



**AGENDA  
COMMUNITY ADVISORY COMMITTEE MEETING  
THURSDAY, MAY 19, 2022  
1:00 P.M.**

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**\*\*\*\*AB 361\*\*\*\***

\*\*RE CORONAVIRUS COVID-19\*\*

CONSISTENT WITH THE PROVISIONS OF AB 361, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE WILL PARTICIPATE IN THE MAY 19, 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: 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](mailto: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) 757-9417, or by email at [meetings@sonomacleanpower.org](mailto: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 April 21, 2022, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. - 5**
- 2. Recommend the Board of Directors Approve Three Year Professional Services Agreement with S2 Advertising for Comprehensive Media Consulting Services (Staff Recommendation: Approve) **pg. - 13**
- 3. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. - 15**
- 4. Recommend the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2022-2023 (Staff Recommendation: Approve) **pg. - 17**

**COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

- 5. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. - 31**
- 6. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. - 43**

**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, APRIL 21, 2022  
1:00 P.M.**

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**\*\*\*\*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 APRIL 21, 2022, MEETING BY TELECONFERENCE.

**CALL TO ORDER**

(1:02 p.m. - Video Time Stamp: 00:00:23)

Chair Quinlan called the meeting to order.

Committee Members present: Chair Quinlan, Vice Chair Morris, and Members Fenichel, Hollinshead, Dowd, Kelly, Wells, and Booth. Member Nicholls and Lipp were 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; Kate Kelly, Director of Public Relations and Marketing; Ryan Tracey, Director of Planning and Analytics; Brant Arthur, Program Manager; Chris Golik, Revenue Manager; and Eric Scheier, Department of Energy Fellow

**PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

(1:04 p.m. - Video Time Stamp: 00:03:33)

Public Comment: None

**BOARD OF DIRECTORS CONSENT CALENDAR**

(1:05 p.m. - Video Time Stamp: 00:04:00)

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

2. Receive GeoZone Update

Public Comment: None

Member Hollinshead asked how many megawatts (MW) may be bought directly by Sonoma Clean Power through GeoZone? Geof Syphers, CEO, answered between 50 and 200 MW.

Chair Quinlan asked for the reasons behind Lake County not joining. CEO Syphers stated they were interested in ensuring customers in Lake County would benefit from the new resources.

*1:09 p.m. Public Comment was re-opened. There were no new speakers.*

Motion to approve the April 21, 2022, Community Advisory Committee Consent Calendar by Member Hollinshead

Second: Member Dowd

Motion passed by roll call vote

AYES: Quinlan, Morris, Fenichel, Hollinshead, Dowd, Kelly, Wells, Booth

ABSENT: Nicholls, Lipp

## **BOARD OF DIRECTORS REGULAR CALENDAR**

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

(1:10 p.m. - Video Time Stamp: 00:10:37)

Mike Koszalka, COO, introduced Chris Golik, SCP's new Revenue Manager. Rebecca Simonson, Director of Programs, introduced Eric Scheier, SCP's new Department of Energy Fellow. Director Simonson provided an update on the GridSavvy program.

Stephanie Reynolds, Director of Internal Operations, gave Advanced Energy Center updates including recent events, and Energy Education in schools. She included a story of a high school student who used the Energy Center as a resource for a school project. CEO Syphers discussed his recent educational talk he gave to a 3<sup>rd</sup> grade class.

Director Reynolds discussed monthly financials. CEO Syphers added that SCP's net position has shrunk a bit, but with the rate change in April, the net position will climb again. He also informed the Committee that SCP is preparing for in-person public meetings.

Chair Quinlan asked how much climate skepticism presenters hear while discussing energy education in schools and Director Reynolds responded that she would reach out to Sonoma Water to find out.

Member Booth asked what type of outreach is being done for the GridSavvy program. Director Simonson responded that SCP is sending out mailers and emails with the goal of increasing participation.

Chair Quinlan shared a story of how he encouraged his neighbors to go electric and encouraged the Committee to do the same.

Public Comment: None

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

(1:31 p.m. - Video Time Stamp: 00:31:25)

Neal Reardon, Director of Regulatory Affairs, discussed resource adequacy changes. He mentioned that the state auditor found that PG&E has not done enough to improve wildfire safety and failed to prioritize improvements to the distribution lines that were the most dangerous, and that now the state auditor is requiring these areas to be prioritized.

CEO Syphers gave a legislative update. He mentioned he met with Congressman Thompson and Congressman Huffman regarding the GeoZone and met with Governor Newsom regarding the federal Department of Commerce's investigation into possible tariff violations on Chinese solar products, an investigation that has halted imports of solar products from four countries and could slow or stop the construction of solar and storage projects in the United States. He discussed AB 1814 (Grayson) regarding providing access so that CCAs could distribute funding for EV infrastructure, which has been withdrawn due to strong opposition by PG&E. He discussed SB 1158 (Becker) which would require GHG emissions be reported on an hourly basis instead of an annual basis. He then discussed SB 1393 (Archuleta) which will require specific tests for reach codes seeking to phase out natural gas, and informed the Committee that a letter of opposition has been filed due to the bill creating new legal liabilities to cities and counties.

Member Booth asked if there is any indication of support for SB 1393 and CEO Syphers answered no, but the California State Association of Counties has indicated it may support if the CEC would help with compliance with reach ordinances.

Public Comment: None

5. Receive Presentation on Spanish Language Focus Group Findings

(1:53 p.m. - Video Time Stamp: 00:52:45)

Kate Kelly, Director of Public Relations and Marketing, discussed SCP's findings from the Spanish language focus groups led by Hugo Mata from Soluna Outreach Solutions. She explained that the findings show that there is low awareness in the Spanish-speaking community about SCP and it is SCP's goal to build that awareness and leverage collaborations within that community. She confirmed SCP's commitment to getting out and talking with people and with this research, SCP is going to continue to learn and improve.

Chair Quinlan asked how much Spanish speaking groups' answers correlated to non-Spanish speaking groups. Director Kelly responded that the answers were not very similar. CEO Syphers cautioned that focus groups give an anecdotal understanding of issues, but when we repeat the studies over time, we learn more. Chair Quinlan then asked when the Committee should expect to see proposals that address the data. Director Kelly answered that it would take a year to put the strategies in place.

Public Comment: None

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

(2:13 p.m. - Video Time Stamp: 01:13:09)

Brant Arthur, Program Manager, discussed the proposed amendment to an agreement with the Center for Sustainable Energy to offer up to \$800,000 in special customer incentives for fast EV charging. He stated that the proposed amendment will help fill gaps in funding and will focus funding on level 3 chargers. He explained that this proposal will target specific areas and will require that the stations are served by 100% local renewable power through EverGreen and be open to the public 24/7.

Member Booth asked if there are metrics written into the program so there are no double credits in conjunction with the Low Carbon Fuel Standard program. Mr. Arthur responded yes, and SCP would have access to the charging data.

Member Hollinshead asked if there is an infrastructure upgrade included and whether SCP will go after this aggressively. Mr. Arthur responded that an



infrastructure requirement could be added, and CEO Syphers expanded that workplace charging should be prioritized due to the coincident use during peak solar hours.

Member Wells asked how many fueling stations will be replaced and Mr. Arthur pointed out that gas stations are also applying for grants as well.

Member Kelly inquired if property tenants will see a benefit. Mr. Arthur clarified that the incentive dollars are specifically for property owners. Member Kelly then asked if the chargers add equity to property and CEO Syphers responded that the community is starting to see value in electric charging, but it is still early on.

Public Comment: None

Motion to modify the recommended action, to read, "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 in the amount of \$869,565 to offer additional incentives for public EV charging infrastructure, with staff report outs to the Community Advisory Committee and Board of Directors at a minimum of once per year" by Member Dowd.

Second: Member Booth

Motion passed by roll call vote

AYES: Quinlan, Morris, Fenichel, Hollinshead, Dowd, Kelly, Wells, Booth

ABSENT: Nicholls, Lipp

7. Review the Empower Action Plan as Appropriate

(2:41 p.m. - Video Time Stamp: 01:41:28)

Director Kate Kelly explained that the Empower Action Plan is an agency-wide endeavor that is receiving positive feedback. The Plan is focused on improving outreach to customers in SCP's service territory and organizations throughout the communities.

Director Kelly asked the Committee to refer any community organizations that would be interested to SCP.

Public Comment: None

8. Recommend that the Board of Directors Approve a Revision to Financial Policy B.2 Financial Reserves

(2:48 p.m. - Video Time Stamp: 01:48:12)

CEO Syphers explained SCP's financial policy was created when SCP was in the early stages and had very little in assets. Building a cash reserve was critical. Now that SCP is more established and has a credit rating, staff recommends simplifying the policy.

Member Kelly asked how SCP's funds are held. COO Koszalka answered in insured accounts at two financial institutions and also with the Sonoma County Investment Pool.

Member Dowd inquired whether SCP has had conversations with ratings agencies. CEO Syphers explained that yes, SCP has spoken with both Moody's and S&P, and both have provided guidance on the subject which recommend having 6 months of expenses in reserve.

Member Hollinshead asked if this change covers purchasing power and if SCP has a long-term investment strategy. CEO Syphers responded that SCP may soon be able to use public debt and bond issuance.

Public Comment: None

Motion to recommend that the Board of Directors approve a revision to financial policy B.2 Financial Reserves by Member Morris.

Second: Member Hollinshead

Motion passed by roll call vote

AYES: Quinlan, Morris, Fenichel, Hollinshead, Dowd, Kelly, Wells, Booth

ABSENT: Nicholls, Lipp

9. Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2022-2023

(3:12 p.m. - Video Time Stamp: 02:11:13)

COO Koszalka explained that he is asking the Committee for input and comments on the upcoming Fiscal Year Budget which he could share with the Board of Directors. He explained that under "Revenues" the budget requires no rate change at this time but will likely have to come back to the Committee during the fiscal year to adjust rates, as is typical in most years. He explained that personnel costs are up 4% and staffing is comparable with similar-sized CCAs. He explained that the Advanced Energy Center and Marketing budgets have increased with the planned outreach budget, but SCP's Customer Service

budget has been reduced. COO Koszalka pointed out this budget proposal and forecast have resulted in a large increase to SCP's net position which plans to get SCP close to its revenue targets early.

*3:20 p.m. Member Fenichel exited the meeting.*

Chair Quinlan asked why the GHG targets were 30% below PG&E and COO Koszalka explained that these are a result not a target. Chair Quinlan then asked why there is a significant drop in electricity revenues and COO Koszalka explained in SCPs 4-year outlook SCP anticipates the ability to lower rates.

Vice Chair Morris asked if Public Safety Power Shutoffs (PSPS) events are just losses. CEO Syphers confirmed that they are, absent legal action.

Public Comment: None

### **COMMITTEE MEMBER ANNOUNCEMENTS**

(3:33 p.m. - Video Time Stamp: 02:33:08)

None

### **ADJOURN**

(3:34 p.m. - Video Time Stamp: 02:33:55)

The meeting was adjourned by unanimous consent.

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## Staff Report - Item 02

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**To:** Sonoma Clean Power Authority Community Advisory Committee  
**From:** Kate Kelly, Director of Public Relations, and Marketing  
**Issue:** Recommend the Board of Directors Approve Three Year Professional Services Agreement with S2 Advertising for Comprehensive Media Consulting Services  
**Date:** May 19, 2022

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### **Requested Committee Action:**

Recommend approval to the Board of Directors to delegate authority to the Chief Executive Officer to execute a professional services agreement with S2 Advertising for comprehensive media consulting services with a not-to-exceed amount of \$1,826,100 over a three-year term (7/1/22 - 6/30/25).

### **Discussion:**

Since preparing to launch service to customers beginning in 2013, SCP has worked with S2 Advertising as our consultant for comprehensive media and social media consulting services. The majority of the contract amount is for direct placement of multimedia campaigns for SCP (print, radio, TV, digital, outdoor, etc.). The contract also includes social media consulting and campaign management and TV/radio spot, web and social media video development and production.

### **Fiscal Impact:**

No change in rates is required. The cost is \$1,826,100 in total, with \$550,700 budgeted for the FY 2022-2023. The costs of this contract are included in the FY 2022-2023 Outreach and Communications budget, and in the four-year outlook for the FY 2023-2024 and FY 2024-2025.

### **Attachments:**

- S2 Advertising Agreement for Professional Services Attachments, available at [this link](#) or by request from the Clerk of the Board.

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### Staff Report - Item 03

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**To: Sonoma Clean Power Authority Community Advisory Committee**  
**From: Ryan Tracey, Director of Planning & Analytics**  
**Geof Syphers, Chief Executive Officer**  
**Issue: Receive Geothermal Opportunity Zone Update**  
**Date: May 19, 2022**

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The Geothermal Opportunity Zone (GeoZone) was established by the SCP Board of Directors and the Boards of Supervisors in Sonoma and Mendocino Counties to explore expanding local geothermal power capacity. The purpose of the GeoZone is to develop the resources necessary to allow SCP to stop relying on natural gas power plants altogether. To that end, the GeoZone is seeking to sustain existing local geothermal production and add 500 MW of new geothermal capacity.

Given the activity in the GeoZone initiative, staff is now including regular updates in Board and Committee packets and will also continue to provide updated information and materials at <https://sonomacleanpower.org/geozone>.

To accomplish the goals of the GeoZone, SCP is seeking to form a public-private partnership with a geothermal company or companies to provide technology, experience and capital. The public-private partnership will be modeled on the partnership developed by Redwood Coast Energy Authority to progress their offshore wind project.

Staff released a Request for Information (RFI) for prospective partners on March 14, 2022. Responses to the RFI were due on April 29, 2022. A team of SCP staff, experienced geologists, a member of a local permit agency, and a representative from the Department of Energy has been assembled to assess the technical merit of proposals. The current objective is to shortlist potential partners in May. As part of the selection process, SCP plans on asking respondents to participate in interviews with stakeholders from the community in late June. SCP will use results from these

interviews and input from the technical evaluation team to bring recommended partners to the Committee and Board this summer.

SCP will then enter negotiations in forming a partnership agreement that will establish expectations for SCP's power offtake and the shared contributions in pursuing GeoZone development.

In parallel to SCP's process, the Department of Energy issued an RFI on April 19 soliciting feedback on attributes and outcomes that should be evaluated in their consideration of recipients for portions of an \$84 million grant from the Bipartisan Infrastructure Law to fund geothermal demonstration sites. The grant is expected to be released later this year. SCP staff submitted a response to the RFI to advocate for alignment with the GeoZone objectives (e.g., use of low-water technologies for new capacity). In the likely case that the GeoZone applies for the DOE grant, SCP will seek letters of support from local communities and organizations.





**Staff Report - Item 04**

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

**From: Mike Koszalka, COO  
Geof Syphers, CEO  
Rebecca Simonson, Director of Programs**

**Issue: Recommend the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2022-2023**

**Date: May 19, 2022**

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**Requested Action**

Recommend the Board of Directors approve the Proposed Fiscal Year 2022-2023 Annual Budget and Rates.

**Summary**

The proposed budget for FY2022-23 has not changed from the draft reviewed in the previous CAC meeting. Staff's proposed budget and rates for Fiscal Year 2022-2023 from July 1, 2022, through June 30, 2023:

- 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 9) 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.

	Rev. 1 Budget FY21-22	PROPOSED Budget FY22-23	
<b>REVENUES &amp; OTHER SOURCES</b>			
Electricity Sales <sup>1</sup> (net of allowance)	191,599,000	244,400,000	Removes cost premium. Equal total bills with PG&E.
EverGreen Premium <sup>2</sup> (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.
<b>Total Revenues</b>	<b>196,628,000</b>	<b>249,531,000</b>	
<b>EXPENDITURES</b>			
<b>Product</b>			
Cost of Energy and Scheduling <sup>3</sup>	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.
<b>Product Subtotal</b>	<b>169,639,936</b>	<b>175,036,000</b>	
<b>Personnel</b>	<b>6,200,000</b>	<b>7,650,000</b>	See details in write-up.
<b>Energy Center, Mktg &amp; Comm</b>	<b>1,350,000</b>	<b>2,557,000</b>	Consolidates many SCP activities. See details in write-up.
<b>Customer Service</b>	<b>363,000</b>	<b>291,000</b>	Some activities move to 'Energy Center, Mktg & Comm'
<b>General and Administration</b>	<b>1,140,000</b>	<b>1,140,000</b>	No change expected.

	Rev. 1 Budget FY21-22	PROPOSED Budget FY22-23
<b>EXPENDITURES – continued</b>		
<b>Other Professional Services</b>		
Legal	410,000	430,000
Regulatory and Compliance	430,000	460,000
Accounting	245,000	258,000
Legislative	120,000	220,000
Other consultants	225,000	571,000
<b>Other Professional Services Subtotal</b>	<b>1,430,000</b>	<b>1,939,000</b>
<b>Industry Memberships and Dues</b>	<b>536,000</b>	<b>560,000</b>
		Includes CalCCA and APPA
<b>Programs</b>		
Program Implementation <sup>4</sup>	5,640,000	6,025,000
CEC Grant Program <sup>5</sup>	4,000,000	4,180,000
<b>Programs Subtotal</b>	<b>9,640,000</b>	<b>10,205,000</b>
		See Programs Strategic Action Plan for details.
		See Programs Strategic Action Plan for details.
<b>Total Expenditures</b>	<b>190,298,936</b>	<b>199,378,000</b>
<b>Revenues Less Expenditures</b>	<b>6,329,064</b>	<b>50,153,000</b>
<b>OTHER USES</b>		
Capital Outlay	1,393,000	600,000
		Significant reduction as most furniture and computers already purchased.
<b>Total Expenditures, Other Uses</b>	<b>191,691,936</b>	<b>199,978,000</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>4,936,064</b>	<b>49,553,000</b>

Notes on the Draft Budget Table on Previous Page:

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 in the next section.

## **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.

### Customer Noticing

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

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

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

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

## **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 two 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
<b>REVENUE AND OTHER SOURCES:</b>				
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	\$ -
<b>Total Revenue and Other Sources</b>	<b>\$ 249,531,000</b>	<b>\$ 193,081,000</b>	<b>\$ 207,808,000</b>	<b>\$ 214,876,000</b>
<b>EXPENDITURES AND OTHER USES:</b>				
<b>Product</b>				
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
<b>Product Cost Subtotal</b>	<b>\$ 175,036,000</b>	<b>\$ 170,970,000</b>	<b>\$ 179,059,000</b>	<b>\$ 196,902,000</b>
<b>Personnel</b>	<b>\$ 7,650,000</b>	<b>\$ 7,850,000</b>	<b>\$ 8,072,000</b>	<b>\$ 8,475,000</b>
<b>Energy Center, Mktg &amp; Communications</b>	<b>\$ 2,557,000</b>	<b>\$ 2,390,000</b>	<b>\$ 2,462,000</b>	<b>\$ 2,536,000</b>
<b>Customer Service</b>	<b>\$ 291,000</b>	<b>\$ 300,000</b>	<b>\$ 309,000</b>	<b>\$ 318,000</b>
<b>General &amp; Administration</b>	<b>\$ 1,140,000</b>	<b>\$ 1,241,000</b>	<b>\$ 1,253,000</b>	<b>\$ 1,285,000</b>
<b>Other Professional Services</b>				
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
<b>Programs</b>				
Program Dev. And Impementation	\$ 6,025,000	\$ 7,744,000	\$ 7,850,000	\$ 8,000,000
Program - CEC Grant	\$ 4,180,000	\$ 300,000	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 199,378,000</b>	<b>\$ 193,303,000</b>	<b>\$ 201,602,000</b>	<b>\$ 220,207,000</b>
<b>Revenues Less Expenditures</b>	<b>\$ 50,153,000</b>	<b>\$ (222,000)</b>	<b>\$ 6,206,000</b>	<b>\$ (5,331,000)</b>
<b>Other Uses</b>				
Capital Outlay	\$ 600,000	\$ 400,000	\$ 414,000	\$ 428,000
Debt Service	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures, Other Uses</b>	<b>\$ 199,978,000</b>	<b>\$ 193,703,000</b>	<b>\$ 202,016,000</b>	<b>\$ 220,635,000</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ 49,553,000</b>	<b>\$ (622,000)</b>	<b>\$ 5,792,000</b>	<b>\$ (5,759,000)</b>



## Staff Report - Item 05

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

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

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

**Date:** May 19, 2022

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### **PUBLIC MEETINGS**

Staff is preparing our Headquarters for the eventual return to in-person meetings with new audio/visual equipment, extensive training and testing. At this time, we do not have an anticipated date to return to in-person meetings, but will be ready when the time comes to facilitate successful in-person and/or hybrid public meetings.

### **ENERGY EDUCATION PROGRAM**

At the last Committee meeting, Chair Quinlan asked how our educators responded to questions or comments from students and teachers on climate change skepticism. We reached out to Sonoma Water and they responded that their staff went through a specific training process called NNOCCI which trains educators to navigate difficult climate conversations with skeptics and also young adults who can be overwhelmed and feel powerless. <https://climateinterpreter.org/content/scientists-take-communication-training>

Some highlights of the training include:

- Be action oriented. Focus on how students can make a difference.
- Be aware of students' age and prior knowledge. Don't present irrelevant or complex info.
- Define climate and distinguish between climate and weather.

- Have easy to understand data or statements ready like: since the industrial revolution, humans have burned more and more fossil fuels (coal, oil, and natural gas), resulting in a build-up of CO<sub>2</sub> in the Earth's atmosphere. This extra CO<sub>2</sub> acts as a "heat-trapping blanket", which disrupts the Earth's climate. Having data is key and has to change based on student age and "skepticism".
- Provide local data when applicable.

Ryan Pedrotti of Sonoma Water also shared, "Once in a while 3rd-5th graders will say something like, "my parent doesn't think humans are the cause," and we try to equip them with relevant info. High school student skepticism mostly involves, "why should I care...." Which leads to an action/solution conversation."

### **EVs FOR NON-PROFITS**

The California Indian Museum and Cultural Center recently purchased an electric vehicle through SCP's Nonprofit EV program to support their statewide work educating the public about the history, culture, and contemporary life of California Indians - and to honor their contributions to civilization. The Museum was founded in 1996 and is based in Santa Rosa. The \$12,500 EV rebate and free GridSavvy charger are part of the Museum's effort to reduce fossil fuel use and provide an energy resilient center for the community. You can learn more and schedule a visit at: <https://cimcc.org>

### **COMMERCIAL ACCOUNTS GOING EVERGREEN**

Our Customer Service team continually reaches out to commercial customers to clarify charges, look for ways to reduce electricity costs and to encourage businesses to sign up for EverGreen. In the past month, two commercial accounts have made the switch to EverGreen, the California Teachers Association and another company that we hope to have permission to announce at the meeting!

### **ADVANCED ENERGY CENTER**

The word is out about the Advanced Energy Center. We are noticing twice as many guests per week than any other month since we have been open. Some recent visitors of note are more classes of high school students including Hanna Boys Center, and a delegation of microgrid engineers and utility executives from New Delhi, India.

The Advanced Energy Center's 0% financing program achieved an exciting milestone the week of April 25th. With close to 50 customers taking advantage of the program,



we surpassed \$200,000 dollars in project loans. There are another 29 customers who have applied for financing, but have not yet begun their projects. All of these offerings assist SCP customers to afford their installation of energy efficient appliances.

## **MONTHLY COMPILED FINANCIAL STATEMENTS**

The year-to-date change in net position is slightly better than projections. Revenue from electricity sales is under budget projections by approximately 3%, and cost of energy is a near match with expectations. Year-to-date electricity sales reached \$130,590,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$91,017,000, as SCP continues to make progress towards its reserve goals. In addition to Net Position, SCP maintains an Operating Account Fund of \$26,000,000 at the end of the period. Approximately \$72,545,000 is set aside for reserves (Operating Reserve: \$59,414,000; Program Reserve: \$10,882,000; and Collateral Reserve: \$2,249,000).

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 amended budget approved by the Board of Directors in April 2022.

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

Revenue from electricity sales to customers is slightly under budget at the end of the reporting period. The cost of electricity is more than the budget-to-date by less than 1%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

## **ATTACHMENTS**

March 2022 Financials

## **UPCOMING MEETINGS**

- Board of Directors - June 2, 2022 (Budget approval meeting)
- Community Advisory Committee - June 16, 2022
- Board of Directors - July 7, 2022
- Community Advisory Committee - July 21, 2022



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended March 31, 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  
May 4, 2022

**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
Nine Months Ended March 31, 2022**

	2021/22 YTD		2021/22 YTD		2021/22 YTD		2021/22 YTD		2021/22 YTD	
	Amended Budget	Actual	Amended Budget	Variance (Under)	Over	Actual / Amended	Budget %	Amended Budget	2021/22 Amended	Budget Remaining
<b>REVENUE AND OTHER SOURCES:</b>										
Electricity (net of allowance) *	\$ 132,375,922	\$ 128,850,943	\$ (3,524,979)			97%		\$ 191,599,000	\$ 62,748,057	
Evergreen Premium (net of allowance)	1,551,526	1,739,197	187,671			112%		2,074,000	334,803	
Inflow from Operating Account Fund Reserves	-	-	-			0%		-	-	
CEC Grant	1,548,750	825,797	(722,953)			53%		2,065,000	1,239,203	
BAAQMD grant	37,500	71,250	33,750			190%		50,000	(21,250)	
Interest income	630,000	243,083	(386,917)			39%		840,000	596,917	
Total revenue and other sources	<u>136,143,698</u>	<u>131,730,270</u>	<u>(4,413,428)</u>			<u>97%</u>		<u>196,628,000</u>	<u>64,897,730</u>	
<b>EXPENDITURES AND OTHER USES:</b>										
<b>CURRENT EXPENDITURES</b>										
Cost of energy and scheduling	125,705,791	126,027,517	321,726			100%		165,468,936	39,441,419	
Data management	2,398,374	2,398,524	150			100%		3,198,000	799,476	
Service fees- PG&E	729,636	727,495	(2,141)			100%		973,000	245,505	
Personnel	4,650,000	4,103,863	(546,137)			88%		6,200,000	2,096,137	
Outreach and communications	1,012,500	663,032	(349,468)			65%		1,350,000	686,968	
Customer service	272,250	274,195	1,945			101%		363,000	88,805	
General and administration	855,000	939,175	84,175			110%		1,140,000	200,825	
Legal	307,500	228,477	(79,023)			74%		410,000	181,523	
Regulatory and compliance	322,500	188,846	(133,654)			59%		430,000	241,154	
Accounting	188,750	178,820	(9,930)			95%		245,000	66,180	
Legislative	90,000	24,000	(66,000)			27%		120,000	96,000	
Other consultants	168,750	181,665	12,915			108%		225,000	43,335	
Industry memberships and dues	402,000	385,880	(16,120)			96%		536,000	150,120	
Program implementation	4,230,000	1,847,768	(2,382,232)			44%		5,640,000	3,792,232	
Program - CEC grant	3,000,000	1,027,115	(1,972,885)			34%		4,000,000	2,972,885	
Total current expenditures	<u>144,333,051</u>	<u>139,196,372</u>	<u>(5,136,679)</u>			<u>96%</u>		<u>190,298,936</u>	<u>51,102,564</u>	
<b>OTHER USES</b>										
Capital outlay	1,044,750	846,574	(198,176)			81%		1,393,000	546,426	
Total Expenditures, Other Uses and Debt Service	<u>145,377,801</u>	<u>140,042,946</u>	<u>(5,334,855)</u>			<u>96%</u>		<u>191,691,936</u>	<u>51,648,990</u>	
Net increase (decrease) in available fund balance	<u>\$ (9,234,103)</u>	<u>\$ (8,312,676)</u>	<u>\$ 921,427</u>					<u>\$ 4,936,064</u>	<u>\$ 13,248,740</u>	

\* Represents sales of approximately 1,727,000 MWh for 2021/22 YTD actual.

	Current Balance	% of Long-Term Term Target	Long-Term Target Balance
RESERVES			
Operating Cash Reserve	\$ 59,414,000	64%	\$ 92,133,000
Program Cash Reserve	10,882,000	59%	18,426,600
Collateral Cash Reserve	2,249,000	14%	15,943,600
	<u>\$ 72,545,000</u>	<u>57%</u>	<u>\$ 126,503,200</u>

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Nine Months Ended March 31, 2022**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ (8,312,676)
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(1,027,346)
Add back capital asset acquisitions	868,473
Add back certain program expenses recognized for budget purposes only	<u>(200,000)</u>
Change in net position	<u><u>\$ (8,671,549)</u></u>



## ACCOUNTANTS' COMPILATION REPORT

Management  
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 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  
May 4, 2022

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of March 31, 2022

### ASSETS

Current assets	
Cash and cash equivalents	\$ 61,230,821
Accounts receivable, net of allowance	16,785,563
Other receivables	1,598,391
Accrued revenue	6,363,514
Prepaid expenses	1,203,360
Deposits	4,353,391
Total current assets	<u>91,535,040</u>
Noncurrent assets	
Unrestricted cash in Rate Stabilization Fund	26,000,000
Land	860,520
Capital assets, net of depreciation	18,876,233
Deposits	846,256
Total noncurrent assets	<u>46,583,009</u>
Total assets	<u>138,118,049</u>

### LIABILITIES

Current liabilities	
Accrued cost of electricity	18,187,106
Accounts payable	1,150,772
Other accrued liabilities	1,219,350
User taxes and energy surcharges due to other governments	544,157
Total current liabilities	<u>21,101,385</u>

### DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	<u>26,000,000</u>
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### NET POSITION

Investment in capital assets	19,736,753
Unrestricted	71,279,911
Total net position	<u>\$ 91,016,664</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Nine Months Ended March 31, 2022**

**OPERATING REVENUES**

Electricity sales, net	\$ 128,850,943
Evergreen electricity premium	1,739,197
Grant revenue	897,047
Total operating revenues	<u>131,487,187</u>

**OPERATING EXPENSES**

Cost of electricity	126,027,517
Contract services	7,147,672
Staff compensation	4,103,863
General and administration	1,459,834
Program rebates and incentives	635,587
Depreciation	1,027,346
Total operating expenses	<u>140,401,819</u>
Operating income (loss)	<u>(8,914,632)</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	243,083
Nonoperating revenues (expenses), net	<u>243,083</u>

**CHANGE IN NET POSITION**

	(8,671,549)
Net position at beginning of period	<u>99,688,213</u>
Net position at end of period	<u>\$ 91,016,664</u>



# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS Nine Months Ended March 31, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 136,966,663
Other operating receipts	9,880,649
Payments to electricity suppliers	(125,699,879)
Payments for other goods and services	(8,663,781)
Payments for staff compensation	(4,106,232)
Tax and surcharge payments to other governments	(1,747,837)
Payments for program rebates and incentives	(1,299,638)
Net cash provided (used) by operating activities	<u>5,329,945</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(3,440,685)</u>
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### CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>245,197</u>
Net cash provided (used) by investing activities	<u>245,197</u>

Net change in cash and cash equivalents	2,134,457
Cash and cash equivalents at beginning of year	<u>85,096,364</u>
Cash and cash equivalents at end of period	<u>\$ 87,230,821</u>

### Reconciliation to the Statement of Net Position

Unrestricted cash and cash equivalents (current)	\$ 61,230,821
Unrestricted cash and cash equivalents (noncurrent)	<u>26,000,000</u>
Cash and cash equivalents	<u>\$ 87,230,821</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**Nine Months Ended March 31, 2022**

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

Operating income (loss)	\$ (8,914,632)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,027,346
Revenue adjusted for provision for uncollectible accounts	(899,117)
(Increase) decrease in:	
Accounts receivable	2,888,685
Other receivables	(57,548)
Accrued revenue	2,615,090
Prepaid expenses	(93,018)
Deposits	4,754,191
Increase (decrease) in:	
Accrued cost of electricity	5,446,511
Accounts payable	(293,584)
Accrued liabilities	(1,334,808)
User taxes due to other governments	24,029
Supplier security deposits	166,800
Net cash provided (used) by operating activities	<u>\$ 5,329,945</u>



**Staff Report - Item 06**

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**To:** Sonoma Clean Power Authority Community Advisory Committee  
**From:** Neal Reardon, Director of Regulatory Affairs  
Geof Syphers, Chief Executive Officer  
**Issue:** Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate  
**Date:** May 19, 2022

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**Requested Action**

Receive legislative and regulatory updates and provide feedback as appropriate.

**Regulatory Updates**

PG&E Proposes Significant Rate Increases in Upcoming General Rate Case ("GRC")

PG&E is requesting guaranteed rate recovery of \$15.46 billion dollars in 2023 through its GRC Application. This is an overall increase of \$3.56 billion, a 30% change from current rates. Any approved rate changes would become effective January 1, 2023. If approved, rate increases would be granted for the years 2023, 2024, and 2025. PG&E asserts that 50% of this incremental cost is for wildfire reduction efforts. A summary of the proposed costs is below:

**PG&E Proposed Rates via 2023 General Rate Case**

	2022 Adopted	2023 Proposed	% Increase
Electric Distribution	5,514	8,171	48%
Gas Distribution	2,321	2,870	24%
Gas Transmission	1,662	1,989	20%
Electric Generation	2,404	2,431	1%
<b>Total</b>	11,901	15,461	30%

Sonoma Clean Power Staff, working with a coalition of other Northern California CCAs, are developing testimony to be submitted in this proceeding. Our testimony is due June 13<sup>th</sup>, which PG&E has until July 11<sup>th</sup> to respond to. Hearings on this case are scheduled to begin August 15<sup>th</sup>. Our advocacy will continue to fight for the principles adopted by this Board: that the citizens of Sonoma and Mendocino Counties receive safe and reliable service, that our State’s climate goals be exceeded or achieved, and that utility shareholders be held responsible for the actions of corporate management.

**Legislative Positions**

<b>Bill</b>	<b>Author</b>	<b>Summary</b>	<b>Position</b>
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. This bill would require EV charging companies to report the days when their equipment is not functioning, and could lead to future legislation requiring more timely repair of charging equipment.	Support Action by Chair and Vice Chair
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

<b>Bill</b>	<b>Author</b>	<b>Summary</b>	<b>Position</b>
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
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
ACR 188 CAISO Regionalization Study	Holden	The proposed resolution would ask the California Independent System Operator to issue a study summarizing the impacts of expanding regional cooperation with Colorado and Nevada on California's climate goals.	Watch

<b>Bill</b>	<b>Author</b>	<b>Summary</b>	<b>Position</b>
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.	Watch
SB 852 Climate resilience districts	Dodd	Allows local governments to form Climate Resilience Districts to raise and allocate funds for capital projects addressing climate mitigation and/or adaptation. Specifically recognizes the Sonoma County Regional Climate Protection Authority as a Climate Resilience District.	Support
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. The bill's sponsor has not acted in good faith with CCAs and misrepresented its engagement. As such, it has become clear that the Sponsor has no interest in resolving the concerns of public power providers.	Oppose  Action by Chair and Vice Chair
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

<b>Bill</b>	<b>Author</b>	<b>Summary</b>	<b>Position</b>
SB 1020 Clean Energy, Jobs and Energy Affordability Act of 2022	Laird, Atkins, Caballero, Durazo	Creates interim climate goals for 2035 and 2040 in the electric power sector as well as forms a new state organization to disburse state and federal funding relating to mitigating high energy costs for low-income and disadvantaged communities.	Board delegated authority to staff to take a position when valuable
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, but language remains that would require all battery storage dispatch to be reported as increasing GHGs even when decreasing actual GHGs.	Oppose Unless Amended  Author is actively engaging with staff
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
SB 1230 Zero-emission and near-zero emission vehicle incentive programs: requirements.	Limón	Would make changes to how EV incentives are accessed.	Watch

<b>Bill</b>	<b>Author</b>	<b>Summary</b>	<b>Position</b>
SB 1287 Electric service providers and community choice aggregators: financial security requirements.	Bradford	Bill is dead. 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.	n/a
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
SB 1393 Energy : appliances : local requirements	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.	Oppose Action by Chair and Vice Chair



<b>Bill</b>	<b>Author</b>	<b>Summary</b>	<b>Position</b>
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

## Attachments

- Senate Committee on Natural Resources Analysis for SB 852 (Dodd), available at [this link](#) or by request to the Clerk of the Board
- Senate Energy Committee Analysis for SB 1020, available at [this link](#) or by request to the Clerk of the Board
- Link to Bill Language for SB 1020, available at [this link](#) or by request to the Clerk of the Board
- Letter Opposing SB 1393 (Archuleta) Energy: Appliances: Local Requirements, available at [this link](#) or by request to the Clerk of the Board
- Letter Opposing Unless Amended SB 1158 (Becker) Retail Electricity Suppliers: Greenhouse Gas Emissions: Integrated Resource Plans, available at [this link](#) or by request to the Clerk of the Board
- Letter of Support Mendocino Transit Authority Submission Low or No Emission, available at [this link](#) or by request to the Clerk of the Board
- Letter Supporting AB 2061, available at [this link](#) or by request to the Clerk of the Board