting ID: 895 9122 2887

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 December 16, 2021, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) - pg. 5
2. Receive the Independent Report for the Financial Statements from Fiscal Years Ending June 30, 2020, and June 30, 2021 (Staff Recommendation: Receive and File) - pg. 11

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

3. Welcome and Orientation to SCP (Staff Recommendation: Receive and File) - pg. 13
4. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 15
5. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) - pg. 29
6. Recommend that the Board of Directors Approve Parameters to Establish New Customer Rates for Implementation Following Certain Changes to Customer Exit Fees on or After March 1, 2022 (Staff Recommendation: Approve) - pg. 41
7. Receive 2021 Annual Report (Staff Recommendation: Receive and File) - pg. 45

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

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DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, DECEMBER 16, 2021
1:00 P.M.

****AB 361****
RE CORONAVIRUS COVID-19

CONSISTENT WITH THE PROVISIONS OF AB 361 WHICH SUSPENDED CERTAIN REQUIREMENTS OF THE BROWN ACT, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE PARTICIPATED IN THE DECEMBER 16, 2021, MEETING BY TELECONFERENCE.

CALL TO ORDER

Chair Nicholls called the meeting to order at approximately 1:04 p.m.

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

Committee Members absent: Member Sizemore

Staff present: Geof Syphers, Chief Executive Officer; Mike Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Chad Asay, Director of the Advanced Energy Center; Rebecca Simonson, Director of Programs; Neal Reardon, Director of Regulatory Affairs; Kate Kelly, Director of Public Relations and Marketing; and Scott Salyer, Programs Manager.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Public Comment: None

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

1. Approve November 18, 2021, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve)
2. Approve Community Advisory Committee (CAC) Meeting Dates for 2022 Calendar Year

   Motion to Approve the November 18, 2021, Community Advisory Committee Consent Calendar by Member Wells

   Second: Dowd

Public Comment: None

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

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

   Chair Nicholls thanked outgoing Committee Members Chaban and Sizemore for their work, and following this, Member Chaban thanked the Board and staff for their support of the Committee.

   Director Reynolds introduced the reappointed committee members: Dick Dowd and Denis Quinlan. She then introduced the four new committee members: Sarah Booth, Jeff Kelley, Spencer Lipp, and Crispin Hollinshead. They each took the opportunity to introduce themselves.

   Director Reynolds announced there is still one vacant CAC seat and that the ad hoc appointed by the Board of Directors to handle the recruitment is meeting in January to determine how to fill the position. Then she introduced Darin Bartow as the new Sonoma Clean Power (SCP) Executive Assistant and Clerk of the Board.

   Director Reynolds gave a marketing update and shared that staff has been reaching out to a number of nonprofits for the holidays to help fight food insecurities affecting those less fortunate. She mentioned that CEO Geof Syphers and Kate Kelly, Director of Public Relations & Marketing, were on the air with KZST and spoke about their Adopt a Letter Program and the Advanced Energy Center. She mentioned SCP sponsored three outdoor winter ice skating shows at Snoopy's Home Ice.

   Director Reynolds then invited Chad Asay, Director of the Advanced Energy Center, to give an update. Director Asay told the Board that the Advanced Energy Center had been decorated for the holidays and invited them to stop by. He then spoke of how the Center is a place to come for people to learn about electrification of housing. He spoke of Santa Rosa Chamber's successful events held at the Center and the interest showed by the City of Rohnert Park in using the Center and encouraged the Board to spread the word for other meetings and events to be held at the Advanced Energy Center.

   Director Reynolds then introduced Scott Salyer, Programs Manager, who gave an update on the Advanced Energy Rebuild Program. Program

Manager Salyer explained that after the 2017 wildfires hit our area, the Board of Directors approved up to $6 million for incentives to help homeowners rebuild more efficiently and resiliently. He continued that SCP collaborated with PG&E and the Bay Area Air Quality Management District, to create this program, which provided, up to $12,500 for an all-electric home, along with a $5,000 bonus incentive for appearing solar with battery. The program has enrolled 387 homes. These totals include 261 single family homes 96 multifamily units and 30 accessory dwelling units. Today, 297 of these homes have completed the program. At the end of the program, staff expects SCP will have provided a little over $2 million total in incentives to these homeowners. PG&E has extended the incentive completion date to November 15, 2022, for customers that can demonstrate delays due to COVID-19 or other extenuating circumstances. Programs Manager Salyer offered his help if the customer is unsure. CEO Syphers thanked everyone in the Programs and Marketing departments for building and supporting this program.

CEO Syphers continued with the financial section of the report and significant updates for the next fiscal year, including that the costs of energy expenditures are approximately 12% over budget on energy costs. CEO Syphers anticipates bringing forward a proposal to adjust rates to the January Community Advisory Committee meeting and then the Board of Directors at the February meeting, after PG&E's actual rate and fee changes.

Member Quinlan inquired as to what the liquidated damages in the financials referred to. CEO Syphers responded that he would come back to the next meeting with more information.

Member Wells asked Director Asay what the attendee size for meetings at the Advanced Energy Center would be. Director Asay responded that the Energy Center can hold the full capacity of 152 people but is being capped at 50% capacity (75 people) due to COVID.

Public Comment: Tom Conlon congratulated SCP on a good year and spoke about the Advanced Energy Rebuild Program. Jeff Kelley thanked SCP for this report and explained this was a good example of how SCP honors their customers.

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

Neal Reardon, Director of Regulatory Affairs, announced that the petition disallowing PG&E from subsidizing their Green Tariff Shared Renewable (GTSR) customers was unanimously approved. Director Reardon provided background on the decision. PG&E's interpretation of recent changes to the

PCIA methodology resulted in a subsidy to their Green Tariff Shared Renewables customers. This subsidy was so significant that the GTSR tariff was less expensive than regular bundled service. Demand for the tariff immediately increased, with PG&E enrolling 235 MW by April of 2021, exceeding the 207 MW cap set by Senate Bill 43. PG&E did not develop new resources to provide energy for the tariff marketed as "100% renewable". SCP and other CCAs filed a joint petition to alert the CPUC to this inequity and successfully argued the program should be fixed.

Director Reardon gave a verbal update to the packet that the California Public Utilities Commission (CPUC) issued a proposed decision finalizing revising Net Energy Metering (NEM), the program that allows rooftop solar customers to earn credit for the energy that they export to the grid, which would significantly reduce the credit those customers are paid per kilowatt hour. Director Reardon will provide a summary of the proposed legislation in a future meeting.

Member Fenichel inquired if PG&E was attempting to treat residential producers as wholesalers. CEO Syphers explained that while not exactly, the proposed decision would move much closer to wholesale compensation. Member Fenichel further inquired if this is how it is done in places that have a lot of solar and CEO Syphers explained that as more solar comes on the market, in areas where you see a higher solar penetration, a grid connection fee is being charged. Member Fenichel then inquired about shared battery storage to reduce cost. CEO Syphers explained that he had worked on a project like this in India, so while it is possible, it is difficult to get permission to do this in California. Finally, Member Fenichel asked if a legacy was discussed for people who have added solar panels, but their 20 years is not up yet. Director Reardon explained that the legacy period would be 15 years from whenever the customer connected to the system.

Member Quinlan inquired as to what changes were made in the PCIA methodology. Director Reardon explained that the impact was on all customers who were not on the PG&E solar choice tariff. So, PG&E is bundled customers who are on the baseline tariff, we're paying in to make their 100% solar tariff cheaper than it ought to have been. Member Quinlan then asked if the NEM published rules would apply to all customers, which Director Reardon replied that it would impact our customers as well.

Member Dowd exited the meeting at approximately 2:24 P.M.

Chair Nicholls asked if there will be consideration given to reopen the previous program subsidizing battery storage for those that were in tier 3 high fire areas and/or not on a municipal water system. Director Reardon updated that the CPUC is allowing utilities to move $67 million in funding for the battery incentive program, but that will go to waitlisted customers and to customers in resilience zones. Director Reardon will follow up with Chair Nicholls on specifics.

CEO Syphers gave a legislative report. He said that President Biden asked Martha Guzman to serve as the head of the Environmental Protection Agency Region 9 in San Francisco. Governor Newsom selected his Chief Energy Advisor Alice Reynolds to be the new CPUC President. Staff will continue to monitor the details of the Build Back Better initiative.

Public Comment: Crispin Hollinshead discussed pricing and the real cost of energy if you add in the costs of fossil fuel energy.

5. Recommend that the Board of Directors Approve and Ratify the Sonoma Clean Power Market Access Program Plan

Rebecca Simonson, Director of Programs, detailed staff's request that the Committee recommend to the Board to approve and ratify the proposed market access program plan for SCP. She detailed how staff issued what's called an elect to administer (ETA) application, which provides financial incentives in exchange for real world electricity efficiency and peak load shifting from projects. The financial incentives would be based on actual avoided cost curves. The program would be run through a platform called Flex Market established by the company named Recurve, and the platform ties directly to SCP's customer level interval meter data for measuring actual real world energy efficiency savings and peak load shifting. The platform would automatically calculate the hourly and overall electricity savings achieved on a customer level or set of customers for energy efficiency efforts. This will be administered through CPUC funding.

CEO Syphers added that this is the first time SCP has applied for CPUC funding. He went on to say that if the CPUC continues creating programs with similar goals, then SCP should continue to apply for those programs.

Chair Nicholls asked if any other CCAs participated in the program. Director Simonson responded that MCE was the only CCA that granted automatic access for the funding, but several others have applied.

Director Simonson explained that the way the program is structured would incentivize the aggregators of energy efficiency projects. Member Fenichel asked if the program anticipated more users signing up than the money would allow. Director Simonson answered that part of implementation would be to forecast out for the program. Member Fenichel inquired where the CPUC gets this money and Director Simonson responded that it comes from charges on all customers' bills.

Member Quinlan asked for clarification on aggregators and Director Simonson confirmed that it is service providers putting together a pool of customers. Finally, Member Quinlan asked if SCP anticipates challenges finding service providers and Director Simonson answered potentially based on fuel switching, but because this program is pure electricity she does not see an issue.

Motion to Approve and Ratify the Sonoma Clean Power Market Access Program Plan by Member Wells

Second: Quinlan

Public Comment: Tom Conlon supports the Sonoma Clean Power Market Access Program and asked if SCP is sure the benefits of the program will go to customers.

Motion Passed by Roll Call Vote: 6 – 0 – 0

6. Recommend that the Board of Directors Pass a Resolution Opposing the Use of Rail to Transport U.S. Coal for Export

   CEO Syphers explained that this resolution mirrors what the Counties of Sonoma and Mendocino adopted in opposing a Wyoming shell company's attempt to restore the rail quarter north of Willits to the Humboldt Bay to export coal to China. The essential issues in opposing this center around climate, water, and air quality.

   Motion to Recommend that the Board of Directors Pass a Resolution Opposing the Use of Rail to Transport U.S. Coal for Export by Member Quinlan

   Second: Chaban

   Public Comment: None

   Motion Passed by Roll Call Vote: 6 – 0 – 0

COMMITTEE MEMBER ANNOUNCEMENTS

None

ADJOURN

The meeting was adjourned by unanimous consent at approximately 3:06 p.m.

Staff Report – Item 02

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

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

Issue: **Receive the Independent Report for the Financial Statements from Fiscal Years Ending June 30, 2020, and June 30, 2021**

Date: **January 20, 2022**

Requested Committee Action:

Receive the independent report for the Financial Statements from Fiscal Years ending June 30, 2020, and June 30, 2021.

Background:

Pisenti & Brinker have completed the independent report of SCPA's financial statements for the Fiscal Years ending June 30, 2020, and June 30, 2021. The report was completed with financial statements prepared by Maher Accountancy and presented to the Board of Directors on January 6, 2022. The Board accepted the report as presented.

Attachments:

- Financial Statements – Years Ended June 30, 2020, and June 30, 2021, with Report of Independent Auditors

  This attachment can be accessed through this link or by request from the Clerk of the Board.

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Staff Report – Item 03

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

From: **Geof Syphers, CEO**

Issue: **Welcome and Orientation to SCP**

Date: **January 20, 2022**

This is an opportunity for the Committee members to introduce themselves and learn more about Committee work and Sonoma Clean Power.

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Sonoma Clean Power

Staff Report – Item 04

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: **January 20, 2022**

2022 CHAIR AND VICE CHAIR APPOINTMENTS FOR THE COMMITTEE

At the February meeting of the Community Advisory Committee (CAC), the opening of nominations and appointment of the Chair and Vice Chair for the next 12 months will be on the agenda.

Starting in 2021, following input from the Committee, a Member Statement Form was created and distributed to current members. This form asked members for a brief biography to keep our website updated, for a short list of 2022 goals for each member and finally, allowed members to signify if they were interested in serving as Chair or Vice Chair for the next 12 months. The completed forms were included in the February 2021 agenda packet, allowing the full committee to review information about those interested serving as Chair or Vice Chair.

Following the January 20 meeting, staff will distribute these forms to current members, asking that they be returned to staff within a two-week period. To avoid any potential violations of the Brown Act, members are directed to hold any potential discussions on nominations until the public meeting on February 17, 2022. Questions on responsibilities of each position and time commitments may be asked of CEO Syphers at any time and will be reviewed at the February meeting, prior to the vote.

CITY OF ROHNERT PARK EVERGREEN ENROLLMENTS

Since the last Committee meeting, the City of Rohnert Park has joined the list of member cities who have fully enrolled in our EverGreen Service. The City fully enrolled all 176 accounts. This pattern of member enrollments sends a strong message and sets a great example for our customers showing how simple it is to make a difference towards reducing the impacts of climate change and investing our energy dollars in local power sources.

CALeVIP PROGRAM UPDATE

It has been 18 months since the Sonoma Coast Incentive Project (or CALeVIP) launched in July 2020, with the goal of promoting easy access to electric vehicle (EV) chargers in Mendocino and Sonoma counties. As of January 2022, we have 20 public EV charging sites in progress - representing 46 new DC Fasting Charging ports and 129 Level 2 ports. We expect that number to go up with additional funding programmed for the 2nd and 3rd year of the project.

We are looking forward to the first station opening in 2022, after granting several extensions where the applicant was able to provide justification. The most common justifications include ripple effects from the pandemic such as finding labor, job sites being closed for months, supply chain delays to get equipment and materials, permitting and inspection delays from cities, and delays working with utilities.

The project is funded with a total of $6.63 million available over three years from the California Energy Commission, SCP, and the Northern Sonoma County Air Pollution Control District. The project was quickly oversubscribed after opening and has a sizable wait list. SCP staff is now working to unlock additional funding to help construct wait-listed fast charging applications in underserved areas. Staff will return as soon as there is more news to share.

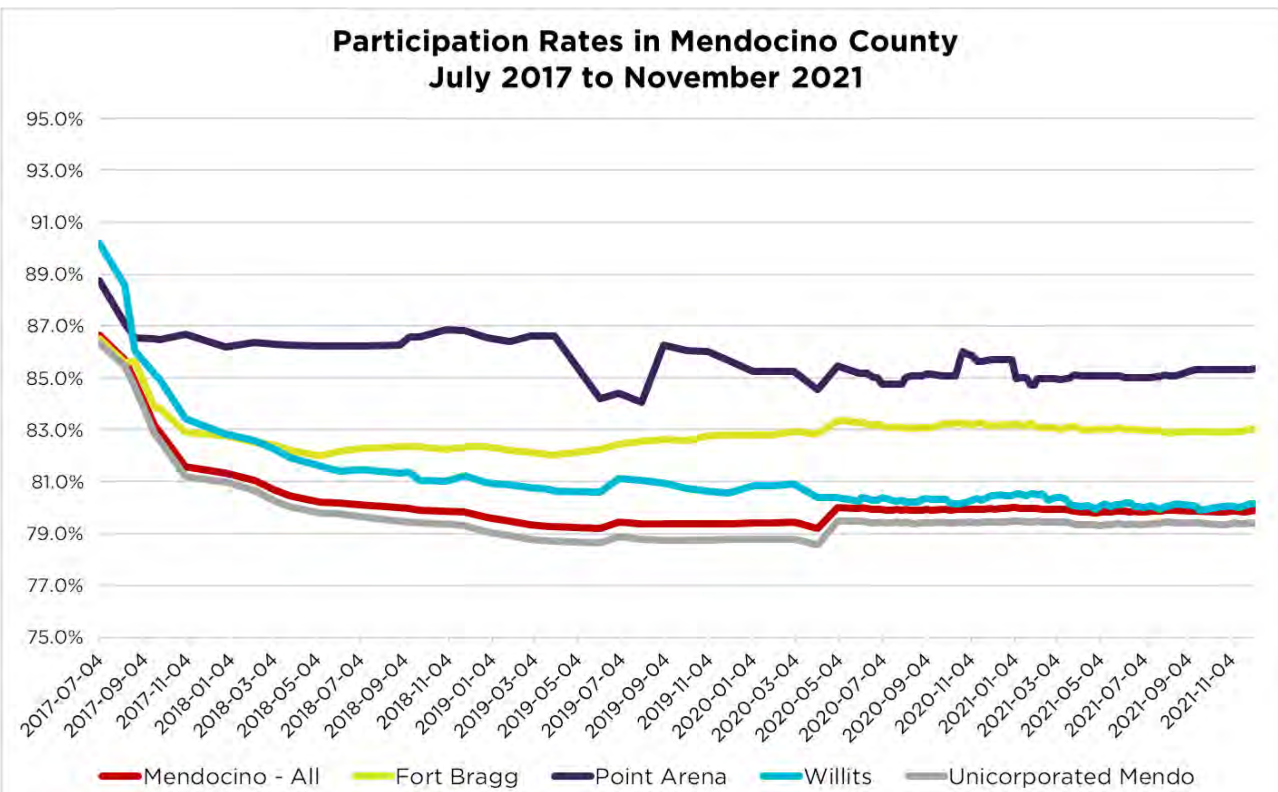
CUSTOMER PROGRAMS STRATEGIC ACTION PLAN

Staff expects the next revision of the Strategic Action Plan to be presented to the Community Advisory Committee in March or April 2022. In prior years the Action Plan was not discussed at the same time as the annual budget, but staff believe it will be more valuable to hold those conversations at the same time.

While preserving SCP's work in market transformation, in response to input from the Committee and Board, the Strategic Action Plan will also begin to place additional focus on metrics that measure direct GHG emissions reduction, participation by customer type and demographics, and fiscal impact to our community on a program by program basis.

MENDOCINO COUNTY PARTICIPATION

At a previous Board meeting, staff was directed to provide detail on current participation rates in Mendocino County. The chart, below, illustrates Mendocino County's participation trend since the rollout of service in June 2017. Note the vertical axis of the graph is zoomed in to better show the differences between the jurisdictions. As a whole, participation has remained between 79%-80% since late 2017. A stable participation rate is helpful for procurement and planning, but SCP would love to see it increase in the future. Staff anticipate that continued and expanded efforts around customer services and programs is the best pathway to get customers to re-enroll.



MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is slightly lower than projections due primarily to greater than expected cost of energy. Revenue from electricity sales is nearly equal to budget projections, and cost of energy is more than expectations by approximately 11%. Year-to-date electricity sales reached $76,386,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position is a positive $90,524,000. In addition to Net Position, SCP maintains an Operating Account Fund of $26,000,000 at the end of the period. Approximately $72,429,000 is set aside for reserves (Operating Reserve: $59,327,000; Program Reserve: $10,865,000; and Collateral Reserve: $2,237,000).

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

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2021/22 budget approved by the Board of Directors in June 2021.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2021/22 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is on target with the budget at the end of the reporting period.

The cost of electricity is more than the budget-to-date by approximately 11%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses, except for Energy which is considerably higher than forecast for SCP and nearly all electric providers from July

2021 through the current month.

ATTACHMENTS

- November 2021 Financials

UPCOMING MEETINGS

- Board of Directors – February 3, 2022
- Community Advisory Committee – February 17, 2022
- Board of Directors – March 3, 2022

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 November 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
January 3, 2022

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

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Five Months Ended November 30, 2021

	2021/22 YTD Budget	2021/22 YTD Actual	2021/22 YTD Budget Variance (Under) Over	2021/22 YTD Actual / Budget %	2021/22 Budget	2021/22 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 75,453,344	$ 75,513,726	$ 60,382	100%	$ 179,277,000	$ 103,763,274
Evergreen Premium (net of allowance)	805,960	871,924	65,964	108%	2,074,000	1,202,076
Inflow from Operating Account Fund Reserves	-	-	-	0%	1,353,000	1,353,000
CEC Grant	860,417	571,133	(289,284)	66%	2,065,000	1,493,867
BAAQMD grant	20,833	41,500	20,667	199%	50,000	8,500
Interest income	350,000	128,087	(221,913)	37%	840,000	711,913
Total revenue and other sources	77,490,554	77,126,370	(364,184)	100%	185,659,000	108,532,630
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	70,976,325	78,843,413	7,867,088	111%	159,436,000	80,592,587
Data management	1,332,243	1,329,181	(3,062)	100%	3,198,000	1,868,819
Service fees- PG&E	405,161	403,747	(1,414)	100%	973,000	569,253
Personnel	2,583,333	2,025,353	(557,980)	78%	6,200,000	4,174,647
Outreach and communications	562,500	346,153	(216,347)	62%	1,350,000	1,003,847
Customer service	151,250	145,320	(5,930)	96%	363,000	217,680
General and administration	475,000	338,471	(136,529)	71%	1,140,000	801,529
Legal	170,833	167,197	(3,636)	98%	410,000	242,803
Regulatory and compliance	179,167	67,309	(111,858)	38%	430,000	362,691
Accounting	102,083	92,350	(9,733)	90%	245,000	152,650
Legislative	50,000	-	(50,000)	0%	120,000	120,000
Other consultants	93,750	195,721	101,971	209%	225,000	29,279
Industry memberships and dues	223,333	211,137	(12,196)	95%	536,000	324,863
Program implementation	2,350,000	623,429	(1,726,571)	27%	5,640,000	5,016,571
Program - CEC grant	1,666,667	591,373	(1,075,294)	35%	4,000,000	3,408,627
Total current expenditures	81,321,645	85,380,154	4,058,509	105%	184,266,000	98,885,846
OTHER USES						
Capital outlay	580,417	531,585	(48,832)	92%	1,393,000	861,415
Total Expenditures, Other Uses and Debt Service	81,902,062	85,911,739	4,009,677	105%	185,659,000	99,747,261
Net increase (decrease) in available fund balance	$ (4,411,508)	$ (8,785,369)	$ (4,373,861)		$ -	$ 8,785,369

** Represents sales of approximately 940,000 MWh for 2021/22 YTD actual.*

RESERVES	Current Balance	% of Long-Term Target	Long-Term Target Balance
Operating Cash Reserve	$ 59,327,000	64%	$ 92,133,000
Program Cash Reserve	10,865,000	59%	18,426,600
Collateral Cash Reserve	2,237,000	14%	15,943,600
	$ 72,429,000	57%	$ 126,503,200

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Five Months Ended November 30, 2021

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	(8,785,369)
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(567,213)
Add back capital asset acquisitions		548,535
Add back certain program expenses recognized for budget purposes only		(360,000)
Change in net position	$	(9,164,047)

See accountants' compilation report.

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of November 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
January 3, 2022

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

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of November 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 44,161,786
Accounts receivable, net of allowance	19,415,534
Other receivables	2,149,382
Accrued revenue	8,138,197
Prepaid expenses	1,173,801
Deposits	4,599,205
Total current assets	79,637,905
Noncurrent assets	
Unrestricted cash in Rate Stabilization Fund	26,000,000
Deposits	6,160,922
Land	860,520
Capital assets, net of depreciation	19,021,375
Total noncurrent assets	52,042,817
Total assets	131,680,722
LIABILITIES	
Current liabilities	
Accrued cost of electricity	11,328,715
Accounts payable	816,116
Other accrued liabilities	2,508,161
User taxes and energy surcharges due to other governments	503,564
Total current liabilities	15,156,556
DEFERRED INFLOWS OF RESOURCES	
Rate Stabilization Fund	26,000,000
NET POSITION	
Investment in capital assets	19,881,895
Unrestricted	70,642,271
Total net position	$ 90,524,166

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Five Months Ended November 30, 2021

OPERATING REVENUES	
Electricity sales, net	$ 75,513,726
Evergreen electricity premium	871,924
Grant revenue	612,633
Total operating revenues	76,998,283
OPERATING EXPENSES	
Cost of electricity	78,843,413
Contract services	3,666,459
Staff compensation	2,025,353
General and administration	712,279
Program rebates and incentives	475,700
Depreciation	567,213
Total operating expenses	86,290,417
Operating income (loss)	(9,292,134)
NONOPERATING REVENUES (EXPENSES)	
Interest income	128,087
Nonoperating revenues (expenses), net	128,087
CHANGE IN NET POSITION	(9,164,047)
Net position at beginning of period	99,688,213
Net position at end of period	$ 90,524,166

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
Five Months Ended November 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 77,602,767
Other operating receipts	2,286,134
Payments to electricity suppliers	(83,126,391)
Payments for other goods and services	(4,963,112)
Payments for staff compensation	(2,121,809)
Tax and surcharge payments to other governments	(1,033,678)
Payments for program rebates and incentives	(572,948)
Net cash provided (used) by operating activities	(11,929,037)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to acquire capital assets	(3,150,742)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	145,201
Net cash provided (used) by investing activities	145,201
Net change in cash and cash equivalents	(14,934,578)
Cash and cash equivalents at beginning of year	85,096,364
Cash and cash equivalents at end of period	$ 70,161,786
Reconciliation to the Statement of Net Position	
Unrestricted cash and cash equivalents (current)	$ 44,161,786
Unrestricted cash and cash equivalents (noncurrent)	26,000,000
Cash and cash equivalents	$ 70,161,786

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
Five Months Ended November 30, 2021

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	$	(9,292,134)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		567,213
Revenue adjusted for allowance for uncollectible accounts		1,558,907
(Increase) decrease in:		
Accounts receivable		(2,199,309)
Other receivables		(623,539)
Accrued revenue		840,407
Prepaid expenses		(63,459)
Deposits		(806,289)
Increase (decrease) in:		
Accrued cost of electricity		(2,216,927)
Accounts payable		(603,664)
Accrued liabilities		(767,638)
User taxes due to other governments		(16,564)
Supplier security deposits		1,693,959
Net cash provided (used) by operating activities	$	(11,929,037)

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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: **January 20, 2022**

Requested Action:

Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate.

Updates:

Proposed Decision Reforming Net Energy Metering 2.0

On December 13, 2021, the CPUC issued the much-awaited Proposed Decision revising net energy metering 2.0 ("NEM 2.0") and replacing it with "Net Billing." These tariffs are what allow customers with onsite renewable generation – often solar systems on their roofs – to receive financial credits for the energy they produce. The Proposed Decision is on the agenda for the Commission's January 27, 2022 voting meeting. If adopted in its current form it would make a host of changes which ultimately reduce the subsidies provided by all customers to those who participate in NEM.

Specifically, the decision proposes:

- Introducing a new monthly fee called the "Grid Participation Charge" of $8/kW per month for solar systems, which would amount to $40-$50 for a typical residential customer
- Reducing the financial credit given for energy exported to the grid from the retail rate to the Avoided Cost rate, which would reduce compensation by approximately 75%

- Transferring all customers with existing NEM 2.0 tariffs to the new Net Billing tariff after the customers have been on NEM 2.0 for 15 years
- Providing existing customers with a "Market Transition Credit" of $1.62/kW and $4.36/kW for CARE customers for solar systems equipped with onsite storage, this would extend for 10 years minus the amount of time they were on NEM 2.0
- Offering an optional incentive of $0.20/Wh for NEM 2.0 customers who voluntarily switch to Net Billing within 4 years of the Decision being adopted, the credit declines by 25%/year until expiring in year 5
- Sunsetting NEM 2.0 within 120 days after the adoption of the Decision

The rationale for the proposed changes is that the current NEM tariff, referred to as NEM 2.0, has been found to negatively impact non-participating customers and is not cost-effective, the successor tariff is designed to promote equity, inclusion, electrification, and paired storage and provide a glide path so the industry can transition. CPUC modeling estimates that rooftop solar systems will no longer provide the ~5 year payback they do today, and will take between 7-13 years for customers to break even on their initial investment. Also of note, the Proposed Decision acknowledges that even with the reductions in credits proposed, Net Billing customers would remain subsidized by non-participating customers.

<u>CPUC Staffing Updates</u>

CPUC Commissioner Martha Guzman-Acevez was selected by President Biden to run EPA Region 9 in San Francisco, opening a seat on the Commission immediately. She is being replaced by John Reynolds, who previously served as advisor to Commissioner Carla Peterman.

Legislative Updates:

Sacramento has started the 2022 session, and energy and climate related bills are starting to trickle in. The biggest news so far is Governor Newsom's budget proposal, which includes $15 billion of the state's surplus to go toward measures to combat the climate crisis. See attached. More information on this and the federal infrastructure spending bill should be available in February.

Assembly Member Lorena Gonzalez, from Southern San Diego, resigned her seat to take the top spot at the California Labor Federation. She will be replacing Art Pulaski, who is expected to retire from the union post in July 2022.

Assembly Member Holden was selected for Chair of Appropriations, and Assembly Member Eduardo Garcia will be the new Chair of the Assembly Utilities and Commerce Committee.

Senator Mike McGuire authored Senate Resolution SCR-53 declaring a Climate Emergency, which was consistent with SCP's adopted Legislative Platform, so staff immediately supported the resolution. You can see SCP's brief letter and the analysis in the attachments. SCP was joined in support by MCE and the Climate Center, along with a few other regional organizations. There is no opposition so far.

Senator Bill Dodd also reintroduced language CLECA had authored a year ago relating to demand response programs for large industrial customers with SB 839, although neither SCP nor CalCCA have had time to fully analyze the bill yet.

Attachments:

- 2022-23 Governor's Climate Change Proposed Budget
  (Available at this link or by request from the Clerk of the Board.)
- SCR 53 (McGuire) - Letter of Support
- Bill SCR 53 (McGuire) – Resolution to Declare Climate Emergency

Sonoma Clean Power

431 E Street
Santa Rosa, CA 95404

sonomacleanpower.org

January 4, 2022

The Honorable Mike McGuire
Member of the Senate
1021 O Street, Suite 8620
Sacramento, CA 95814

Re: SCR 53 (McGuire) - SUPPORT

Dear Senator McGuire,

Thank you for working to elevate the urgency of addressing our global climate crisis with SCR 53. Sonoma Clean Power (SCP) strongly supports the resolution.

Last year, in partnership with the California Energy Commission, SCP opened the nation's first Advanced Energy Center in downtown Santa Rosa dedicated to helping people upgrade their homes and cars to use clean renewable energy for every purpose. The Counties of Mendocino and Sonoma are also now receiving 100% locally-produced renewable energy from SCP every hour of the year.

It's progress, but there is far to go. We look forward to working with you on the next big climate initiative.

Sincerely,

Geof Syphers

Geof Syphers, CEO

copy: Members of the Senate Environmental Quality Committee
Eric Walters, Consultant
Chris Nielsen, Legislative Director

SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
Senator Allen, Chair
2021 - 2022 Regular

Bill No:	SCR 53		
Author:	McGuire		
Version:	6/22/2021	**Hearing Date:**	1/10/22
Urgency:	No	**Fiscal:**	No
Consultant:	Eric Walters		

SUBJECT: Climate change

DIGEST: This resolution would declare that a climate emergency threatens the state, the nation, the planet, the natural world, and all of humanity.

ANALYSIS:

Existing law:

1) Under the California Global Warming Solutions Act of 2006 (Health and Safety Code (HSC) §38500 et seq.):

   a) Establishes the Air Resources Board (ARB) as the state agency responsible for monitoring and regulating sources emitting greenhouse gases (GHGs).

   b) Requires ARB to approve a statewide GHG emissions limit equivalent to the statewide GHG emissions level in 1990 to be achieved by 2020 (AB 32, 2006) and to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030. (SB 32, 2015)

   c) Requires ARB to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in GHG emissions and to update the scoping plan at least once every 5 years.

   d) Requires ARB when adopting regulations, to the extent feasible and in furtherance of achieving the statewide GHG emissions goal, to do the following:
      i) Ensure that activities undertaken to comply with the regulations do not disproportionately impact low-income communities.
      ii) Ensure that activities pursuant to the regulations do not interfere with efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant emissions.

iii) Consider overall societal benefits, including reductions in other air pollutants, diversification of energy sources, and other benefits to the economy, environment, and public health.
iv) Consider cost-effectiveness of these regulations.

This resolution:

1) States that California has proven to be a leader in adopting policies to address climate change.

2) Acknowledges that the consequences of climate change are causing multiple crises across the globe.

3) Recognizes that 97% of scientists agree that climate change is human induced and warn that the planet's warming should not exceed 1.5 °C.

4) Finds that the United States has rejoined the Paris Agreement and global emissions must begin to fall by 7.6% each year beginning in 2020 in order to meet the most ambitious goals of the Paris Agreement.

5) Finds that climate change will cause sea level rise, ocean acidification and warming, impact human health, disproportionately impact marginalized communities, all of which have impacts across California and across the globe.

6) Recognizes that California has been profoundly impacted by several natural disasters, made worse by climate change, and the state has already warmed by 3 °F over the past century, which has led to a hotter and drier climate that exacerbates wildfires.

7) Finds that 40 cities and counties in California have already declared climate emergencies as well as many governments and universities globally.

8) States that California has demonstrated a remarkable capacity to protect human health in the face of a crisis during the COVID-19 pandemic, and must apply those lessons to protect communities from climate change.

9) Declares that the State of California must commit to ensuring that its actions remain in alignment with the most current science regarding climate change and do everything in its power to encourage swift conversion to an ecologically, socially, and financially stable economy.

10) Resolves that the California State Legislature declare that the climate emergency threatens the state, the nation, the planet, the natural world, and all of humanity.

Background

1) *The climate crisis in California.* California is particularly susceptible to the harmful effects of climate change, including an increase in extreme heat events, drought, wildfire, sea level rise, and more. According to the Fourth California Climate Change Assessment, by 2100, the average annual maximum daily temperature is projected to increase by 5.6-8.8 °F, water supply from snowpack is projected to decline by two-thirds, the average area burned in wildfires could increase by 77%, and 31-67% of Southern California beaches may completely erode without large-scale human intervention, all under business as usual and moderate GHG reduction pathways.

   California is already experiencing the effects of climate change now. For example, eight out of the past ten years have had significantly below average precipitation. As of September 2020, the state has experienced a degree of wildfire activity that California's Fourth Climate Change Assessment initially forecasted to not occur until 2050. We can expect effects such as these as well as extreme weather events to increase over time until global GHG emissions are significantly reduced.

2) *The scientific consensus on climate change.* Over 40 years ago in 1979, scientists from 50 nations met at the First World Climate Conference in Geneva and agreed that climate change was an alarming concern that necessitated urgent action. Since then, through many more global assemblies and meetings, scientists have continued to warn of insufficient progress towards mitigating global climate change. In a study published November 2019 in the journal *Bioscience*, more than 11,000 scientists from around the world declared that the planet "clearly and unequivocally faces a climate emergency." The article also laid out six broad policy goals that must be met to address climate change, including decarbonizing the energy sector, reducing short-lived climate pollutants, protecting and restoring natural ecosystems, changing the food system to be more plant-based and sustainable, and decoupling the global economy from excessive extraction and overexploitation of ecosystems.

   The International Panel on Climate Change (IPCC), an intergovernmental body of the United Nations formed in 1988, is often seen as the leading international body of scientists on climate change. Since their landmark Fifth Assessment Report in 2014 declaring that, to ensure that the most harmful impacts of climate change are avoided, global warming should not surpass 2 °C, their recommendations have only become more urgent. In 2018, they released a special report stating that warming should actually not surpass 1.5 °C. On August 9th, the first installment of the Sixth Assessment Report on Climate Change was released. This report states that scientists are currently observing climate change in motion, with changes in the Earth's climate measured in every region across the whole climate system. This has and will continue to lead to an increase in extreme weather events and irreversible changes to ecosystems and local environments the will continue to wreak havoc for humans over the next several decades. It also warns that the chances of limiting warming to 1.5-2 ℃ are slipping out of reach without drastic and immediate global action to transition away from fossil fuels and reduce GHG emissions to zero by around 2050.

3) *Global climate goals and progress*. In 2015, The Paris Climate Agreement, an international treaty on climate change, was adopted and signed by 195 nations. The goal of the agreement is to keep the rise in mean global temperatures below 2 ℃ above preindustrial levels, and preferably below 1.5 ℃ in order to avoid the worst impacts of climate change. Emissions should be reduced as soon as possible and reach net-zero in the second half of the 21st century. Under the agreement, each country must determine, plan, and regularly report on its contributions.

   The United Nations Environment Programme (UNEP) releases an annual Emissions Gap Report to provide an update on global progress towards reducing emissions and updated targets to avoid the worst effects of climate change if 1.5 ℃ is exceeded. In their 2020 report, they make several recommendations for global climate policy to ensure a safe climate future for all. The consensus is that, globally, we are currently not on track to reduce emissions in a timely manner. Under current unconditional commitments from the Paris Agreement, temperatures are expected to rise by 3.2 °C. The report warns that unless global GHG emissions fall by 7.6% each year between 2020 and 2030, the world will miss the opportunity to get on track towards the 1.5 °C temperature goal of the Paris Agreement. The global level of ambition for GHG emissions reductions must be roughly tripled for a 2 °C pathway and increased at least fivefold for the 1.5 °C pathway. The United States is identified as one of the countries not on track to meet their current, and insufficient, nationally determined contribution (NDC).

   The report also highlights that the growing number of countries committing to net-zero emissions goals by mid-century is the most significant climate policy development of 2020. To remain feasible and credible, these commitments must urgently be translated into strong near-term policies and actions and reflected in NDCs.

The COVID-19 recovery is identified as a vital turning point towards reducing emissions. A green pandemic recovery that accelerates a low-carbon transition could cut up to 25% off the emissions we would expect to see in 2030 compared to the trajectory of emissions based on policies in place prior to COVID-19.

4) *The cost of climate change*. Climate change comes with a huge price tag for every government, and California is no exception. The increasing intensity and frequency of the consequences of climate change will continue to burden budgets. California's 2018 wildfires, less than half the size of the 2020 conflagrations, cost $148.5 billion in damages (about two thirds of California's pre-COVID 2020 state budget), with $27.7 billion (19%) in capital losses, $32.2 billion (22%) in health costs and $88.6 billion (59%) in indirect losses with a majority of those far from the actual wildfire footprint. The cost of water and energy is predicted to increase significantly as well, especially in the Western United States. The Natural Resources Defense Council (NRDC) estimates that under a business-as-usual scenario, between the years 2025 and 2100, the cost of providing water to the western states in the US will increase from $200 billion to $950 billion per year, nearly an estimated 1% of the United States' gross domestic product.

   There is a greater human cost to climate change as well. In addition to capital losses, increased cost of resources, and health costs, the impacts of climate change on mental health, food security, displacement and migration, and more are just coming into the conversation and are still difficult to quantify.

   Of course, taking action to mitigate climate change damages—by reducing emissions, protecting vulnerable communities and assets, and limiting warming—will be costly as well. However, it is important that those costs be compared to the monumental costs of inaction leading to increased warming, more frequent and intense disasters, and greater human health impacts.

5) *Climate change and equity.* The effects of climate change to date have been felt the world over, but the most dire consequences have often struck those least able to defend themselves. This is true both in California and worldwide. Should reaching net zero GHG emissions be delayed and rapid warming allowed to continue, experts predict unprecedented numbers of deaths, ecosystem destruction, and human migration. In a 2019 report on climate change and poverty, the United Nations Human Rights Council states,

"Addressing climate change will require a fundamental shift in the global economy, decoupling improvements in economic well-being from fossil fuel emissions… An over-reliance on the private sector could lead to a climate apartheid scenario in which the wealthy pay to escape overheating, hunger, and conflict, while the rest of the world is left to suffer."

Climate change poses the greatest threat to those least responsible for it, including low-income and disadvantaged populations, women, racial minorities, marginalized ethnic groups, and the elderly. When equity is taken into account for GHG emissions reductions, "the combined emissions of the richest one per cent of the global population account for more than twice the poorest 50 per cent. The elite will need to reduce their footprint by a factor of at least 30 to stay in line with the Paris Agreement targets," according the UNEP 2020 Emissions Gap Report.

Comments

1) *Purpose of Bill.* According to the author, "Experts believe climate change has made California - and the American West - warmer and drier over the last 30 years. Extreme heat is now the top weather-related killer in the US. Western states are more susceptible to extreme drought and larger, more destructive and more frequent wildfires. Our coastal communities are already experiencing early challenges with sea level rise. California's climate has always been variable, but the last couple of decades have been some of the hottest on record here in the Golden State. We know that this crisis is evolving faster than anticipated and communities big and small are starting to witness its damaging impacts.

   "Just last year, the legislature approved over $15 billion in funding to tackle the growing wildfire crisis in this state. We'll be investing in drought response and resiliency, helping communities prepare for extreme heat and sea level rise, advancing more sustainable agriculture practices. This is truly a nation-leading climate agenda. And while we Californians have historically led this nation on emission reduction efforts, now more than ever, we must redouble our focus to combat this growing crisis."

2) *What's in an emergency?* SCR 53 declares that, "the climate emergency threatens the state, the nation, the planet, the natural world, and all of humanity." Given the concordance of such a wide body of scientific evidence supporting this fact, there is little doubt this is true.

   However, the term "climate emergency" does not appear in California statute and merits further consideration. In the 1970 California Emergency Services Act, three conditions or degrees of emergency were established. In particular, a "state of emergency" is, in part, defined as "conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions such as air pollution, fire, flood, storm, epidemic, riot, drought, cyberterrorism, sudden and severe energy shortage, plant or animal infestation or disease." Most of these conditions have worsened (or are expected to) considerably because of increasing global climate change. Therefore, the use of phrase "climate emergency" appears justified.

Related/Prior Legislation

AB 1395 (Muratsuchi, 2021) would have declared that it is the policy of the state to achieve net zero GHG emissions and reduce anthropogenic GHG emissions by at least 90% below the 1990 level no later than 2045, and to achieve and maintain net negative GHG emissions thereafter. AB 1395 is on the Senate inactive file.

SB 582 (Stern, 2021) would, amongst other things, update the statewide GHG emission reduction target to be up to 80 percent by 2030 and require the California Natural Resources Agency (CNRA), the California Environmental Protection Agency (Cal EPA), and ARB to develop a Climate Restoration Plan that specifies carbon removal targets before 2035. SB 582 is on the Senate inactive file.

SOURCE: Author

SUPPORT:

350 Humboldt
350 Silicon Valley
Elders Climate Action, Norcal and Socal Chapters
Fossil Free California
Marin Clean Energy (MCE)
Sonoma Clean Power
The Climate Center

OPPOSITION:

None received

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Sonoma Clean Power

Staff Report – Item 06

To: Sonoma Clean Power Authority Community Advisory Committee

From: Rebecca Simonson, Director of Programs
Ryan Tracey, Director of Planning
Geof Syphers, CEO
Mike Koszalka, Chief Operating Officer

Issue: Recommend that the Board of Directors Approve Parameters to Establish New Customer Rates for Implementation Following Certain Changes to Customer Exit Fees on or After March 1, 2022

Date: January 20, 2021

Recommended Action:

Recommend the Board approve new customer rates to be implemented as soon as staff practically can following PG&E's expected changes to PCIA and rates expected on or after March 1, 2022, using the following parameters to set the rates:

1. Recovers all forecast expenses in the current fiscal year ending June 30, 2022.
2. All rate classes are reset so SCP customer total bills have an equal percentage difference from bundled service total bills.
3. Sets rates to the lowest values which achieve both of the above criteria so long total bills are between equal and 5% above bundled service bills.
4. Requires that staff return to the Board following rate implementation to have the final rate tables ratified.

Background:

SCP has certain goals with customer rates, including:

- Smooth out energy costs for customers when possible;
- Have few rate changes in a given year to provide stability for customers;
- Recover expenses, and when possible make progress in building cash reserves to meet SCP's adopted long-term reserve targets.

As previously reported, a number of adjustments to PG&E's rates and fees are expected on March 1, 2022. However, it is possible the CPUC's timeline for final approval of those changes could be delayed. As a result, staff are requesting approval of rates in advance so that SCP can adjust rates as quickly as possible following those changes.

The key changes to PG&E's rates and fees expected on March 1, 2022 include:

- A significant increase in PG&E delivery costs for all customers;
- A significant increase in bundled service generation costs for two reasons: PG&E undercollected these costs in 2021 and is predicting higher energy costs in 2022;
- The implementation of a Wildfire Expense Memorandum Account (WEMA) cost recovery charge; and
- A major decrease in the Power Charge Indifference Adjustment for CCA customers for two reasons: PG&E overcollected the PCIA in 2021 and is predicting a lower PCIA in 2022.

SCP has no final numbers for these changes and does not expect to get them until PG&E publishes their rates around March 1, 2022. In addition, the CPUC will be deciding whether to amortize PG&E's undercollection of bundled service generation rates over 12 or 18 months.

Adding to these factors, SCP *also* undercollected generation costs in the second half of 2021 and is expected to continue undercollecting those costs until SCP implements its next rate change. The amount of this undercollection is estimated to be approximately $20 million for the period from July 1, 2020 through March 31, 2022. Many electric providers across the Western U.S. are in this same situation, since the Texas ice storm drove up commodity energy costs.

Proposed Action:

Just as in several prior years, staff are recommending a set of criteria to quickly establish customer rates as soon as all of the information about PG&E's charges is available. The current expectation is that the full information will probably be available on March 1, 2022, and that SCP would be able to implement new rates by April 1, 2022. If the CPUC delays implementation of PG&E's fee and rate changes, then staff propose to make SCP's rate change as soon as feasible following the actual date the information is available.

The criteria proposed for setting SCP's rates are based on trying to reduce the premium for SCP customers while covering the undercollection of energy costs from the first nine months of the current fiscal year. Staff expect that the effect of sustaining such rates through December 2022 would build considerable financial reserves of between $30 and $60 million, which would provide considerable stability for ratepayers to combat unpleasant surprises in future energy costs or exit fees, and help SCP reach its long-term financial reserve targets.

Staff therefore requests the Committee to recommend the Board approve new customer rates to be implemented as soon as staff practically can following PG&E's expected changes to PCIA and rates expected on or after March 1, 2022, using the following parameters to set the rates:

1. Recovers all forecast expenses in the current fiscal year ending June 30, 2022.
2. All rate classes are reset so SCP customer total bills have an equal percentage difference from bundled service total bills.
3. Sets rates to the lowest values which achieve both of the above criteria so long as total bills are between equal and 5% above bundled service bills.
4. Requires that staff return to the Board following rate implementation to have the final rate tables ratified.

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Staff Report – Item 07

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

From: **Kate Kelly, Director of Public Relations and Marketing**
April Varellas, Brand Manager

Issue: **Receive 2021 Annual Report**

Date: **January 20, 2022**

No written materials for this report. A presentation will be given at the meeting.

Attachments:

- 2021 Annual Report
  (Published on the Sonoma Clean Power website, at this link, or available by request from the Clerk of the Board.)