Sonoma Clean Power

AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, APRIL 21, 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 APRIL 21, 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 March 17, 2022, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. - 5**
2. Receive GeoZone Update (Staff Recommendation: Receive and File) **pg. - 11**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

3. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. - 13**
4. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. - 25**
5. Receive Presentation on Spanish Language Focus Group Findings (Staff Recommendation: Receive and File) **pg. - 35**
6. Recommend the Board of Directors Authorize the CEO or his Designee to Execute the First Amendment to an Agreement with the Center for Sustainable Energy to Offer Additional Incentives for Public EV Charging Infrastructure (Staff Recommendation: Approve) **pg. - 37**
7. Review the Empower Action Plan (Staff Recommendation: Receive and File) **pg. - 41**
8. Recommend that the Board of Directors Approve a Revision to Financial Policy B.2 Financial Reserves (Staff Recommendation: Approve) **pg. - 45**
9. Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2022-2023 (Staff Recommendation: Receive and File) **pg. - 51**

COMMITTEE MEMBER ANNOUNCEMENTS

ADJOURN

COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator – the grid operator
CCA	Community Choice Aggregator – a public power provider
CEC	California Energy Commission
CleanStart	SCP's default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account – one of PG&E's rate cases at the CPUC
EverGreen	SCP's 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day.
Geothermal	A locally-available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case – one of PG&E's rate cases at the CPUC
GridSavvy	GridSavvy Rewards are available to SCP customers for reducing household energy use when needed to help California ensure reliable low-emission power. A form of 'demand response.'
IOU	Investor Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan – balancing energy needs with energy resources
JPA	Joint Powers Authority
MW	Megawatt is a unit of power and measures how fast energy is being used or produced at one moment.
MWh	Megawatt-hour is a unit of energy and measures how much energy is used or produced over time.
NEM	Net Energy Metering. NEM is a billing mechanism that credits solar energy system owners for the electricity they add to the grid.
NetGreen	SCP's net energy metering bonus
PCIA	Power Charge Indifference Adjustment – a fee charged by PG&E to all electric customers to ensure PG&E can pay for excess power supply contracts that it no longer needs.
RA	Resource Adequacy – a required form of capacity that helps ensure there are sufficient power resources available when needed.
RPS	Renewables Portfolio Standard refers to certain kinds of renewable energy which qualify to meet state requirements, including wind, solar, geothermal.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day

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DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, MARCH 17, 2022
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 BOARD OF DIRECTORS PARTICIPATED IN THE MARCH 17, 2022, MEETING BY TELECONFERENCE.

CALL TO ORDER

(1:03 p.m. - Video Time Stamp: 00:03:05)

Chair Quinlan called the meeting to order.

Committee Members present: Chair Quinlan, Vice Chair Morris, and Members Hollinshead, Dowd, Kelly, Wells, Nicholls, Booth and Lipp. Member Fenichel was absent with prior notice.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Rebecca Simonson, Director of Programs; Erica Torgerson, Director of Customer Service; Chad Asay, Director of the Advanced Energy Center; Ryan Tracey, Director of Planning and Analytics; and Carolyn Glanton, Program Manager

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(1:04 p.m. - Video Time Stamp: 00:04:03)

Public Comment: None

BOARD OF DIRECTORS CONSENT CALENDAR

(1:05 p.m. - Video Time Stamp: 00:05:02)

1. Approve February 17, 2022, Draft Community Advisory Committee Meeting Minutes

2. Recommend that the Board Approve and Delegate Authority to the CEO to Execute Second Amendment to Contract with Frontier Energy Inc. for an Amount Not-to-Exceed $204,970 through June 30, 2022, for the Administration of the On Bill Loan Program

3. Recommend that the Board Approve a Five (5) Year Extension of SCPA's Contract with Calpine Energy Solutions, LLC for Data Management, Billing, and Contact Center Services

4. Recommend Board Ratification of Generation Rates Effective April 1, 2022, Consistent with Prior Board Direction

   Public Comment: None

   Motion to Approve the March 17, 2022, Community Advisory Committee Consent Calendar by Member Nicholls

   Second: Member Dowd

   Motion passed by roll call vote

   AYES: Quinlan, Morris, Hollinshead, Dowd, Kelly, Wells, Nicholls, Booth, Lipp
   ABSENT: Fenichel

BOARD OF DIRECTORS REGULAR CALENDAR

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

   (1:06 p.m. - Video Time Stamp: 00:06:45)

   Stephanie Reynolds, Director of Internal Operations, gave an update on enrollment numbers and discussed Energy Education in schools.

   Geof Syphers, CEO, discussed the joint procurement entity which includes SCP and 9 other entities, California Community Power (CC Power), and its recent purchase of a second long-duration battery storage unit. He also discussed the recruitment for the CAC to fill the remaining open seat and encouraged Committee members to reach out to their communities for applicants.

Vice Chair Morris inquired whether each Community Choice Aggregator (CCA) can claim the full amount of Long Duration Energy Storage (LDS) from California's Public Utilities Commission (CPUC) or if it is split between the CCAs. CEO Syphers answered that it is split between the entities, but not equally, with each CCA receiving their share.

Member Kelly asked if there was a time frame for the battery storage site to be completed. CEO Syphers answered that it's planned to come online in 2025.

Public Comment: None

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

   (1:24 p.m. - Video Time Stamp: 00:24:00)

   Neal Reardon, Director of Regulatory Affairs, discussed Providers of Last Resort being in place so if a CCA was to fail, its customers would be served by a new entity until the IOU has the capability to serve those customers. Director Reardon then explained that new PG&E rates went into effect March 1, 2022, as predicted, and led to a significant reduction in the Power Charge Indifference Adjustment (PCIA) fee to CCA customers.

   CEO Syphers stated that CalCCA met in Sacramento and 2 bills were discussed. He asked the Committee for input on SB 833 (Dodd).

   Public Comment: None

7. Recommend that the Board Approve the Proposed Budget Adjustments to the Staff Recommended Adjusted Fiscal Year 2021-2022 Budget

   (1:38 p.m. - Video Time Stamp: 00:38:31)

   Michael Koszalka, Chief Operating Officer, noted that there were changes to SCP's budget to address cost of energy and revenues.

   Member Kelly asked how the rate change ties into the Budget adjustment. CEO Syphers explained that PG&E provides very short notice of their rate changes and SCP often learns the details of the changes just days before implementation.

   Public Comment: None

Motion to Recommend that the Board Approve the Proposed Budget Adjustments to the Staff Recommended Adjusted Fiscal Year 2021-2022 Budget by Member Dowd

Second: Nicholls

Motion passed by roll call vote

AYES: Quinlan, Morris, Hollinshead, Dowd, Kelly, Wells, Nicholls, Booth, Lipp
ABSENT: Fenichel

8. Integrated Resource Plan (IRP) Reintroduction

(1:46 p.m. - Video Time Stamp: 00:46:06)

CEO Syphers explained that SCP's mission is to lower greenhouse gas emissions and as such SCP needs to be able adapt as things change regarding climate change.

Ryan Tracey, Director of Planning and Analytics, introduced the Integrated Resource Plan (IRP) and explained they are conducted on a biannual basis with the next IRP Compliance Filing due to the CPUC on November 1, 2022. He explained that SCP also prepares an internal IRP which sets strategy and internal objectives, and describes how SCP will go beyond minimum state requirements

Director Tracey discussed new items in the IRP including the Ascend Power Simm platform, Preferred System Plan Decision, Mid-term Reliability Procurement Orders, Energy Market, and a cross-agency IRP focus.

2:04 p.m. Chair Quinlan exited the meeting. Vice Chair Morris stepped in as Chair.

Director Tracey discussed SCP's accomplishments including its Renewable Portfolio Standard. He explained SCP's planning framework as including SCP's climate goals and its financial obligations to ratepayers. He added that SCP's program strategies are shifting to focus more on equity and community needs.

Member Hollinshead inquired how we fund the initiatives identified in the IRP. CEO Syphers explained that revenues come from SCP's customers, but also that setting priorities in the IRP is so important.

Member Kelly stated that SCP's portfolio was strong, and that energy storage and timing are key areas SCP should focus on. He stated that businesses should push working from home and questioned whether there were other organizations that SCP could be involved with.

Member Wells expressed the need for SCP to measure, monitor, and focus on implementation. He stated SCP needs to be able to have funding flexibility. Member Nicholls said SCP needs to educate the public.

Member Booth inquired whether SCP has separated market-ready ideas from those that are not. She also stated that SCP should be on the lookout for pilot programs.

Member Lipp expressed the sentiment that a focus on equity and community needs may not align with what the grid needs. He also asked where the base load comes from in future years. CEO Syphers explained that availability of baseload renewable energy is very slim and that construction of new baseload resources is severely constrained by transmission; he then explained that is why SCP needs to launch GeoZone now.
Public Comment: None

3:04 p.m. Vice Chair Morris called for a 5-minute recess. 3:09 p.m. the meeting resumed.

9. Review Programs Strategic Action Plan and Provide Feedback as Appropriate

(3:09 p.m. - Video Time Stamp: 02:09:08)

Rebecca Simonson, Director of Programs, explained that the goal of the Strategic Action Plan (SAP) is to reduce costs and emissions. Carolyn Glanton, Program Manager, stated that the first iteration of the SAP was in 2018. She continued that the current SAP shows SCP's over-arching strategies, metrics for tracking, incorporates the Programs Equity Framework, and near and long-term actions.

Member Wells requested a table in the SAP which would include implementation, monitoring, measuring, and a summary of the programs. Member Hollinshead requested the SAP show what type of funding would be necessary for all programs. Vice Chair Morris would like the priority to be for programs the customers need. Member Lipp encouraged SCP to expand partnerships.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(3:32 p.m. - Video Time Stamp: 02:32:10)

None

ADJOURN

(3:32 p.m. - Video Time Stamp: 02:32:21)

The meeting was adjourned by unanimous consent.

Staff Report – Item 02

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

From: **Ryan Tracey, Director of Planning & Analytics**
Geof Syphers, Chief Executive Officer

Issue: **Receive GeoZone Update**

Date: **April 21, 2022**

Last October, the SCP Board of Directors passed a resolution creating a Geothermal Opportunity Zone (GeoZone) and inviting Sonoma County, Mendocino County, and Lake County to join SCP in exploring expansion of local geothermal power capacity.

Following the passage of SCP's resolution forming the GeoZone, both Mendocino County and Sonoma County passed resolutions formally joining the initiative. The Lake County Board of Supervisors decided to not join at this time.

The purpose of the GeoZone is to develop the resources necessary to allow SCP to stop relying on natural gas power plants altogether. Resources like wind, solar and battery storage have provided most of the climate progress in California so far, but none of those resources allow natural gas power plants to be switched off altogether. Many gas-fired power plants run all of the time at a minimum setting, waiting to be dispatched for reliability when it is cloudy or a through a long winter storm. Resources that run nearly all of the time are needed to allow the total shutdown of those power plants, and locally geothermal is the most available kind of baseload renewable power.

The GeoZone is seeking to sustain the existing local geothermal production and add 500 MW of new geothermal capacity, focusing on low-water and low-impact technologies. SCP is working to form public-private partnerships with geothermal companies as providers of technology, experience, and capital. Through these partnerships and by serving as a buyer of geothermal energy and capacity, SCP is seeking to lower the costs and risks of developing geothermal energy.

SCP staff held an initial planning meeting with public partners in the GeoZone initiative on March 9, 2022. Attendees included representatives of Sonoma County, Mendocino County, Permit Sonoma, the North Sonoma County Air Pollution Control District, and the municipal utilities of Ukiah and Healdsburg. SCP staff presented the motivation and objectives of the GeoZone and new enabling geothermal technologies. Discussion followed on organizational alignment and important considerations in progressing the GeoZone initiative including air emissions, permitting, water usage, and funding opportunities. The group will reconvene in two months to continue collaboration on the GeoZone.

SCP released a solicitation seeking private development partners on March 14, 2022. The solicitation is posted along with other background information on a new dedicated webpage for the GeoZone at https://sonomacleanpower.org/geozone. Responses to the solicitation are due April 29, 2022. Staff is currently expecting to select private development partners by June 2022.

Given the high level of activity in the GeoZone initiative, updates to the project will be regularly included in meetings of the Community Advisory Committee and Board of Directors.

Attachments:

None

Sonoma Clean Power

Staff Report – Item 03

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

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

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

Date: **April 21, 2022**

PROGRAMS UPDATES

Department of Energy (DOE) Research Fellow

Eric Scheier has been appointed to Sonoma Clean Power as part of the DOE Solar Energy Innovators Program. Eric will be conducting applied research regarding innovative distributed energy resource (DER) solutions in SCP territory, with emphasis on communities adversely affected by persistent poverty and/or inequality. This program is administered by the DOE's Oak Ridge Institute for Science and Education (ORISE). As part of this appointment, Eric will be with SCP for an initial appointment of one year, with an option for a one-year extension. Eric will be provided a stipend from the DOE and will not be a designated employee of SCP (though we will treat him as one!).

Eric recently obtained a Master of Science at the University of North Carolina in Chapel Hill where his thesis was 'A measurement strategy to address disparities across household energy burdens'. He has also held intern, consultant, and analyst positions, as well as founded a strategic advisory and data consultancy for clean tech ventures and co-founded a non-profit cooperative investing platform that provides community solar to customers at a fixed monthly bill payment.

GridSavvy update

In the coming months, the GridSavvy program will be getting a makeover. In order to reduce customer energy costs and encourage customers to reduce energy during times of grid stress, Staff is introducing a behavioral component to GridSavvy. This option requires no technology or devices and customers can receive rewards based on their actual energy savings during specified times.

ADVANCED ENERGY CENTER

The Advanced Energy Center is again open and our team is assisting the public on how to combat the climate crisis and lower greenhouse gas emissions in their homes. We now showcase simple solutions in a living room setting of how to live an all-electric lifestyle and electrification at home.

Educational partnerships with the Career Technical Education Foundation, NextGen Academy, Sonoma Water and other educational opportunities are now managed by the Advanced Energy Center team. The Energy Center team has already begun coordinating fieldtrips with Sonoma Water and is scheduling both in person and hybrid educational events. Staff are noticing an increase in reservations to onsite events. This month we hosted a new residential battery class, along with groups including the Young Professionals Network and the American Institute of Architects. These in-person events and classes are already showing increased interest as we have multiple events with over 50+ reservations per event.

We encourage everyone to visit the Center soon to see all our new displays.

Energy education in schools

<u>*Elementary School*</u>

In February 2022, 19 classes received presentations, totaling 455 students. Presentation topics cover climate change, greenhouse gas emissions, and water and energy conservation. Presentations were delivered at the following schools:

- Binkley Elementary (Santa Rosa)
- Cali Calmecac (Windsor)
- Evergreen Elementary (Rohnert Park)
- Geyserville Elementary (Geyserville)
- Gravenstein Elementary (Sebastopol)
- Manzanita Elementary (Santa Rosa)
- Prestwood Elementary (Sonoma),
- San Miguel Elementary (Santa Rosa)
- Whited Elementary (Santa Rosa)

At Dana Gray Elementary (Fort Bragg) 14 classes, totaling 411 students, attended a ZunZun Musical Assembly that taught renewable energy and conservation.

High School

SCP and Sonoma Water continue to develop new high school lessons on climate change and designing field trips to the Advanced Energy Center. Those field trips will begin this month as well as The Advanced Energy Center will host the Student Showcase event scheduled for May 26th.

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 1%. Year-to-date electricity sales reached $118,561,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $96,117,000. In addition to Net Position, SCP maintains an Operating Account Fund of $26,000,000 at the end of the period. Approximately $72,518,000 is set aside for reserves (Operating Reserve: $59,394,000; Program Reserve: $10,878,000; and Collateral Reserve: $2,246,000).

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.

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.

ATTACHMENTS

- February 2022 Financials

UPCOMING MEETINGS

- Board of Directors – May 5, 2022
- Community Advisory Committee – May 19, 2022

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 February 28, 2022, 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
March 28, 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 February 28, 2022

ASSETS		
Current assets		
Cash and cash equivalents	$	54,989,475
Accounts receivable, net of allowance		17,543,992
Other receivables		1,724,760
Accrued revenue		7,630,239
Prepaid expenses		920,790
Deposits		5,119,205
Total current assets		87,928,461
Noncurrent assets		
Unrestricted cash in Rate Stabilization Fund		26,000,000
Land		860,520
Capital assets, net of depreciation		18,970,942
Deposits		2,160,922
Total noncurrent assets		47,992,384
Total assets		135,920,845
LIABILITIES		
Current liabilities		
Accrued cost of electricity		11,074,354
Accounts payable		1,071,904
Other accrued liabilities		1,144,785
User taxes and energy surcharges due to other governments		512,466
Total current liabilities		13,803,509
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization Fund		26,000,000
NET POSITION		
Investment in capital assets		19,831,462
Unrestricted		76,285,874
Total net position	$	96,117,336

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Eight Months Ended February 28, 2022

OPERATING REVENUES	
Electricity sales, net	$ 117,026,040
Evergreen electricity premium	1,534,940
Grant revenue	1,016,474
Total operating revenues	119,577,454
OPERATING EXPENSES	
Cost of electricity	110,589,778
Contract services	6,318,272
Staff compensation	3,589,189
General and administration	1,327,441
Program rebates and incentives	628,198
Depreciation	911,934
Total operating expenses	123,364,812
Operating income (loss)	(3,787,358)
NONOPERATING REVENUES (EXPENSES)	
Interest income	216,481
Nonoperating revenues (expenses), net	216,481
CHANGE IN NET POSITION	(3,570,877)
Net position at beginning of period	99,688,213
Net position at end of period	$ 96,117,336

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
Eight Months Ended February 28, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 122,734,221
Other operating receipts	7,794,030
Payments to electricity suppliers	(117,314,666)
Payments for other goods and services	(7,878,819)
Payments for staff compensation	(3,622,971)
Tax and surcharge payments to other governments	(1,601,399)
Payments for program rebates and incentives	(1,040,649)
Net cash provided (used) by operating activities	(930,253)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to acquire capital assets	(3,410,228)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	233,595
Net cash provided (used) by investing activities	233,595
Net change in cash and cash equivalents	(4,106,886)
Cash and cash equivalents at beginning of year	85,096,364
Cash and cash equivalents at end of period	$ 80,989,478
Reconciliation to the Statement of Net Position	
Unrestricted cash and cash equivalents (current)	$ 54,989,475
Unrestricted cash and cash equivalents (noncurrent)	26,000,000
Cash and cash equivalents	$ 80,989,475

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS (continued)
Eight Months Ended February 28, 2022

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

Operating income (loss)	$ (3,787,358)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	911,934
Provision for uncollectible accounts	(1,004,337)
(Increase) decrease in:	
Accounts receivable	2,235,476
Other receivables	(198,915)
Accrued revenue	1,348,365
Prepaid expenses	189,552
Deposits	2,673,711
Increase (decrease) in:	
Accrued cost of electricity	(1,576,874)
Accounts payable	(382,207)
Accrued liabilities	(1,498,739)
User taxes due to other governments	(7,662)
Supplier security deposits	166,800
Net cash provided (used) by operating activities	$ (930,254)

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended February 28, 2022, 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
March 28, 2022

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

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Eight Months Ended February 28, 2022

	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) *	$ 117,390,052	$ 117,026,040	$ (364,012)	100%	$ 179,277,000	$ 62,250,960
Evergreen Premium (net of allowance)	1,360,840	1,534,940	174,100	113%	2,074,000	539,060
Inflow from Operating Account Fund Reserves	-	-	-	0%	1,353,000	1,353,000
CEC Grant	1,376,667	945,224	(431,443)	69%	2,065,000	1,119,776
BAAQMD grant	33,333	71,250	37,917	214%	50,000	(21,250)
Interest income	560,000	216,481	(343,519)	39%	840,000	623,519
Total revenue and other sources	120,720,892	119,793,935	(926,957)	99%	185,659,000	65,865,065
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	109,246,496	110,589,778	1,343,282	101%	159,436,000	48,846,222
Data management	2,131,837	2,130,490	(1,347)	100%	3,198,000	1,067,510
Service fees- PG&E	648,516	646,671	(1,845)	100%	973,000	326,329
Personnel	4,133,333	3,589,189	(544,144)	87%	6,200,000	2,610,811
Outreach and communications	900,000	544,860	(355,140)	61%	1,350,000	805,140
Customer service	242,000	258,384	16,384	107%	363,000	104,616
General and administration	760,000	877,574	117,574	115%	1,140,000	262,426
Legal	273,333	218,235	(55,098)	80%	410,000	191,765
Regulatory and compliance	286,667	136,097	(150,570)	47%	430,000	293,903
Accounting	168,333	163,320	(5,013)	97%	245,000	81,680
Legislative	80,000	16,000	(64,000)	20%	120,000	104,000
Other consultants	150,000	173,737	23,737	116%	225,000	51,263
Industry memberships and dues	357,333	358,406	1,073	100%	536,000	177,594
Program implementation	3,760,000	1,662,438	(2,097,562)	44%	5,640,000	3,977,562
Program - CEC grant	2,666,667	909,597	(1,757,070)	34%	4,000,000	3,090,403
Total current expenditures	125,804,515	122,274,776	(3,529,739)	97%	184,266,000	61,991,224
OTHER USES						
Capital outlay	928,667	825,873	(102,794)	89%	1,393,000	567,127
Total Expenditures, Other Uses and Debt Service	126,733,182	123,100,649	(3,632,533)	97%	185,659,000	62,558,351
Net increase (decrease) in available fund balance	$ (6,012,290)	$ (3,306,714)	$ 2,705,576		$ -	$ 3,306,714

** Represents sales of approximately 1,550,000 MWh for 2021/22 YTD actual.*

RESERVES	Current Balance	% of Long-Term Target	Long-Term Target Balance
Operating Cash Reserve	$ 59,394,000	64%	$ 92,133,000
Program Cash Reserve	10,878,000	59%	18,426,600
Collateral Cash Reserve	2,246,000	14%	15,943,600
	$ 72,518,000	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
Eight Months Ended February 28, 2022

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	(3,306,714)
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(911,935)
Add back capital asset acquisitions		847,772
Add back certain program expenses recognized for budget purposes only		(200,000)
Change in net position	$	(3,570,877)

Staff Report – Item 04

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: **April 21, 2022**

Requested Action:

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates:

Resource Adequacy Modifications Adopted by CPUC

Following the energy crisis of 2000-2001 and PG&E's first bankruptcy, the legislature created a new framework to ensure that all load serving entities have adequate resources to maintain a reliable grid. The ensuing Resource Adequacy ("RA") program was adopted by the CPUC in 2005. It has been modified many times since inception. However, the central goal remains unchanged. RA is effectively an insurance product that all entities serving retail electric load must purchase. It is usually structured as a bilateral agreement between a generator and an electricity provider. In exchange for a payment, the generator commits to being able to produce energy if needed to maintain electric reliability. Like insurance, the payment is made regardless of whether the specific resource runs or not. There are three different types of RA products: system resources (located anywhere on the grid), local resources (located in specific areas with limited transmission and distribution), and flexible resources (those able to follow demand as needed).

In 2020, perceived problems in the RA program led to the CPUC decreeing that utilities should serve as the "central buyer" and purchase local RA on behalf of all load serving entities - including CCAs. In 2021, the first year this new structure was implemented, utilities' fell short of buying the required amount of local RA. PG&E only purchased 53% of what the CPUC required them to do. This created uncertainty for CCAs and the overall market.

On March 17th, 2022, the CPUC issued amendments to the central buyer structure that will increase transparency of the procurement process and better facilitate the ability of entities like CCAs to sell their local RA to this central buyer. CalCCA, the statewide trade association of CCAs, led the strategy and advocacy in this multi-year proceeding. They issued a positive press release following these modifications which is available below:

https://mailchi.mp/cal-cca.org/news-release-calcca-welcomes-modifications-to-central-buyer-structure?e=2041f8e575

State Audit finds Utility Wildfire Mitigation Plans Inadequate

An audit issued by the State Auditor on March 24th found state agencies approved insufficient wildfire mitigation plans in 2020 and are falling short on enforcing risk-reduction efforts for utility-caused wildfires. The audit found that recently-created Office of Energy Infrastructure Safety ("OEIS") and the California Public Utilities Commission awarded safety certifications to utilities despite serious deficiencies in their 2020 wildfire mitigation plans.

As background, the legislature responded to the wildfires ignited by PG&E's lines in 2017 with AB 1054. This created a pool of funds from customer bills which utilities could access to pay for liabilities incurred by sparking fires. As a condition to access the funds, utilities were required to develop plans detailing how they will mitigate wildfires in their territories. The CPUC and OEIS were charged with reviewing these plans. Only upon certification can the utilities draw from the funding pool.

Specifically, the State Auditor's report found that:

1) Of the 40,000 miles of lines in areas with significant fire threat, the utilities made improvements just 1,500 in 2020.

2) The utilities did not effectively prioritize the most dangerous areas, and likely instead focused on miles of lines which could most quickly be hardened,

3) The CPUC failed to exercise its authority to penalize utilities when their own audits uncovered violations.

Sonoma Clean Power staff will continue to monitor the utilities progress on grid hardening and to advocate for our citizens' right to access a safe and reliable electric grid.

Legislative Positions:

Bill	**Author**	**Summary**	**Position**
AB 1814 Transportation electrification: community choice aggregators	Grayson	Withdrawn – Bill would have accelerated local and regional transportation electrification by allowing CCAs to apply for CPUC funding for electric vehicle infrastructure. Sponsor was CalCCA.	Support Bill withdrawn by Author
AB 1944 Local government: open and public meetings	Lee	Facilitates the continued use of teleconference meetings for local governments, including SCP.	Support
AB 2061 Transportation electrification: electric vehicle charging infrastructure	Ting	Requires data collection of EV chargers to monitor reliability.	Watch
AB 2316 Community Renewable Energy Program	Ward	Creates the Community Renewable Energy Program to provide an IOU pathway for solar for communities that have not benefited from current rooftop solar initiatives. Not likely to produce any results, however, because IOUs are attempting to cancel their local solar programs (see AB 2838)	Watch
AB 2399 Electrical services: provider of last resort	Mayes	Removes the cap on direct access for for-profit energy service providers in situations where an IOU chooses to stop being the Provider of Last Resort. Sponsored by SDG&E, presumably because the IOU wishes to find a way to create a direct access company to serve the most profitable electric customers and get out of serving residential customers. The bill would cause a large cost shift onto residential and small business customers if it were to pass, but is unlikely to go anywhere in its current form.	Watch

Bill	Author	Summary	Position
AB 2696 Electricity: renewable energy and zero-carbon resources: transmission planning	E. Garcia	Would require the CEC to study how to lower the cost of new transmission needed for new renewable energy systems. However, would also remove the requirement for reviewing the necessity and cost for new transmission projects.	Watch
AB 2703 Zero-emission fueling station reliability standards	Muratsuchi	Studies the reliability of ZEV refueling stations.	Watch
AB 2838 Electrical corporations: green tariff shared renewables program	O'Donnell	Allows an IOU to terminate a green tariff shared renewables (GTSR) program and to spread the costs to all ratepayers in their service territory.	Watch
AB 2937 Electrical corporations: wildfire mitigation and climate adaptation expenditures	Calderon	Allows IOUs to securitize costs for wildfire and climate adaptation investments and spread those costs across all customers over longer time periods. It is unusual to defer charging ratepayers for operations and maintenance, and staff are exploring the potential consequences for ratepayers.	Watch
SB 833 Community Energy Resilience Act	Dodd	Creates grants for regional resiliency planning, including for PSPS events. Prioritizes low-income, disadvantaged and PSPS-affected communities.	Support Action by Chair and Vice Chair
SB 839 Electricity: demand response	Dodd	Demand response bill that allows all customers (including CCA customers) to participate in an IOU load management program. Possible concern is that it could prevent CCAs from managing their own load and forecasting accurately, which in turn would increase ratepayer costs.	Reviewing
SB 881 Load-serving entities: integrated resource plans	Min	Creates a new compliance category for GHG reductions that is tied to IRPs. Strong concerns that the bill is vague, removes procurement autonomy for CCAs, and adds unnecessary ratepayer costs. CalCCA has proposed alternate language.	Oppose Unless Amended Action by Chair and Vice Chair

Bill	Author	Summary	Position
SB 884 Electricity: expedited utility distribution and transmission infrastructure undergrounding program	McGuire	Would require accelerated distribution line undergrounding plans, defer IOU profits from that work until 5 years have passed with no PSPS events or utility fires, and require cooperation from telecom companies using the affected power poles.	Support
SB 887 Electricity: transmission facility planning	Becker	Orders the CPUC to identify the critical new transmission systems needed to rapidly expand renewable energy in the CAISO system through 2035. Includes requirements to study wildfire impacts.	Watch
SB 1112 Energy suppliers: notice and recordation of a decarbonization charge.	Becker	Supports on-bill financing for building decarbonization investments through creating a deed notification requirement.	Support Action by Chair and Vice Chair
SB 1158 Retail electricity suppliers: greenhouse gas emissions: integrated resource plans	Becker	Would change reporting requirements for GHG emissions to a 24/7 structure, but also prevent CCAs from receiving credit for improving system reliability and lowering total California GHG emissions. Author has closely engaged with SCP and CalCCA to attempt to work out concerns (e.g., could prevent EverGreen service by accident). New language is expected soon.	Negotiating with Author
SB 1174 Electricity: resource adequacy requirements: eligible renewable energy or energy storage resources: transmission and interconnection	Hertzberg	The bill originally would have provided waivers for situations where interconnection delays cause deficiencies in resource adequacy compliance. However, SDG&E asked the Chair of the policy committee to remove the RA waiver, and the Author did. It is unclear to staff how the bill still has a purpose, so staff are watching for further changes. Sponsor is American Clean Power Association.	Watch
SB 1226 Joint powers agreements: zero-emission transportation systems or facilities	Durazo	Would allow private nonprofit corporations to join a JPA to facilitate the design, finance, construction or operation of zero emission transportation systems or facilities.	Watch

Bill	Author	Summary	Position
SB 1230 Zero-emission and near-zero emission vehicle incentive programs: requirements.	Limón	Would make changes to how EV incentives are accessed.	Watch
SB 1287 Electric service providers and community choice aggregators: financial security requirements.	Bradford	Increases financial security requirements for CCAs to protect IOUs from absorbing CCAs customers in adverse market conditions. In its current form, the bill could prevent new CCAs from forming and increase ratepayer costs for all CCAs. SCP is advocating for some reasonable parts of the bill, such as increasing the minimum bond posting from $147,000 to $500,000 and eliminating language that would have allowed CCA bonds to be virtually unlimited and in the billions.	Engaging with the Author
SB 1328 Prohibited investments and contracts: Russia and Belarus.	McGuire	Prohibits California State investments in Russia and Belarus in response to Russia's war on Ukraine.	Support Action by staff in response to guidance by Board
SB 1340 Property taxation: new construction: active solar energy systems and nonqualified active solar energy systems.	Hertzberg	Would extend the deferral of property tax reassessments for commercial properties having solar arrays.	Watch
SB 1385 Electricity: multifamily housing local solar program.	Cortese	Would require IOUs to construct utility-owned solar arrays on or near multifamily housing. Potential significant concerns if this removed customers from CCA service without significant customer and climate benefits. Notably, the bill does not require systems to offset greenhouse gas emissions.	Watch
SB 1376 State Energy RCDC: strategic plan: zero-carbon resources.	Stern	Strategic plan to connect 6,000 MW of new renewable power per year to California's transmission system starting in 2025.	Watch

Bill	Author	Summary	Position
SB 1393	Archuleta	Would create a new requirement for cities and counties wishing to phase out natural gas in new construction to submit plans to the California Energy Commission for approval. Increases the potential for gas advocates to sue and block cities and counties from adopting and implementing reach codes.	Recommend - Oppose
SB 1432 Electricity: resource adequacy requirements: electric service providers.	Hueso	Affects how generating resources used to provide resource adequacy are selected or approved and how costs of backstop procurement are allocated.	Watch
SCR 53 Climate change	McGuire	Resolution declaring the global climate crisis	Support Action by staff

Recommended Positions:

SB 1393 (Archuleta) CEC Approval for Local Reach Codes

The California Pipes Trade Council is sponsoring a bill to make it much easier to block or sue cities and counties seeking to establish reach codes that phase out the use of natural gas in new construction. The proposed mechanism is to create a number of new "tests" that a local ordinance would have to pass related to technical and financial feasibility, impacts on low and moderate income consumers, reductions in work for unions, or increases in costs for ratepayers. The tests are quite broad and would make it quite easy for the Pipes Trade Council or others to block implementation of local ordinances.

Since this bill goes against the stated purposes of SCP, staff are recommending an oppose position and may seek permission to oppose before the next Board meeting if prudent.

Attachments:

- Letter of Support for County of Sonoma Equitable Energy Resilience Through EV Infrastructure and Green Jobs
- Letter of Support for County of Sonoma Equitable Energy Resilience – Multifamily Homes Project

Sonoma Clean Power

431 E Street
Santa Rosa, CA 95404

sonomacleanpower.org

April 4, 2022

Attention: Senator Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

Senator Alex Padilla
United States Senate
B03 Russell Senate Office Building
Washington, DC 20510

The Honorable Jared Huffman
U.S. Representative
1527 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Thompson
U.S. Representative
406 Cannon Office Building
Washington, DC 20515

Subject: Support for Sonoma County's Appropriations Community Funding Request – Equitable Energy Resilience through EV Infrastructure and Green Jobs

Sonoma Clean Power (SCP) is pleased to express our support for Sonoma County's request to fund Equitable Energy Resilience through EV Infrastructure and Green Jobs. The proposed project will help open access to electric vehicles by providing charging to underserved communities and help allay fears about relying on EVs during emergencies. This critical work aligns with SCP's mission to turn the tide on the climate crisis through bold ideas and practical programs.

The Sonoma County's Equitable Energy Resilience EV Infrastructure and Green Jobs Training Program supports attainment of state and local clean energy goals, increases opportunities for local job skills development and most importantly, the program supports local community members and first responders to have increased access to clean back-up power.

This project will provide portable, solar-powered Level-2 Electric Vehicle charging that can be rapidly deployed in response to grid power outages and other emergencies. When the chargers are not providing emergency back-up power, they will be made available to the public for free charging in South Santa Rosa.

This project would also create a green building workforce development program to incentivize a just transition through the creation of an Electric Vehicle Infrastructure Training Program and a paid internship program. We urge your support of this important program.

Sincerely,

Geof Syphers
Chief Executive Officer

Sonoma Clean Power

431 E Street
Santa Rosa, CA 95404

sonomacleanpower.org

April 4, 2022

Attention: Senator Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

Senator Alex Padilla
United States Senate
B03 Russell Senate Office Building
Washington, DC 20510

The Honorable Jared Huffman
U.S. Representative
1527 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Thompson
U.S. Representative
406 Cannon Office Building
Washington, DC 20515

Subject: Support for Sonoma County's Appropriations Community Funding Request – Equitable Energy Resilience – Multifamily Homes

Sonoma Clean Power (SCP) is pleased to express our support for Sonoma County's request to fund Equitable Energy Resilience – Multifamily Homes project. The proposed project will address the energy burden for low-income residents while increasing resiliency and providing training for energy retrofits and renewable energy installation. This timely project aligns with SCP's mission to turn the tide on the climate crisis through bold ideas and practical programs.

If funded, this program will have the potential to provide energy upgrades, energy cost savings, and renewable energy security for more than 50 low-income housing units in multi-family housing. By including onsite energy storage to maintain basic living needs during grid power outages, the Program also mitigates adverse outcomes often experienced by our most vulnerable residents when the power is out.

The program will include a job skills training program, which will develop energy retrofit and renewable energy installation knowledge base and experience in qualifying low-income and underserved residents. This is part of a fundamental commitment to ensuring a just transition for all Sonoma County residents as we move to a green economy.

We urge your support of this important program.

Sincerely,

Geof Syphers

Geof Syphers
Chief Executive Officer

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Sonoma Clean Power

Staff Report – Item 05

To: Sonoma Clean Power Authority Community Advisory Committee

From: Kate Kelly, Director of Public Relations and Marketing

Issue: Receive Presentation on Spanish Language Focus Group Findings

Date: April 21, 2022

Recommendation:

Receive a presentation on the summary of findings from recent focus groups conducted in Spanish language.

Background:

As a continuation of market and demographic research being conducted by Sonoma Clean Power to better understand our customers, non-customers and communities, a set of 4 small (qualitative) focus groups were conducted in Spanish language, to obtain feedback, opinions, and attitudes of current customers and those who previously opted out.

The focus groups were conducted in-person, in Spanish language, by a trusted consultant (Hugo Mata, Soluna Outreach Solutions).

The focus groups were audio recorded (but not video recorded), allowing participants to remain anonymous; facilitating trust and optimal comfort/participation.

Attachments:

None

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Sonoma Clean Power

Staff Report – Item 06

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

From: **Brant Arthur, Programs Manager**
Rebecca Simonson, Director of Programs

Issue: **Recommend the Board Authorize the CEO or his Designee to Execute the First Amendment to an Agreement with the Center for Sustainable Energy to Offer Additional Incentives for Public EV Charging Infrastructure**

Date: **April 21, 2022**

Recommendation:

Staff requests that the Community Advisory Committee recommend that the Board delegate authority to the Chief Executive Officer or his designee to execute a first amendment to the professional services agreement with the Center for Sustainable Energy ("CSE"). The amendment would allow Sonoma Clean Power ("SCP") to provide incentives to eligible applicants of the Sonoma Coast Incentive Project (CALeVIP) for the installation of electric vehicle DC Fast Charging stations in priority locations (rural, coastal, and low-income multifamily locations). The amendment would add $869,565 ($69,565 in administration fees and $800,000 in customer incentives) and extend the term of the agreement by six months, to June 30, 2024.

Background:

Transportation produces most of the air pollution and greenhouse gas emissions in Sonoma and Mendocino counties. Most of these emissions are created by the cars and trucks we drive every day. Replacing our gasoline and diesel cars and trucks with electric vehicles (EVs) will reduce greenhouse gas emissions and air pollution, including smog. EVs are cleaner and produce fewer emissions.

SCP's initial contract with CSE was approved by the Board on October 3, 2019, for the design and implementation of an electric vehicle charger investment incentive program to encourage the adoption of EVs. The initial term of the contract was through December 31, 2023, with a not to exceed amount of $1,650,000.

The project is a three-year partnership to install public DC Fast Chargers and Level 2 chargers with initial funding from the California Energy Commission ($5,100,000), Sonoma Clean Power ($1,510,500) and the Northern Sonoma County Air Pollution Control District ($139,500).

During the planning phase, SCP agreed to move up the planned launch date by 3 months in response to a request from the California Energy Commission. At the time, SCP expressed concern that the reduced time for community outreach would cause the majority of the DC Fast Charger funding to be reserved by projects located in the incorporated cities along the Highway 101 corridor and not in rural or underserved areas.

When SCP launched the Sonoma Coast Incentive Project (CALeVIP) on July 8, 2020, the project was quickly oversubscribed by $22M (with $17.7M just for DC Fast Charging projects). This indicates significant unmet EV charging needs, with many applications waitlisted for installations that could benefit SCP customers.

The concerns over reduced community outreach were justified, with funds reserved for only one public fast charging site along the coast (not counting hotels). An analysis of the funds reserved also showed that the project did not adequately serve charging "deserts" around low-income multi-family housing in cities like Santa Rosa, Rohnert Park, and Petaluma. As of April 2022, the project had 25 applications completed or in progress, representing 41 DC Fast Charging stations and 164 Level 2 ports. There are another 185 applications on the wait list.

Discussion:

In response to input about charging equity from the Committee and Board, and the significant project waitlist and uneven distribution of funded projects, SCP proposes a special incentive to fund eligible projects in two location categories: 1) along highway corridors lacking fast charging to compensate for historical under-investment in rural areas, and 2) in locations near low-income multi-family housing to compensate for historical underinvestment in charging for multi-family housing. SCP staff proposes to name this special incentive program, if approved, "Fast Charge for All".

The special incentive would be available for customers on the CALeVIP waitlist that serve residents living in the targeted locations. For sites near low-income multi-family housing, SCP proposes to provide outreach and potentially future charging offerings to nearby residents.

The incentive would match the existing DC Fasting Charging rebate for the Sonoma Coast Incentive Project:

DCFC Power Level	General Market Rebate (including Unincorporated communities)	Disadvantaged Community (DAC)/Low-Income Community (LIC) Rebate
50 kW - 99.99 kW	Up to $50,000; or 75% of the total project cost, whichever is less	Up to $60,000; or 75% of the total project cost, whichever is less
100 kW+	Up to $70,000; or 75% of the total project cost, whichever is less	Up to $80,000; or 75% of the total project cost, whichever is less

SCP's Fast Charge for All would have the following program criteria:

- DC Fast Charge installations only.
- Up to $80,000 of eligible costs per charger, according to table above.
    - At least $80,000 reserved for Mendocino County.
- Up to two (2) DC Fast Chargers per application.

Site eligibility:

- Must meet all Sonoma Coast Incentive Project requirements.
- Eligible sites must be located in one of two categories:
    - Near a major highway not already served by a DC Fast Charging station (at least 5 miles from an existing fast charging station).
    - Within two miles of multi-family housing receiving HUD assistance.
- Chargers must be connected to an electrical service account that subscribes to SCP's EverGreen service.

- Site must serve the general public and be available 24/7 (e.g., hotels, casinos, car dealerships, etc. are not eligible).
- Must agree to waive collection of Low Carbon Fuel Standard credits.[1]

Fast Charge for All will allow SCP to continue investing in these priority locations for years to come by collecting special Low Carbon Fuel Standard credits for the chargers and reinvesting the revenue from these credits into future public charging and transportation electrification projects.

Fiscal Impact:

The amendment to the CSE contract will add $869,565 ($69,565 in administration fees and $800,000 in customer incentives). The required funds are proposed for immediate approval in the Board's next meeting but would show up in the 2022-2023 fiscal year budget.

The DC Fast Chargers funded through Fast Charge for All are eligible to receive Zero-Emission Vehicle Infrastructure Credits from the California Air Resources Board's Low Carbon Fuel Standard ("LCFS"). Our analysis shows that the revenue from the credits SCP would receive would pay for the SCP incentives in under 5 years. SCP intends to reinvest the revenue from selling these LCFS credits into future transportation electrification and charging infrastructure serving customers.

Attachments:

- Attachment A – First Amended and Restated Professional Services Agreement with Center for Sustainable Energy, available at this link or by request to the Clerk of the Board

[1] The California Air Resources Board approved the Low Carbon Fuel Standard (LCFS) regulation in 2009 and began implementation on January 1, 2011. The LCFS is designed to encourage the use of cleaner low-carbon transportation fuels in California. The carbon intensity scores assessed for each fuel are compared to a declining benchmark for each year. Low carbon fuels below the benchmark generate credits, while fuels above the benchmark generate deficits.

Staff Report – Item 07

To:	**Sonoma Clean Power Authority Community Advisory Committee**
From:	**Claudia Sisomphou, Communications and Engagement Manager**
Issue:	**Review the Empower Action Plan**
Date:	**April 21, 2022**

Recommendation:

Review the plan for implementing the Empower Action Plan. Provide questions and comments for staff to consider before the May 5th Board of Directors meeting.

Background:

Empower is an agency-wide endeavor to improve the relevance, reach, and impact of Sonoma Clean Power's customer and community engagement efforts. This initiative touches all aspects of SCP's work, including, but not limited to, partnerships, incentives, outreach, education, sponsorships, strategic planning, events, and power generation services.

Empower focuses on four areas of improvement:

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

Each area guides SCP in allocating resources, identifying community partners, and targeting underserved and/or impacted customer groups.

Improved engagement efforts will help build trust with the community, increase participation in SCP's programs, and enable SCP to better meet the needs of *all* its customers.

Empower was presented to the Community Advisory Committee during its September 2021 meeting and was an item of discussion at the last four Board of Directors meetings.

Plan for implementation:

Step 1. Learn from existing data – *In process*

Staff is reviewing local, regional, and state reports to better understand the demographics of SCP's service territory and where gaps in data and resources exist. SCP is exploring data on public health, air quality, income, language, mobility, race, access to education, internet connectivity, opportunity zones, proximity to grocery stores, and more.

SCP is also looking at how other utilities and public agencies recognize the underserved and vulnerable communities in their service areas.

Step 2. Determine priority areas – *In process*

SCP is developing criteria to identify customers and areas for initial outreach and support. These criteria will consider the information learned in Step 1.

The California Public Utilities Commission (CPUC) has done similar work to develop a definition for what is known as "Environmental and Social Justice (ESJ) communities". In ESJ communities, residents are:

- Predominantly communities of color or low-income.
- Underrepresented in the policy setting or decision-making process.
- Subject to a disproportionate impact from one or more environmental hazards.
- Likely to experience disparate implementation of environmental regulations and socio-economic investments in their communities.

These communities also include, but are not limited to:

- Disadvantaged Communities (defined as census tracts that score in the top 25% of CalEnviroScreen 3.0, along with those that score within the highest 5% of CalEnviroScreen 3.0's Pollution Burden but do not receive an overall CalEnviroScreen score).
- All Tribal lands.

- Low-income households (defined as household incomes below 80 percent of the area median income).
- Low-income census tracts (defined as census tracts where aggregated household incomes are less than 80 percent of area or state median income).

SCP may modify the criteria for ESJ communities in Sonoma and Mendocino counties to take into account local data sets, wildfire risk, and a higher-than-average cost of living. Staff are aware there are impacted people and communities in SCP's service territory that currently would not qualify as an ESJ community based on the CPUC's definition. There are also households and small neighborhoods that would not qualify as an ESJ community because they represent a minority of the local area.

A great example of a priority area map was created by Sacramento Municipal Utility District (SMUD): Sustainable Communities Resource Priorities Map.

Step 3. Reach out to partners – *May/June 2022*

SCP will identify organizations and groups who work within the priority areas and with customers who meet SCP's criteria. Staff will build relationships with these organizations and begin to schedule workshops, presentations, and office hours.

Step 4. Begin outreach – *July 2022/ongoing*

SCP will implement the outreach and engagement strategies presented during previous Committee and Board meetings. These efforts include:

- Hosting workshops and presentations in partnership with community groups.
- Holding "office hours" at community centers or public places.
- Attending community events and meetings.

Attachments:

None

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Staff Report – Item 08

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 a Revision to Financial Policy B.2 Financial Reserves**

Date: **April 21, 2022**

Recommendation:

Staff are requesting that the Committee recommend the Board of Directors approve the attached revision to Sonoma Clean Power's Financial Policy B.2 Financial Reserves.

Background and Discussion:

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. Two significant reasons are behind this. First, SCP is exposed to significant financial risks in the energy market and is motivated to protect customers from rate shock. Second, SCP has no financial recourse to its members' jurisdictions, and must provide sufficient liquidity and assets to allow purchasing the roughly $2 billion in supply agreements that are currently outstanding.

Over the last eight years, SCP has built reserves to $72 million (141 days of expenses based on current FY2021-22 budget as revised by the BOD). In addition, SCP has deferred $26 million in revenues as an Operating Account Fund.

SCP's current reserve policy designates three categories of reserves: Operating Reserves, Program Reserves and Credit Reserves. Along with the Operating Account Fund, SCP's funds held to financially protect the Agency and its customers are being held in four separate accounts.

Through discussions with credit rating agencies over the last three years, it is apparent that they treat all three reserve accounts as basically one account. In addition, even though the GASB accounting standards allow SCP to defer revenues for a limited time, SCP has not needed to spend these deferred revenues in the last year due to large increases in energy market prices and the related reduction in the PCIA fee. The threat of the uncertain PCIA still exists, but it would be prudent to recognize those deferred revenues at the end of this fiscal year, while retaining the ability to protect customers from a spike in PCIA in the future. Holding the deferred revenue funds indefinitely is not recommended by our accounting firm.

Staff proposes to update and simplify the reserve policy so that there is one reserve fund. It would have a Minimum Reserve of 180 days of annual expenses. And then also include a Target Reserve of 280 days of annual expenses. This represents a significant increase in the minimum reserve balance (from 120 to 180 days of expenses) and a smaller increase in the target reserve balance (from 250 to 280 days).

Should the net balance at the end of any fiscal year grow beyond the Target Reserve, staff would be directed to use those funds to lower rates or cover customer program incentives in the following fiscal year.

At the end of this fiscal year, staff currently plans to propose that the Board approve recognition of the deferred revenues in the current fiscal year, FY 2021-2022, and to then move these funds into reserves.

Fiscal Impact:

This policy will simplify our reserve policy and clarify that once the Target Reserve funds are met, all addition net income must be returned to customers.

Attachments:

- Attachment A – Proposed Revised Reserve Policy B.2 Financial Reserves
- Attachment B – Current Board Approved Reserve Policy B.2. Financial Reserves

Attachment A
Proposed Revised Financial Policy B.2

NOTE: This policy is not in effect unless and until it is adopted by the SCPA Board of Directors

Financial Policy B.2 (Proposed Revision)

Financial Reserves

Purpose

SCP maintains financial reserves to maintain good standing with rating agencies, provide liquidity when current income is insufficient, protect customers from sudden large changes in rates, and to mitigate energy market risks. This policy governs how financial reserves are built, maintained and used.

Reserve Balances

- Minimum Reserves: 180 days of the annual budgeted operating expenses.
- Target Reserves: 280 days of the annual budgeted operating expenses.
- Excess Reserves: Any reserve balances in excess of the Target Reserves must be returned to customers through lower rates or program incentives in the following year.

Building Reserves and Rate Setting

During periods when the Minimum Reserve is not met, SCP shall set rates in a manner to reach the required balance within 2 years.

During periods when SCP's reserves are above the Minimum Reserve but below the Target Reserve, SCP shall set rates to reach the Target Reserve balance within 5 years in a manner that best protects customers from unreasonable rates.

Use of Reserves

The expenditure of reserve funds requires a vote of the Board of Directors. However, the CEO has the authority to use reserves for operating liquidity in emergency situations in consultation with the Board Chair and Vice Chair, and such actions must be noticed to the Board of Directors in the next meeting.

Investing Reserve Balances

The investment of reserve funds is governed by Financial Policy B.5 Investments.

Attachment B
Current Board Approved Policy B.2

Financial Policy B.2
Available Fund Balance, and Operating, Program and Collateral Reserves

SCP has an Operating Reserve for the purpose of supporting agency credit, a Program Reserve that allows multi-year program funding commitments, and a Collateral Reserve to allow the posting of collateral for energy and related purchases.

SCP shall maintain a minimum of 120 days of cash reserves at all times.

Target balances are:

Operating Reserve	50% of total annual budgeted expenses
Program Reserve	10% of total annual budgeted expenses
Collateral Reserve	10% of annual energy expenditures

Prior to reaching these targets, the following shall apply to Sonoma Clean Power Authority's financial management:

1) Rate Setting and Budgeting:

A. Definitions

i. "Rates" shall mean the Average Retail Generation Rate inclusive of All Fees.

ii. "Average Retail Generation Rate" is the total revenue collected for generation divided by the total kilowatt-hours of energy sold.

iii. "All Fees" is the sum of those fees separately charged to SCP customers as determined by the CPUC. Today this includes the Power Charge Indifference Adjustment and Franchise Fee.

B. SCP Rates Less Than 2% Above Bundled Service. When SCP can set its Rates to not more than 2% above PG&E's Rates, then a minimum of 3%

of revenues shall be recovered through rates to provide for the Operating, Program and Collateral Reserves.

C. SCP Rates Between 2% and 7% Above Bundled Service. When SCP sets its Rates between 2% and 7% above PG&E Rates, it shall maintain existing reserves without contribution or expenditure.

D. SCP Rates More Than 7% Above Bundled Service. When SCP sets its Rates more than 7% above PG&E Rates, it may use funds from reserves to offset customer rates so long as a minimum of 120 days of cash is maintained in reserves at all times.

2) Allocating the Increase in Available Fund Balance, if any:

A. 75% to Operating Reserves to support credit and mitigate financial risks.

B. 15% to Program Reserves to support programs that have financial commitments which extend beyond the current fiscal year consistent with SCPA's mission. Program Reserve usage must be authorized by the SCPA Board of Directors with prior review by the Community Advisory Committee.

C. 10% to the Collateral Reserves to provide a source of collateral for purchasing energy and energy-market products.

Annual Increase in Available Fund Balance shall be determined based on information reported in the annual audited financial statements. Available fund balance at the end of a fiscal year is equal to assets convertible or expected to be converted into cash within 90 days.

When one or two of the reserve targets are met, greater percentages shall be contributed to the unmet target(s) at the Board's direction.

Upon reaching the target balances, rates and budgets shall be set to maintain the target balances.

Staff Report – Item 09

To:	**Sonoma Clean Power Authority Community Advisory Committee**
From:	**Mike Koszalka, COO** **Geof Syphers, CEO** **Rebecca Simonson, Director of Planning and Analytics**
Issue:	**Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2022-2023**
Date:	**April 21, 2022**

Requested Action:

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

Summary:

Staff propose a draft budget and rates for Fiscal Year 2022-2023 from July 1, 2022 through June 30, 2023 that:

- Requires no rate changes at the start of the fiscal year on July 1, 2022.
- Maintains total SCP customer bills equal to PG&E bundled customer bills
- Projects overall expenses to increase by slightly less than inflation (4% above FY 21-22)
- Projects an increase in financial reserves sufficient to meet SCP's long-term target (as revised in Item 8) by July 2023.
- Assumes no rate increases all year.

Background:

Staff presents a budget for Fiscal Year 2022-2023 that continues to fulfill SCP's adopted goals for providing electricity from very low greenhouse gas sources, investing in local renewables, operating the Advanced Energy Center and delivering a broad set of programs and services with an increasing focus on previously underserved communities.

From the outset, SCP has held a high standard for its operations – usually far in advance of State requirements, such as creating EverGreen, the nation's first (and still the only) electric supply that provides 100% local renewable energy 24/7 without any reliance on fossil energy sources for any purpose.

From its inception until early 2020, SCP had been able to provide customers lower overall bills each year. This had been achieved by offering significantly lower electric generation rates to all customer classes in order to more than offset the PCIA fee PG&E charges SCP customers. These low generation rates have resulted in tens of millions in customer bill savings since 2014. In May of 2020, SCP had to set rates slightly above PG&E to cover most expenses, with the premium ranging up to 5%. With the April 1, 2022 rate adjustment, the premium cost SCP was charging customers for the past two years was eliminated and customer bills are now equal to PG&E bundled customers' bills.

Once SCP's long-term financial reserve targets are met – possibly by June of 2023 – SCP may be in a good position to provide a small rate savings to customers again, while continuing to supply much cleaner power and extra customer programs.

At the end of FY 19-20, SCP's Board of Directors deferred $22 million in revenues and set these funds aside (called the Operating Account Fund) with the intent to use them in future periods to protect customers from rate shock due to changes in the PCIA. The Board added another $4 million at the end of FY 20-21. After a surprising increase in the market price for power caused a large decrease in the PCIA, those funds were not immediately needed. Since it is not prudent to continue to defer recognizing those revenues, staff plans to recommend the Board recognize these funds as revenues at the end of the current fiscal year and move the total increase in net position into reserves.

It is important to note that this forecast is based on the best information available at this time, and that the PCIA fee is extremely difficult to forecast for several reasons. First, the PCIA can be influenced by PG&E's decisions, for example, whether to offer excess resource adequacy (RA) into the market or not. Those decisions impact the

PCIA fee on our customers and are made solely at the discretion of the investors of a company that has a history of working to oppose CCAs. Second, the regulatory rules of how the PCIA is calculated can change rapidly and may continue to change over the coming years. And finally, the PCIA is highly dependent on the market price of natural gas, which itself fluctuates significantly with the commodity price of methane, and natural gas prices are affected by regional and world events (e.g., Texas ice storm, Russia's war on Ukraine, winter temperatures). For these reasons, staff will regularly update the Committee and Board on the PCIA as new information becomes available.

Budget Overview :

The Fiscal Year 2022-2023 draft budget and rates presented in this item seek to:

- Continue to procure a supply portfolio of electricity generation that is at least 30% lower in greenhouse gas emissions than PG&E's portfolio.
- Emphasize customer programs that help cut the use of gasoline and natural gas, as these actions are the faster and least expensive ways to cut greenhouse gas emissions today.
- Expand customer outreach through improved market research and listening to our various communities.
- Expand community education activities.
- Increase emphasis on serving previously underserved communities in SCP's customer programs.
- Promote the Advanced Energy Center and further develop the Center into a valuable community resource.
- Maintain the current level of customer participation and expand customer participation in Evergreen.

DRAFT BUDGET

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

Notes on the Draft Budget Tables:

1. Revenues from electricity sales are net of the allowance for uncollectible accounts, estimated to be 1.25%.
2. The EverGreen premium covers the incremental cost of EverGreen power above the cost for CleanStart. The rest of the revenues for EverGreen customers appears in the Electricity Sales line item.
3. The Cost of Energy and Scheduling includes NetGreen costs, ProFIT payments, California ISO fees and scheduling as well as all energy and capacity costs.
4. Funds approved by the Board to be loaned to customers through on-bill financing, and funds paid back to SCP, are treated as balance sheet items and are not on the income statement.
5. The difference between the CEC grant proceeds and grant expenses is SCP's cash portion of the matching funds.

Further detail on each of the proposed budget categories follows.

	Rev. 1 Budget FY21-22	PROPOSED Budget FY22-23	
REVENUES & OTHER SOURCES			
Electricity Sales[1] (net of allowance)	191,599,000	244,400,000	Removes cost premium. Equal total bills with PG&E.
EverGreen Premium[2] (net of allowance)	2,074,000	2,312,000	Steady growth is planned.
CEC Grant Proceeds	2,065,000	1,414,000	Continued CEC grant activity through end available funds.
BAAQMD Grant	50,000	0	This grant has ended.
Misc Revenue	0	1,025,000	CPUC funds for program implementation.
Interest Income	840,000	380,000	Continued low interest rates are assumed.
Total Revenues	**196,628,000**	**249,531,000**	
EXPENDITURES			
Product			
Cost of Energy and Scheduling[3]	165,468,936	171,380,000	Relatively modest increase is due to SCP's existing purchases.
Data Management	3,198,000	2,677,000	Decrease in cost from contract renegotiation.
Service Fees to PG&E	973,000	979,000	No significant change expected.
Product Subtotal	**169,639,936**	**175,036,000**	
Personnel	**6,200,000**	**7,650,000**	See details in write-up.
Energy Center, Mktg & Comm	**1,350,000**	**2,557,000**	Consolidates many SCP activities. See details in write-up.
Customer Service	**363,000**	**291,000**	Some activities move to 'Energy Center, Mktg & Comm'
General and Administration	**1,140,000**	**1,140,000**	No change expected.

	Rev. 1 Budget FY21-22	PROPOSED Budget FY22-23	
EXPENDITURES – continued			
Other Professional Services			
Legal	410,000	430,000	No significant change expected.
Regulatory and Compliance	430,000	460,000	No significant change expected.
Accounting	245,000	258,000	No significant change expected.
Legislative	120,000	220,000	GeoZone lobbying added.
Other consultants	225,000	571,000	Added costs for IT, bldg mgmt, HR, GeoZone technical support
Other Professional Services Subtotal	**1,430,000**	**1,939,000**	
Industry Memberships and Dues	**536,000**	**560,000**	Includes CalCCA and APPA
Programs			
Program Implementation[4]	5,640,000	6,025,000	See Programs Strategic Action Plan for details.
CEC Grant Program[5]	4,000,000	4,180,000	See Programs Strategic Action Plan for details.
Programs Subtotal	**9,640,000**	**10,205,000**	
Total Expenditures	**190,298,936**	**199,378,000**	
Revenues Less Expenditures	**6,329,064**	**50,153,000**	
OTHER USES			
Capital Outlay	**1,393,000**	**600,000**	Significant reduction as most furniture and computers already purchased.
Total Expenditures, Other Uses	**191,691,936**	**199,978,000**	
Net Increase/(Decrease) in Fund Balance	**4,936,064**	**49,553,000**	

INFORMATION ONLY - SUPPLEMENTAL TO THE DRAFT BUDGET

REVENUES AND OTHER SOURCES

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

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

Staff estimates uncollectable billings at 1.25%. This is unchanged from last year largely due to the $3.9 million in State customer arrearage funds SCP received in FY21-22 to help those who couldn't afford to pay power bills during covid.

EXPENDITURES

Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 2,251,000 MWh of energy, long term renewable power purchase agreements, ProFIT feed-in-tariff projects, capacity (resource adequacy), short term renewable and carbon free contracts (aka hydropower), scheduling services, CAISO fees, and other miscellaneous power market expenses. The volume of purchased energy is approximately 7% greater than the volume sold because of normal system transmission and distribution losses.

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

Major amounts of SCP's customer load are also served by customer-owned solar arrays. Small amounts also reduce the load of other SCP customers through NetGreen overproduction. None of this production is reportable on SCP's Power

Content Label, however, because it is treated as a load reduction rather than supply energy under California regulations.

Based on current rates of participation by net-metered customers, the total payout amount forecast for SCP's NetGreen customers is estimated to be about $510,000 for the fiscal year.

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

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

Data Management is a broad scope of services provided by contract through Calpine Energy Solutions, including billing data validation, bill coordination with PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting. The reduction in this budget category for FY 22-23 is reflective of the price reduction we just obtained from Calpine with our contract extension approved by the Board in April 2022.

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

Personnel

Personnel costs include direct salaries, benefits, workers compensation premiums, and payroll taxes. We have added employee training and development expenses of 1% of direct labor costs to improve the skills and abilities of our staff. A number of new staff were hired over the past year and their full annual compensation costs were not yet fully reflected in the FY 21-22 expenses. In addition, staff expect to continue to find opportunities to reduce contracting costs through hiring staff to replace contractors, and may add 3-4 additional staff in the coming fiscal year. Staff completed a compensation benchmarking study in 2021 and SCP adjusted some salary ranges and our benefits package to remain competitive, after losing some staff to competing CCAs. In addition, cost of living changes are reflected in the draft budget.

Energy Center, Marketing and Communications

There is a substantial consolidation of budgets into this category. As SCP nears the end of the CEC Lead Locally grant, budgeting for the Advanced Energy Center was moved from Programs to the respective departments that account for the various types of costs to run the facility and in keeping with GASB accounting rules. Most of the budget increase in this category reflects transfers of funding from other departments as explained below.

- $80,000 for Industry Specific/Commercial Account support re-allocated from Customer Service budget.
    - Includes sponsoring/supporting efforts and events that support industries which are key economic drivers in our service territory and/or industries which are high users of electricity (wine, ag, cheese, specialty beverage, lumber, dairies, cannabis, hospitality, etc.)
- Discontinuation of separate Advanced Energy Center budget. Expenses now allocated directly to individual budgets on the Sonoma Clean Power side.
    - Examples include hardware, software + programming/upgrades/ maintenance (kiosks, TV screens, etc.), retailing and merchandising hardware (poster holders, plex pieces, other displays); includes

consultant work for initial merchandising plan + seasonal/periodic changeouts.

- Consolidation of all educational efforts (classes and trainings at the Advanced Energy Center, ongoing SCP-Sonoma Water Energy Education program in elementary schools, CTE Foundation support) and grants/scholarships (SRJC Spirit of Entrepreneurship Grant, SSU 10,000 Degrees Scholarships, etc.)
- Continuation of the Empower Program ($40,000)
- Budget to support ongoing bi-lingual Focus Group + Brand Awareness surveys and the addition of bi-lingual Customer Satisfaction + Commercial Account surveys.

In addition to consolidating our community education expenses, the draft budget assumes stepping up efforts to improve and expand customer education as encouraged by Committee and Board members, and from the input we received from several English and Spanish language focus groups SCP completed in the last several months.

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

Customer Service

The Customer Service budget has decreased to reflect a transfer of community support and events that were previously paid out of Customer Service and consolidating all event, community support and education into the Energy Center, Marketing and Communications budget.

<u>Customer Noticing</u>

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

- Move-in notice postcard (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)

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

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

Other Professional Services

Legal

This covers attorney expenses for general governance plus power supply negotiations and any other legal issues that arise.

Regulatory & Compliance

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

Accounting

Accounting includes services from three different providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. SCP also has an outside auditor review our financial statements each year.

Legislative

Staff retains a Sacramento legislative lobbyist. These costs also include coverage for tracking and advancing bills in the legislative session that affect SCP and the energy industry directly. The statewide CalCCA trade association continues to allow SCP to track and participate in legislative work that affects CCAs across the state. New in this coming fiscal year are expenses for federal lobbying on the GeoZone.

Other Consultants

Other Consultant covers costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the HQ building and the Advanced Energy Center, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts. Technical consultants for the GeoZone are also included in this category.

Industry Memberships and Dues

The CalCCA trade association is an important entity for sharing the costs of legislative, regulatory, and analytic work. The association has been instrumental in improving SCP's effectiveness at the CPUC on matters including the PCIA, resource adequacy, and in the legislature on organizing and providing direction to lobbyists and requesting action. A recent CalCCA win involved securing $3.9 million for SCP customers unable to pay their bills through covid, and proportional amounts for all California CCA customers.

SCP is also a member of the American Public Power Association (APPA). This is a nationwide association of public power entities. They recently added a membership category for CCAs nationwide.

Programs

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

Other Uses

Capital Outlay is for equipment costing in excess of $1,000, including computers, printers and furniture.

Debt Service

SCP currently carries no debt.

Net Increase/ (decrease) in Available Fund Balance

Staff is planning for a substantial net increase in our available fund balance as we are recommending that the Committee and Board prioritize reaching SCP's long-term reserve targets to maintain financial stability in the face of continuing uncertainty with power costs, natural gas prices and the PCIA.

FOUR-YEAR OUTLOOK

This four-year outlook is subject to significant changes as new information is available regarding PCIA and the market cost of energy.

	PROPOSED Budget FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
REVENUE AND OTHER SOURCES:				
Electricity Sales (net of allowance)	$ 244,400,000	$ 189,361,000	$ 204,064,000	$ 212,134,000
Evergreen Premium (net of allowance)	$ 2,312,000	$ 2,335,000	$ 2,359,000	$ 2,382,000
CEC Grant Proceeds	$ 1,414,000	$ -	$ -	$ -
Interest Income	$ 380,000	$ 360,000	$ 360,000	$ 360,000
Miscellaneous revenue	$ 1,025,000	$ 1,025,000	$ 1,025,000	$ -
Total Revenue and Other Sources	**$ 249,531,000**	**$ 193,081,000**	**$ 207,808,000**	**$ 214,876,000**
EXPENDITURES AND OTHER USES:				
Product				
Cost of Energy and Scheduling	$ 171,380,000	$ 167,313,000	$ 175,402,000	$ 193,245,000
Data Management	$ 2,677,000	$ 2,678,000	$ 2,678,000	$ 2,678,000
Service Fees to PG&E	$ 979,000	$ 979,000	$ 979,000	$ 979,000
Product Cost Subtotal	**$ 175,036,000**	**$ 170,970,000**	**$ 179,059,000**	**$ 196,902,000**
Personnel	$ 7,650,000	$ 7,850,000	$ 8,072,000	$ 8,475,000
Energy Center, Mktg & Communications	$ 2,557,000	$ 2,390,000	$ 2,462,000	$ 2,536,000
Customer Service	$ 291,000	$ 300,000	$ 309,000	$ 318,000
General & Administration	$ 1,140,000	$ 1,241,000	$ 1,253,000	$ 1,285,000
Other Professional Services				
Legal	$ 430,000	$ 430,000	$ 430,000	$ 430,000
Regulatory and Compliance	$ 460,000	$ 493,000	$ 527,000	$ 564,000
Accounting	$ 258,000	$ 267,000	$ 276,000	$ 286,000
Legislative	$ 220,000	$ 228,000	$ 236,000	$ 244,000
Other Consultants	$ 571,000	$ 510,000	$ 528,000	$ 546,000
Industry Memberships and Dues	$ 560,000	$ 580,000	$ 600,000	$ 621,000
Programs				
Program Dev. And Impementation	$ 6,025,000	$ 7,744,000	$ 7,850,000	$ 8,000,000
Program - CEC Grant	$ 4,180,000	$ 300,000	$ -	$ -
Total Expenditures	**$ 199,378,000**	**$ 193,303,000**	**$ 201,602,000**	**$ 220,207,000**
Revenues Less Expenditures	**$ 50,153,000**	**$ (222,000)**	**$ 6,206,000**	**$ (5,331,000)**
Other Uses				
Capital Outlay	$ 600,000	$ 400,000	$ 414,000	$ 428,000
Debt Service	$ -	$ -	$ -	$ -
Total Expenditures, Other Uses	**$ 199,978,000**	**$ 193,703,000**	**$ 202,016,000**	**$ 220,635,000**
Net Increase/(Decrease) in Fund Balance	**$ 49,553,000**	**$ (622,000)**	**$ 5,792,000**	**$ (5,759,000)**