



AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, FEBRUARY 15, 2024
1:00 P.M.

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE FEBRUARY 15, 2024, MEETING AT THE LOCATION SHOWN BELOW.

SONOMA CLEAN POWER HEADQUARTERS
431 E STREET
SANTA ROSA, CA 95404

MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE MEETING AT THE ABOVE PHYSICAL LOCATION OR VIEW REMOTELY THROUGH:

- Webinar link: <https://us06web.zoom.us/j/89591222887>
- Telephone number: 1 (669) 444-9171
 - Meeting ID: 895 9122 2887

How to Submit Public Comment:

Comments may be provided in person at the physical meeting location. Comments may be submitted in writing to meetings@sonomacleanpower.org. For detailed public comment instructions, [please visit this page](#). Please note that live remote public comment will not be taken unless required by Government Code section 54953(f). If required, it will be announced by the Chair. Members of the public should attend in person or provide written comment to ensure they can provide public comment.

For written comments, state the agenda item number that you are commenting on and limited 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 as soon as possible to ensure arrangements for accommodation.

For further clarification on any of the items listed please contact (855) 202-2139 and staff will be happy to assist.

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 (Any private remote meeting attendance will be noticed or approved at this time)

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 January 18, 2024, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 9**
3. Recommend the Board of Directors Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute a Professional Services Agreement with ReconMR with a Not-To-Exceed amount of \$115,000 for the Annual Brand Awareness Survey (Staff Recommendation: Approve) **pg. 13**
4. Approve Rescheduling the Community Advisory Committee’s April 2024 Meeting Date to April 11, 2024 (Staff Recommendation: Approve) **pg. 15**
5. Recommend that the Board of Directors Approve and Authorize the Chief Executive Officer to Execute an Option to Extend the Lease for the Advanced Energy Center an Additional 36 Months with Kushins & Langendorf (Staff Recommendation: Approve) **pg. 17**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

6. Nominate and Approve the Appointments of Chair and Vice Chair of the Community Advisory Committee for One-Year Terms (Staff Recommendation: Approve) **pg. 19**
7. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 21**
8. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Approve) **pg. 33**
9. Receive Energy Savings Box Focus Group Findings (Staff Recommendation: Receive and File) **pg. 39**
10. Recommend the Board of Directors Approve the Proposed Budget Adjustments for Fiscal Year 2023-2024 (Staff Recommendation: Approve) **pg. 41**

COMMITTEE MEMBER ANNOUNCEMENTS

ADJOURN

COMMONLY USED ACRONYMS AND TERMS

CAC	SCP's Community Advisory Committee, advises the Board of Directors
CAISO	California Independent Systems Operator - the grid operator
Carbon Free	Carbon-free resources are sources of power that have no greenhouse gas emissions, but are considered renewable in California, such as large hydroelectric and nuclear
CCA	Community Choice Aggregator - a public power provider (generation only)
CEC	California Energy Commission
CleanStart	SCP's default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource (e.g. rooftop solar)
ERRA	Energy Resource Recovery Account - PG&E's primary generation rate case at the CPUC
EverGreen	SCP's premium 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day. Sign up today!
Geothermal	A locally available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case -PG&E's primary delivery rate case 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. GridSavvy Rewards are also available with smart devices (e.g. smart thermostat, EV charger, battery storage, etc.). Both are 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 program
PCIA	Power Charge Indifference Adjustment - The PCIA is a charge to ensure that both PG&E, Direct Access, and CCA customers pay for the above market costs for electric generation resources that were procured by PG&E on their behalf prior to departing. "Above Market" refers to the difference between what the utility pays for electric generation and current market prices for the sale of those resources.
RA	Resource Adequacy - a required form of capacity that helps ensure there are sufficient power resources available when needed. It acts as insurance for the grid when demand is high to keep the lights on.
RPS	Renewables Portfolio Standard refers to renewable energy sources which qualify to meet state requirements and include biomass & biowaste, geothermal, small hydroelectric, solar and wind.
SCPA	Sonoma Clean Power Authority
TOU	Time-of-Use, used to refer to rates that differ by time of day and season.

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**DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, JANUARY 18, 2024
1:00 P.M.**

CALL TO ORDER

(1:02 p.m. - Video Time Stamp: 00:03:34)

Chair Morris called the meeting to order.

Committee Members present: Chair Morris, Vice Chair Quinlan, and Members Soto, Dowd, Wang, Kelly, Hagen, Nicholls, Booth, and Lipp.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Neal Reardon, Director of Regulatory Affairs; Miles Horton, Legislative Policy and Community Engagement Manager, and Greg Alesandro, IT Systems Manager.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(1:04 p.m. - Video Time Stamp: 00:05:28)

Public Comment: Rick Learned discussed virtual private power plants.

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

(1:05 p.m. - Video Time Stamp: 00:06:13)

1. Approve December 21, 2023, Draft Community Advisory Committee Meeting Minutes
2. Receive Geothermal Opportunity Zone Update
3. Recommend Board Ratification of Generation Rates Effective February 1, 2024, Consistent with Prior Board Direction

Public Comment: None

Motion to approve the January 18, 2024, Community Advisory Committee Consent Calendar by Member Nicholls

Second: Member Dowd

Motion passed by roll call vote.

AYES: Morris, Quinlan, Soto, Dowd, Wang, Kelly, Hagen, Nicholls, Booth, Lipp

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

4. Welcome and Orientation to Sonoma Clean Power Authority

(1:08 p.m. - Video Time Stamp: 00:09:37)

Geof Syphers, CEO, thanked the new members of the Community Advisory Committee (Committee) for their time and introduced them to the work of the Committee. Chair Morris then invited all new members to introduce themselves as well as the returning members. The Committee made their introductions.

Public Comment: None

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

(1:36 p.m. - Video Time Stamp: 00:37:32)

Michael Koszalka, COO, introduced two new members of SCP's staff, Miles Horton, Legislative Policy and Community Engagement Manager and Greg Alesandro, IT Systems Manager. He mentioned that the Pacific Environmental Education Center purchased a new electric Ford F150 with help from SCP's Electric Vehicle Incentive for non-profits. He also discussed SCP's current enrollment numbers. CEO Syphers explained how Pacific Gas & Electric (PG&E), and SCP interact, energy use by jurisdiction and he announced that a Member Statement Form would be sent to the Committee Members. COO Koszalka then gave an update on SCP's monthly financials.

Vice Chair Quinlan requested that the individual 2023 Member Statement Forms be sent to the returning members so they can help with completing the 2024 form. Chair Morris asked if there was an update on SCP's new property purchase and CEO Syphers responded that it is in escrow. Vice Chair Quinlan added that he noticed Sebastopol and Point Arena were leading in EverGreen and he encouraged the new Committee Members to use grassroots tactics to get word out about SCP and EverGreen.

Public Comment: None

6. Receive Legislative Regulatory Updates and Provide Feedback as Appropriate

(1:51 p.m. - Video Time Stamp: 00:52:13)

Neal Reardon, Director of Regulatory Affairs, stated that the California Public Utilities Commission denied CalCCA's Application for Rehearing of the resource adequacy decision preventing CCA expansion.

Member Soto asked if it was unusual for a CCA to not be able to provide services for 2 years as the CPUC did in this decision and Director Reardon answered that it was. CEO Syphers added that he did not see a nexus between this policy and expanding service.

Mr. Horton gave an update on the upcoming legislative session and the changes in leadership in the Legislature. He stated that California has a budget deficit so there will be significant cuts across the board this year.

Member Lipp asked for an explanation of the fixed income charge and CEO Syphers explained that the change is coming to the proposed charge because there are a lot of legislators who see issues with the legislation. Vice Chair Quinlan asked what the date of implementation for the bill was and Director Reardon answered that the date has not been confirmed. Member Soto asked if this would affect delivery or generation and CEO Syphers answered that it would affect delivery. Member Hagen asked if the state budget would affect things that SCP are doing, and CEO Syphers answered that fortunately it will have a limited effect as programs through SCP are generally self-funded.

Public Comment: None

7. Receive the 2023 Annual Report

(2:15 p.m. - Video Time Stamp: 01:15:16)

Kate Kelly, Director of Public Relations and Marketing, gave a presentation on the 2023 Annual Report entitled "More Power to You." She stated the presentation could be found on SCP's website.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(2:27 p.m. - Video Time Stamp: 01:26:28)

None

ADJOURN

(2:28 p.m. - Video Time Stamp: 01:27:41)

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
Miles Horton, Legislative Policy & Community Engagement Manager

Issue: Receive Geothermal Opportunity Zone Update

Date: February 15, 2024

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to guide the development of local geothermal power that is compatible with community values and enables SCP to phase-out its dependence on natural gas power plants for reliability. The Community Advisory Committee (Committee) meetings are a regularly scheduled public forum for the community to receive updates and provide input on the GeoZone. The updates provided to the Committee each month, and minutes from any discussion are posted on SCP's website at <https://sonomacleanpower.org/geozone-public-updates>. Staff incorporates any feedback received from the Committee presentation into the monthly updates to the Board of Directors. Additional background on the GeoZone can be found on the GeoZone webpage at <https://sonomacleanpower.org/geozone>.

Exploration Well Permitting

One of the key critical path items for Eavor and Chevron New Energies is obtaining permits for the required exploratory drilling to confirm subsurface conditions are appropriate for developing pilot projects. Currently, permitting for geothermal exploratory projects is led by the California Geologic Energy Management Division (CalGEM), which is severely resource-constrained due to litigation on its role in permitting oil and gas operations. SCP is actively pursuing two paths to mitigate the risk of schedule delays due to permitting: 1) working with Sonoma County to add a geothermal element to its General Plan which enables it to petition CalGEM for lead agency status and 2) legislation that defaults lead agency status back to the counties.

In December of 2023, SCP submitted a letter to the Sonoma County Board of Supervisors asking it add a geothermal element to the scope of its General Plan update process. In the Board of Supervisors' General Plan kick-off on December 12, 2023, Supervisor Hopkins specifically acknowledged SCP's recommendation and asked for consideration of addressing the recommendation within a broader climate-focused element. SCP will continue to work with Sonoma County on exploring the feasibility of incorporating updates to the General Plan that facilitates delegation of lead agency status for geothermal exploration. However, the General Plan update process could take as long as six years—well after the timeframe GeoZone partners anticipate completing exploration activities.

A parallel initiative is being led by staff to pass legislation that restores local jurisdiction of geothermal exploratory project permitting. Research by staff has revealed that the original bill passed in 1978 granting CalGEM lead agency status (AB 2644) was passed with the intention of accelerating the development of geothermal resources. However, in the current environment the designation of CalGEM's lead agency status has the opposite effect due to resource constraints. Staff have met with the Department of Conservation's legislative affairs team and legislative staff to discuss opportunities to address this issue in the current legislative session. SCP has also met jointly with CalGEM and the County of Sonoma to discuss the scope of permitting a geothermal exploratory project.

SCP is also leading an effort within the geothermal trade organization Geothermal Rising to increase the focus on state policy opportunities for supporting geothermal power. SCP staff hosted a workshop with geothermal developers to discuss the key players in the state legislature, opportunities for engagement, messaging for geothermal power, and state policy priorities. SCP and other Geothermal Rising members hope to spend time in Sacramento this year growing awareness amongst legislators and building a broader coalition.

GeoZone Project Updates

Chevron New Energies and Eavor continue to be focused on identifying site acquisition opportunities and Cyrq is working on recruiting an existing geothermal operator to host deployment of its technology. Staff hold bi-weekly meetings with each partner to monitor progress towards requirements in the GeoZone cooperation agreements and identifying opportunities to help with community engagement, transmission planning, grant funding, and policy advocacy.

Grant Funding

The Department of Energy Geothermal Technology Office has not yet announced awards for the Bi-partisan Infrastructure Law's Enhanced Geothermal Systems Demonstration grant. The award announcement was originally expected to occur in October 2023. Chevron New Energies submitted an application for their GeoZone project.

The California Energy Commission (CEC) has released a request for information (RFI) for their Long Duration Energy Storage program—which has a budget of \$330 million. The RFI indicates a funding opportunity will be released in Summer 2024 to fund \$70 million in non-Lithium-ion technologies. SCP will work with Cyrq in responding to the RFI and is scheduled to meet with the CEC to discuss compatibility with the superheat long-duration energy storage system with the parameters of the forthcoming grant.

In late 2023, SCP staff met with the CEC to discuss a potential role for GeoZone in a broader statewide application to the Department of Energy's Grid Resilience and Innovation Partnerships Program (GRIP). The GRIP is a large \$10 billion opportunity with multiple phases. The conversation was a valuable opportunity to socialize the objectives of the GeoZone and how regional investments in transmission could accelerate deployment of new clean generation facilities.

Transmission Planning

Along with exploration permitting, transmission capacity is another early project risk for GeoZone; which has motivated staff to expand SCP's involvement in the state's transmission planning. SCP has been actively engaged in the California Public Utility Commission's approval of the next Preferred System Plan (PSP) as part of its Integrated Resource Plan (IRP) proceeding.

SCP has submitted comments on the importance of investing in additional transmission capacity to enable success in de-carbonizing the grid considering a broad spectrum of uncertainties and risks. The existing IRP process is very focused on identifying the resources and transmission that minimize costs for a very specific set of deterministic assumptions. Lately, this approach has led to transmission investments in Southern California that are very dependent on out-of-state development and the success of offshore wind development in the Central Coast that leverages Diablo Canyon's existing transmission capacity. SCP argues that pursuing strategic projects like upgrading PG&E's high-voltage backbone in the Central Valley that could provide deliverability for GeoZone, North Coast offshore wind, on-shore wind, and solar with storage is prudent to pursue in parallel to avoid overconcentrating the risk of the state's decarbonization goals on a few select types of resources. SCP is in the early stages of exploring a collaboration

with academia to provide modeling results to demonstrate the benefit of incorporating uncertainty into state transmission planning.

SCP also continues to participate in CAISO's Interconnection Process Enhancements initiative, which is expected to release its final proposal in mid-February. SCP is optimistic that its strong advocacy in the initiative will result in several important positive outcomes including prioritizing the interests of load serving entities and long-lead time resources like geothermal.

SCP has also released a job solicitation for a Strategic Energy Resource Policy Manager. The primary responsibility for this position will be to champion SCP's advocacy for policy that supports the required transmission for the GeoZone and SCP's overall resource portfolio.

Community Engagement

In January, SCP met with Swedish geothermal developer Baseload Capital to compare notes on effective community engagement for geothermal development. Early this year, SCP plans to work on growing its network of community engagement practitioners within the geothermal industry and beyond. SCP looks forward to applying lessons learned from others and feedback from our local community in building more proactive community engagement for the GeoZone this year. SCP endeavors to build GeoZone projects that reflect the community's values and become a point of pride for Sonoma and Mendocino counties.



Staff Report - Item 03

To: Sonoma Clean Power Authority Community Advisory Committee

From: Kate Kelly, Director of Public Relations & Marketing
Brytann Busick, Marketing & Events Manager

Issue: Recommend the Board of Directors Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute a Professional Services Agreement with ReconMR with a Not-To-Exceed amount of \$115,000 for the Annual Brand Awareness Survey

Date: February 15, 2024

Recommended Action

Staff requests that the Community Advisory Committee recommend that the Board of Directors delegate authority to the CEO or Designee to execute a contract with ReconMR with a not-to-exceed amount of \$115,000 for the Annual Brand Awareness Survey, to provide Sonoma Clean Power (SCP) with research services and recommendations.

The Professional Services Agreement (Attachment A) contains the scope of work for the research effort.

Background

Sonoma Clean Power has been working with Hiner and Partners, Inc. (HPI) a market research and public opinion firm, since 2020, beginning with residential focus groups. In late 2023, HPI was acquired by ReconMR. HPI staff were retained, and SCP continues to work with the same research team. In December 2023, SCP partnered with ReconMR to administer focus group research for the Energy Savings Box program and were pleased with the partnership and associated research findings. HPI staff and ReconMR have extensive experience in the utility space, including working with all three California investor-owned utilities. Originally, HPI was recommended to SCP by Peninsula Clean Energy and is now working with a handful of fellow CCAs, creating the opportunity for SCP to compare against its peers using

like methodologies. In 2022 and 2023, SCP contracted with HPI to conduct a study in Sonoma and Mendocino Counties to monitor the awareness and familiarity of SCP among customers and non-customers. Key research findings in 2023 included 42 percent SCP unaided awareness and 72 percent awareness when aided. Staff plans to repeat this brand awareness survey annually to monitor progress in supporting customers in trimming energy bills and ending their reliance on fossil fuels.

Discussion

Staff recommends that the Brand Awareness research be replicated each year to track progress toward educating customers in general and to specific demographic groups. The results each year will show progress made in making more customers aware of Sonoma Clean Power, what SCP does, how electricity delivery works, gaining their interest and then converting interest to action. The Brand Awareness survey will be mailed to an audience of 50,000 residential customers and residential non-customers in Sonoma and Mendocino counties (approximately 25,000 recipients for each county.)

Because of the positive experience SCP had working with HCI and now with ReconMR and the satisfactory work performed to date, SCP wishes to continue working with ReconMR on additional market research and transactional survey instruments.

Fiscal Impact

The proposed contract has a not-to-exceed amount of \$115,000. Funds for this research effort are contained in the Marketing budget.

Attachments

- Attachment A - Draft Professional Services Agreement with ReconMR and Scope of Services (Exhibit A) for Brand Awareness Survey, available at [this link](#) or by request to the Clerk of the Board.



Staff Report - Item 04

To: Sonoma Clean Power Authority Community Advisory Committee
From: Stephanie Reynolds, Director of Internal Operations
Issue: Approve Rescheduling the Community Advisory Committee's April 2024 Meeting Date to April 11, 2024
Date: February 15, 2024

Recommendation

Approve rescheduling the Community Advisory Committee (Committee) April 2024, meeting date to April 11, 2024.

Background

As prescribed in Sonoma Clean Power's (SCP) Joint Powers Agreement, the Committee is required to meet a minimum of six times per year. Prior to 2021, staff historically scheduled meetings on an as-needed basis. Since 2021, meetings have been held on a regular schedule to aid with planning and preparation.

Discussion

The CalCCA Annual Meeting is scheduled for April 17-19, 2024, in San Jose, CA. Several senior staff members will be in attendance and unable to attend the currently scheduled Committee meeting. To provide a more productive meeting for our members and the public, the proposed updated schedule would change the April meeting to one week earlier, from April 18, 2024, to April 11, 2024.

Attachments

- Proposed updated 2024 SCPA Community Advisory Committee Meeting Schedule (Redlined)



**Sonoma Clean Power Authority
Community Advisory Committee
Schedule of Meetings
January - December 2024
1:00 p.m. - 3:00 p.m.**

(The CAC normally meets on the 3rd Thursday of each month)

January 18, 2024

February 15, 2024

March 21, 2024

~~April 18, 2024~~ April 11, 2024

May 16, 2024

June 20, 2024

July 18, 2024

August 15, 2024 (tentative)

September 19, 2024

October 17, 2024

November 21, 2024

December 19, 2024



Staff Report - Item 05

To: Sonoma Clean Power Authority Community Advisory Committee

From: Stephanie Reynolds, Director of Internal Operations

Issue: Recommend that the Board of Directors Approve and Authorize the Chief Executive Officer to Execute an Option to Extend the Lease for the Advanced Energy Center an Additional 36 Months with Kushins & Langendorf

Date: February 15, 2024

Recommendation

Staff request that the Community Advisory Committee (Committee) recommend the Board of Directors (Board) approve and provide additional authority to the CEO to execute a lease extension of thirty-six months with Kushins & Langendorf for the Advanced Energy Center (Energy Center) at 741 4th Street, Santa Rosa, California.

Background

On August 2, 2018, the Board approved a 36-month lease with Kushins & Langendorf for the Energy Center at 741 4th Street, Santa Rosa, California. The initial termination date on the lease was October 31, 2021.

On July 1, 2021, the Board approved the first of three options to extend the lease. The current termination date of the lease is October 31, 2024.

Discussion

The current Energy Center lease expires October 31, 2024. The original lease provided SCP with three options to extend the lease of 36 months each. This would be the second of the three extensions, extending the lease until October 31, 2027.

Fiscal Impact

The current rate of the lease is \$13,390 per month. The lease payment will be adjusted annually on the first day of each annual anniversary month of the commencement date (November 1). The adjustments are calculated based on the Consumer Price Index for Bay Area cities.

In addition to the lease rate, SCP will be responsible for paying its proportionate share of the Common Area Operating Expenses (CAOE), which is currently \$3,018.10 per month.

The total expected lease and common area costs over the extension period is expected to be approximately \$623,000. SCP will include these costs in its proposed FY 24-25 budget and the budgets for the subsequent years.

Attachments

- 741 Fourth St. Signed Lease; available at [this link](#), or by request from the Clerk of the Board
- Advanced Energy Center 1st Lease Extension Request - signed; available at [this link](#), or by request from the Clerk of the Board.



Staff Report - Item 06

To: Sonoma Clean Power Authority Community Advisory Committee
From: Geof Syphers, Chief Executive Officer
Issue: Nominate and Approve the Appointments of Chair and Vice Chair of the Community Advisory Committee for One-Year Terms
Date: February 15, 2024

Requested Board Action

Nominate and approve the appointments of Chair and Vice Chair of the Sonoma Clean Power Authority Community Advisory Committee (Committee) for the next 12 months.

Background

The appointment of Chair and Vice Chair for the Committee is for 12 months. The term begins after the appointment at the February meeting and continues until the next appointment the following February. Votes will be taken separately for each position.

Attachments

- 2024 Community Advisory Committee Member Statement Forms available at [this link](#), or by request to the Clerk of the Board

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Staff Report - Item 07

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: February 15, 2024

GRIDSAVVY RESULTS/COMMUNITY DONATION PARTNERS

The 2023 end-of-season GridSavvy results are in! In 2023, our Alerts program option, which allows participating SCP customers to choose how they wish to shift electricity use during peak demand events, grew to over 7,000 households! Collectively, SCP customers reduced electricity demand by 2,500 kilowatts per alert on average which is equal to turning off over 600 air conditioners. We are working steadily toward our 2026 goal to exceed 5,000 kW (5 MW) of peak demand reduction through GridSavvy Rewards.

Total rewards earned by GridSavvy participants for the 2023 event season exceeded \$89,000.00. Of this total, SCP also provides participants with the option to donate their rewards to Community Donation Partners instead of keeping it themselves. Customers contributed a total of \$5,139 to the Mendocino Land Trust, The Climate Center, Career Technical Education Foundation, and Conservation Works.

We are grateful for the efforts of our participating customers, and we are excited to see even greater enrollment and participation in 2024!

Due to customer interest in donating to Community Partners, SCP decided to extend this option to other incentives and offers we provide. We invited qualified 501(c)(3) community organizations to submit proposals for consideration; proposals were due February 13th. The selected organization(s) will be featured as an option for SCP program participants to donate their earned rewards. This initiative aims to actively promote SCP programs while supporting the community.

INVESTMENTS

The goals of SCP’s Investment Policy, in order of priority, are to protect SCP’s cash balances, retain sufficient liquidity, and produce a return on investment to preserve value over time. Allowed investments are listed in the Local Agency Investment Guidelines issued by the California Debt and Investment Advisory Commission (CDIAC), which is included in SCP’s Investment Policy (Financial Policy B.5).

SCP maintains investments with two banks, the Sonoma County Treasury Investment Pool, and the California State Treasury’s Local Agency Investment Fund. The bank funds are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized at 110% per California Government Code Section 16521. The summary below reflects year-to-date figures for the six months ended December 31, 2023.

Investment Summary			
Six Months Ended December 31, 2023			
Investment Type	Avg. Balance	Interest Earned	Avg. Annual Percentage Yield
Money Market ⁽¹⁾	\$14,077,044	\$246,341	3.53%
Certificate of Deposit (CD) ⁽¹⁾	\$17,163,019	\$484,661	5.76%
Insured Cash Sweep (ICS) ⁽²⁾	\$28,397,766	\$627,147	4.48%
Certificate of Deposit Account Registry Service (CDARS) ⁽²⁾	\$55,299,615	\$1,404,028	5.17%
Local Agency Investment Fund (LAIF) ⁽³⁾	\$18,033,252	\$351,884	3.95%
Sonoma County Treasury Investment Pool ⁽³⁾	\$37,238,717	\$540,999	2.92%
Total ⁽⁴⁾	\$170,209,414	\$3,655,059	4.35%
Investment Location	Avg. Balance		
Summit State Bank	\$44,321,393		
River City Bank	\$70,616,051		
Local Agency Investment Fund (LAIF) ⁽³⁾	\$18,033,252		
Sonoma County Treasury Investment Pool ⁽³⁾	\$37,238,717		
Total ⁽⁴⁾	\$170,209,414		
<i>(1) Collateralized at 110% per California Government Code Section 16521</i>			
<i>(2) Insured by the Federal Deposit Insurance Corporation (FDIC)</i>			
<i>(3) Excludes fair market value adjustment from financial statements</i>			
<i>(4) Excludes cash in non-interest-bearing accounts</i>			

APPLICATIONS OPEN FOR SCP E-BIKE COMMUTER PROGRAM

SCP is looking for organizations to partner with on our next electric bike offering, the E-bike Commuter Program, which will focus on expanding e-bike use for travel between homes and workplaces. This effort follows up on our successful Bike Electric program, which helped over 400 low-income customers purchase an electric bike through local and online participating retailers. Starting on February 14th, SCP is taking applications for grants of up to \$20,000 to cover all or most of the cost of

setting up an e-bike commuting program, including money for helmets, locks, bike racks, chargers, and storage. The application and additional program information are available at www.sonomacleanpower.org/bike-electric. Eligible organization types include businesses, non-profits, public entities, Tribal nations, and educational institutions.

Applicants must be a Sonoma Clean Power customer and have at least five staff, volunteers, or students who commute using light-duty cars and trucks. A small number of individuals may also be awarded grants for a two-year electric bike lease. The application period will close on April 3rd, 2024.

NEW PROPERTY PURCHASE

SCP closed Escrow on the purchase of the office building located at 421 E Street in Santa Rosa, next door to our Business Office, on January 30, 2024. A more detailed update about SCP's plans for the space will be given at the meeting.

MONTHLY COMPILED FINANCIAL STATEMENTS THROUGH DECEMBER 31, 2023

The year-to-date change in net position is above projections by approximately \$12,084,000. Year-to-date revenue from electricity sales is under budget by less approximately 4% and cost of energy is under budget projections by approximately 13%. Year-to-date electricity sales reached \$145,514,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$234,517,000, which indicates healthy growth as SCP continues to make progress towards its financial goals. Approximately \$163,190,000 is set aside for operating reserves.

BUDGETARY COMPARISON SCHEDULE THROUGH DECEMBER 31, 2023

The accompanying budgetary comparison includes the 2023/24 budget approved by the Board of Directors.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2023/24 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 by approximately 4% at the end of the reporting period.

The cost of electricity is less than the budget-to-date by approximately 12%. 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

- December 2023 Financial Statements

UPCOMING MEETINGS

- Board of Directors - March 7, 2024
- Community Advisory Committee - March 21, 2024
- Board of Directors - April 4, 2024
- Community Advisory Committee - April, TBD



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 December 31, 2023, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

MAHER ACCOUNTANCY

San Rafael, CA
January 29, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of December 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 75,056,722
Accounts receivable, net of allowance	23,954,992
Other receivables	2,178,942
Accrued revenue	15,745,992
Prepaid expenses	914,806
Deposits	10,211,706
Investments	112,994,988
Total current assets	<u>241,058,148</u>

Noncurrent assets

Other receivables	1,140,421
Land	860,520
Capital assets, net of depreciation	16,955,727
Deposits	846,256
Total noncurrent assets	<u>19,802,924</u>
Total assets	<u>260,861,072</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	10,808,159
Accounts payable	1,037,897
Advances from grantors	2,837,681
Supplier security deposits	804,000
Other accrued liabilities	957,832
User taxes and energy surcharges due to other governments	752,051
Total current liabilities	<u>17,197,620</u>

Noncurrent liabilities

Supplier security deposits	2,205,121
Total liabilities	<u>19,402,741</u>

NET POSITION

Investment in capital assets	17,811,631
Unrestricted	223,646,700
Total net position	<u>\$ 241,458,331</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Six Months Ended December 31, 2023

OPERATING REVENUES

Electricity sales, net	\$ 144,234,095
Evergreen electricity premium	1,279,298
Grant revenue	668,100
Total operating revenues	146,181,493

OPERATING EXPENSES

Cost of electricity	96,923,751
Contract services	4,199,737
Staff compensation	3,816,817
Program rebates and incentives	2,212,731
Other operating expenses	1,194,431
Depreciation	694,308
Total operating expenses	109,041,775
Operating income	37,139,718

NONOPERATING REVENUES (EXPENSES)

Interest and investment returns	3,458,768
Nonoperating revenues (expenses), net	3,458,768

CHANGE IN NET POSITION

	40,598,486
Net position at beginning of year	200,859,845
Net position at end of period	\$ 241,458,331

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Six Months Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 145,386,058
Receipts from grantors	432,505
Other operating receipts	1,491,135
Payments to electricity suppliers	(98,736,577)
Payments for other goods and services	(5,579,896)
Payments of staff compensation	(3,769,434)
Tax and surcharge payments to other governments	(1,763,032)
Payments for program rebates and incentives	(2,567,553)
Deposits and collateral paid	<u>(1,350,000)</u>
Net cash provided (used) by operating activities	<u>33,543,206</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(119,200)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	3,277,161
Proceeds from certificates of deposit matured	50,000,000
Purchase of investments	<u>(77,095,231)</u>
Net cash provided (used) by investing activities	<u>(23,818,070)</u>

Net change in cash and cash equivalents	9,605,936
Cash and cash equivalents at beginning of year	<u>65,450,786</u>
Cash and cash equivalents at end of period	<u>\$ 75,056,722</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Capital acquisitions included in accounts payable and other liabilities	\$ 4,616
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SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Six Months Ended December 31, 2023

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

Operating income (loss)	\$ 37,139,718
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	694,308
(Increase) decrease in:	
Accounts receivable, net	1,213,518
Other receivables	340,648
Accrued revenue	(3,136,157)
Prepaid expenses	559,001
Deposits	(1,422,649)
Increase (decrease) in:	
Accrued cost of electricity	(4,296,161)
Accounts payable	24,759
Advances from grantors	(237,001)
Accrued liabilities	2,164,750
User taxes due to other governments	32,272
Supplier security deposits	466,200
Net cash provided (used) by operating activities	<u>\$ 33,543,206</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended December 31, 2023, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
January 29, 2024

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
Six Months Ended December 31, 2023

	2023/24 YTD Budget	2023/24 YTD Actual	2023/24 YTD Budget Variance (Under) Over	2023/24 YTD Actual / Budget %	2023/24 Budget Remaining
REVENUE AND OTHER SOURCES:					
Electricity (net of allowance) *	\$ 150,266,474	\$ 144,184,714	\$ (6,081,760)	96%	\$ 99,767,286
Evergreen Premium (net of allowance)	1,449,419	1,279,298	(170,121)	88%	1,409,702
CEC Grant	450,000	431,099	(18,901)	96%	38,901
Investment returns	1,590,000	3,458,768	1,868,768	218%	81,232
Miscellaneous Income	1,028,836	286,382	(742,454)	28%	1,771,618
Total revenue and other sources	154,784,729	149,640,261	(5,144,468)	97%	103,068,739
EXPENDITURES AND OTHER USES:					
CURRENT EXPENDITURES					
Cost of energy and scheduling	111,136,970	96,923,751	(14,213,219)	87%	96,838,249
Data management	1,340,000	1,246,980	(93,020)	93%	1,433,020
Service fees- PG&E	495,000	493,408	(1,592)	100%	496,592
Personnel	4,044,000	3,816,817	(227,183)	94%	4,529,183
Energy Center, marketing & communications	1,533,289	1,165,969	(367,320)	76%	1,895,031
Customer service	145,500	79,192	(66,308)	54%	140,808
General and administration	652,445	680,506	28,061	104%	679,494
Legal	237,500	58,379	(179,121)	25%	416,621
Regulatory and compliance	230,000	174,805	(55,195)	76%	460,000
Accounting	181,270	164,270	(17,000)	91%	309,000
Legislative	110,000	48,000	(62,000)	44%	220,000
Other consultants	318,100	114,584	(203,516)	36%	624,000
Industry memberships and dues	395,483	348,818	(46,665)	88%	695,000
Program implementation	3,191,114	1,791,167	(1,399,947)	56%	8,101,000
Program - CEC grant	1,380,500	1,240,821	(139,679)	90%	1,712,000
Total current expenditures	125,391,171	108,347,467	(17,043,704)	86%	223,015,000
OTHER USES					
Capital outlay	300,000	115,194	(184,806)	38%	484,806
Total expenditures, other uses	125,691,171	108,462,661	(17,228,510)	86%	115,152,339
Net increase (decrease) in available fund balance	\$ 29,093,558	\$ 41,177,600	\$ 12,084,042		\$ 29,094,000

* Represents sales of approximately 1,064,000 MWh for 2023/24 YTD actual.

	Current Balance	Long-Term Targeted	% of Long-Term Target
RESERVES			
Operating Reserve (as of June 30, 2023)	\$ 163,190,000	\$ 171,080,000	95%

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE
TO CHANGE IN NET POSITION
Six Months Ended December 31, 2023

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 41,177,600
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(694,308)
Add back capital asset acquisitions	115,194
Change in net position	\$ 40,598,486



Staff Report - Item 08

To: Sonoma Clean Power Authority Community Advisory Committee

From: Miles Horton, Legislative Policy & Community Engagement Manager
Neal Reardon, Director of Regulatory Affairs
Geof Syphers, Chief Executive Officer

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

Date: February 15, 2024

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

PG&E Submits Application to Expand Capacity of Helms Pumped Storage Facility

PG&E proposes to make two important modifications to the physical operations and allocation of costs at the Helms Facility. Specifically, they propose to extend the life of the plant by 38 years and forecast an additional \$300 million in maintenance expenses to do so. In addition, they propose to expand the capacity of the plant by approximately 150-180 MW - a ~15% increase - beginning in 2029. Costs of the updated plant would be split between PG&E bundled customers - who receive generation service from the utility - and customers who take service from Energy Service Providers and CCAs. The utility proposes a simple pro-rata split based on how much capacity is added. However, this has the potential to raise CCA customer costs and create a precedent that will allow utilities to extend the operation of their shareholder-owned generators at the expense of customers who have already left bundled service. SCP staff are contributing to a protest which will be submitted on behalf of all CCAs in the state through the CalCCA trade association.

PG&E Files Application for Rehearing of Decision Implementing Diablo Canyon Extension with Cost Provisions

On January 16th, PG&E filed an application for rehearing of D.23-12-036. This Decision granted the extension of the Diablo Canyon Nuclear Power Plan as requested by PG&E, albeit with limitations of the amount of costs the utility can collect from customers. The utility has now filed an application seeking rehearing, arguing that they should be able to collect all “reasonable operating costs.” D.23-12-036 limited PG&E to only being able to recoup costs up to 115% of what the utility forecasted would be necessary to continue operating the plant.

California for Renewable Energy, an advocacy group, also submitted an application for rehearing of the Decision. However, their submittal reasons that the legal record does not support the extension of Diablo Canyon under any circumstances.

California Air Resources Board (“CARB”) Re-Evaluating Rules for Low Carbon Fuel Standard

Following a staff proposal last December, CARB is evaluating changes to its Low Carbon Fuel Standard Program. One change of note is proposed waning of incentives for light duty electric vehicles (EVs) and increased focus on medium and heavy-duty EVs. SCP has participated in this program since 2018 and generates credits for greenhouse gas reductions due to customers charging EVs with 100% renewable electricity. SCP has also recently launched a pilot workplace charging program at our headquarters. In this pilot, the amount of energy used for charging is aggregated and reported to the CARB to generate additional Low-Carbon Fuel Standard credits. These credits are sold to other entities in the state that are not able to reduce their own greenhouse gas emissions and must therefore purchase credits to mitigate the climate impact of their operations. Sonoma Clean Power staff will evaluate the proposed policy changes and modifications to regulatory language.

CPUC Approves PG&E settlement with Safety Division Over Dixie Fire

In a 3-2 vote, the CPUC approved a settlement agreement between PG&E and the CPUC’s Safety Division over the utility’s role in the deadly Dixie fire which burned nearly a million acres and caused over a billion dollars in damage. PG&E agreed to pay a \$45 million monetary penalty consisting of \$2.5 million to the California State General Fund, \$2.5 million to tribes impacted by the Dixie Fire, and \$40 million in disallowances. Commissioners Shiroma and Houck were unhappy with the insufficient information provided to their questions from November when this item first appeared

on the agenda - they could not conclude whether the ACO was reasonable in light of the facts. As a result, they did not vote in support of the settlement. All Commissioners expressed frustration at the settlement here, principally that an un-litigated process would not bring all disputed facts to light.

Legislative Update

Legislators continue to introduce bills in advance of the February 16 deadline. (Legislation can also be introduced in "spot bill" form and then have the substantive content filled in later, up until roughly mid-March.) Notably, Senator Dave Min (D-Irvine) has introduced Senate Bill 938, which would close loopholes allowing investor-owned utilities to charge ratepayers for lobbying efforts; Senator Josh Becker (D-Menlo Park) has introduced SB 998, which would direct the Public Utilities Commission to create a new tariff to encourage clean energy adoption; and Senator Bill Dodd (D-Napa) has introduced SB 1003, which would require investor-owned utilities to prioritize speed and cost-effectiveness when conducting wildfire risk reduction activities.

The primary election will be held on March 5.

Leadership Changes

Senator Mike McGuire (D-Healdsburg) was sworn in as President Pro Tempore (leader) of the State Senate on February 5. He is likely (although not certain) to appoint new chairs to key committees early in his tenure. Senate committees of particular relevance to Sonoma Clean Power include the Energy, Utilities & Communications Committee (with jurisdiction over the energy sector); the Environmental Quality Committee (CEQA, permitting, and climate change generally); and the Natural Resources & Water Committee (certain elements of geothermal projects, among other issues).

Speaker Robert Rivas (D-Salinas) took over leadership of the Assembly in June of last year and recently appointed Assemblymember Cottie Petrie-Norris (D-Irvine) chair of the Utilities & Energy Committee. He also appointed Assemblymember Isaac Bryan (D-Los Angeles) chair of the Natural Resources Committee, which holds jurisdiction in the Assembly over many issues of relevance to Sonoma Clean Power, including CEQA, permitting and siting processes for clean energy infrastructure, and more.

Governor's Budget

Governor Newsom released his initial proposed 2024-25 state budget on January 10. This will be heavily negotiated with the Legislature and revised significantly in the

Governor's own "May Revise" (an updated version of his budget proposal released in May, based on the most current revenue numbers), before a final version is enacted on or before the June 15 deadline. Historically, large portions of the budget - especially in the climate and energy realm - have been passed in placeholder form to meet the deadline and then more fully fleshed out in August.

The Governor's budget anticipates a roughly \$39 billion deficit. (The Legislative Analyst's Office anticipates a larger \$68 billion deficit.) The Governor proposes to fill that deficit through a mix of withdrawals from reserves, deferrals and cost shifts, and - most significantly - spending cuts. Climate and energy funding would be reduced 7%, to a total \$48 billion spread over the next seven fiscal years. (Previously, this spending had been spread over six years, and had been cut 3% in last year's final budget.) The Governor's office has said they expect about \$10 billion in new federal climate funding to help blunt the impact of the cuts. Because the future commitments are non-binding and the Governor will not be in office for much of that time, his proposal raises the question of whether another Governor will continue to prioritize those commitments.

Further cuts (or restorations) are possible later in the budget process, depending on the revenue outlook. Cuts to climate and energy funding also could increase the odds for a climate or natural resources bond measure appearing on the November ballot to help restore state priorities in this area that had been cut.

Income-Graduated Fixed Charge

Concerns about adding a potential income-graduated fixed charge to customer's electric bills continue to grow, both in Sacramento and around the state. (See attached letter from NGOs opposing this new "utility tax", which is continuing to add signatories.) The Legislature had authorized (but not required) the Public Utilities Commission to adopt income-graduated fixed charges in AB 205 (Chapter 61, Statutes of 2022), which passed as part of a much larger budget package. The CPUC is reportedly interpreting the language in AB 205 as requiring implementation, including the core element of an entirely new paradigm for bill electricity charges. The CPUC is currently working toward a plan for charging for all power delivery charges solely based on household income, and not based on how much electricity is used. Middle- and upper-income households would see higher bills and low-income households would generally see lower bills.

However, there are concerning cases that do not support the State's policy goals, including:

- Very wealthy households with very high electricity usage would be subsidized.

- Poor households living in small homes or apartments and unable to afford to transition from gas to electricity would be penalized.
- Middle and even lower-middle income households could see cost increases, especially those families who have already invested in solar power, energy efficiency, or who choose to live in small houses.

While this new billing protocol would technically only apply to PG&E's delivery charges and not directly to SCP's generation charges, it would still equally impact SCP customers and could jeopardize SCP's efforts to promote conservation.

The core purpose of the AB 205 language was to promote home electrification and remove any barriers to increasing electricity usage. However, SCP's CEO has recently noticed that this may accidentally create new grid reliability problems at a time when California's grid is struggling to reliability keep up with current growth in electricity use. In any case, staff will keep a close eye on this matter and report back to the Board several times as the discussion unfolds.

A large contingent of legislators, led by Assemblymember Jacqui Irwin (D-Thousand Oaks), have introduced AB 1999, which would repeal the relevant provisions of AB 205 and cap fixed charges at \$10 per month for non-CARE customers and \$5 per month for CARE customers (in line with fixed charges already in place today). At the introduction press conference, these legislators argued that a change to state law this significant should not have passed through the budget process but should have instead gone through the normal legislative process, with full public participation and scrutiny. They argue that by repealing these provisions now, AB 1999 will ensure that any future legislation to authorize income-graduated fixed charges will have to pass via the normal legislative process, with the opportunity to address any potential negative impacts to ratepayers.

Attachments

- NGO Letter re: Income-Graduated Fixed Charge Issue, available at [this link](#) or by request to the Clerk of the Board

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Staff Report - Item 09

To: Sonoma Clean Power Authority Community Advisory Committee

**From: Kate Kelly, Director of Public Relations and Marketing
Brytann Busick, Marketing and Events Manager**

Issue: Receive Energy Savings Box Focus Group Findings

Date: February 15, 2024

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

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Staff Report - Item 10

To: Sonoma Clean Power Authority Community Advisory Committee

From: Mike Koszalka, COO
Geof Syphers, CEO
Chris Golik, Revenue Manager

Issue: Recommend the Board of Directors Approve the Proposed Budget Adjustments for Fiscal Year 2023-2024

Date: February 15, 2024

Recommendation

Recommend that the Board of Directors approve the proposed budget adjustments to the Fiscal Year 2023-2024 Budget as detailed in Table A of this report.

Background

SCP commonly brings a mid-year budget adjustment to the Board to account for changes in energy prices, actual customer energy usage, customer participation rates, bank interest rates, and regulatory decisions relating to the Power Charge Indifference Adjustment (PCIA) and utility retail rates. The current Sonoma Clean Power Authority budget for July 2023 through June 2024 was adopted on May 4, 2023.

PG&E updated the PCIA as well as their generation and delivery rates on January 1, 2024. SCP generation rates were then updated February 1, 2024, so that SCP customer total electric bills have a target of 7% below PG&E's bundled service total electric bills.

SCP reached its long-term financial reserves target between July and August 2023 about nine months ahead of the ten-year goal. This was a positive development that created the opportunity to enhance SCP customer savings, limit the scale and risk of rate increases over the next two years, and make investments in local energy projects that have the potential to generate income to offset customer rates far into the future.

The Sonoma Clean Power Board of Directors voted on November 2, 2023, in favor of setting rates based on costs while allocating the excess ratepayer collections above SCP's reserve target as of January 1, 2024, accordingly:

- **60% to rate reductions in 2024 and 2025**

Return 60% of excess reserves to ratepayers in 2024 and 2025 in the form of rate reductions such that the savings relative to PG&E's bundled customers is expected to be about the same in both calendar years of 2024 and 2025 based on then-current regulatory filings and known market information. Reset all rate classes so SCP collects sufficient revenues to cover all current costs net of the reserve overcollection, and such that customer total bills have an equal target percentage difference from PG&E's bundled service total bills.

- **30% to establish a local investment fund**

The purpose of the fund is to lower customer rates over time by investing in long-term assets to lower SCP's energy expenditures or generate revenues to offset customer rates. Specific investments will be brought to the Board for approval in later meetings prior to commitment.

- **10% for customer incentives in 2024 and 2025**

Details on such incentives will be proposed and approved by the Board in a future meeting, but staff are contemplating proposing incentives that are exclusively or primarily geared toward low-income or disadvantaged customers in response to Board input in past meetings.

Discussion

The proposed budget adjustments are shown in Table A. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments. Additional detail on the most significant changes is provided here:

Revenues

As a result of achieving its long-term financial reserves target, SCP was able to increase total electric bill savings for customers from between 4% and 5% up to a target of 7% for both calendar years of 2024 and 2025. The proposed electricity sales adjustment reflects the rate setting and allocation of excess ratepayer collections above SCP's reserve target that the Board approved on November 2, 2023.

The adjustment to CEC Grant Proceeds represents an increase in the expected consulting fees that the CEC will reimburse to SCP.

Investment Returns are projected to be significantly higher than the original budget due to high interest rates that have persisted throughout the fiscal year.

Cost of Energy

Year-to-date, the cost of energy has been under budget by 13%. This was primarily due to the lack of a severe weather event between July 2023 and December 2023. The cost of energy is currently expected to be 4% below budget for the total fiscal year based on the latest projections of market cost.

Energy Center, Marketing & Communications

The adjustment to Energy Center, Marketing & Communications represents increased community partnerships, events, and efforts related to a 10-year retrospective.

General and Administrative

The proposed funding increase reflects software and equipment, including battery optimization software. It also includes updated timing for the reclassification of rent for the Advanced Energy Center to the General and Administrative section, which the CEC grant previously captured.

Capital Outlay

The adjustment to Capital Outlay reflects the purchase of the office building adjacent to SCP's business office.

Fiscal Impact

These budget adjustments reflect a net increase in Fund Balance of \$71,294,000 for the fiscal year 2023-2024, up \$42,200,000 from the original budget of \$29,094,000.

Attachments

- Table A - FY23-24 Budget Adjustment

Table A

	Approved Budget FY23-24	Proposed Adjustment FY23-24	Revised Budget FY23-24	Comments
REVENUES & OTHER SOURCES				
Electricity Sales (net of allowance)	\$ 243,952,000	\$ 32,042,000	\$ 275,994,000	SCP customer savings target of 7% on total electric bills as of February 1, 2024
EverGreen Premium (net of allowance)	2,689,000	-	2,689,000	
CEC Grant Proceeds	470,000	432,000	902,000	Consulting fees to be reimbursed through CEC grant
Miscellaneous Income	2,058,000	-	2,058,000	
Investment Returns	3,540,000	4,119,000	7,659,000	Sustained high interest rates
Total Revenues	252,709,000	36,593,000	289,302,000	
EXPENDITURES				
Product				
Cost of Energy & Scheduling	193,762,000	(7,302,000)	186,460,000	Updated outlook for market cost of energy
Data Management	2,680,000	-	2,680,000	
Service Fees to PG&E	990,000	-	990,000	
Product Subtotal	197,432,000	(7,302,000)	190,130,000	
Personnel				
	8,346,000	-	8,346,000	
Energy Center, Mktg & Comm				
	3,061,000	240,000	3,301,000	Increased community partnerships, events, and 10 year retrospective
Customer Service				
	220,000	-	220,000	
General & Administration				
	1,360,000	155,000	1,515,000	Increased software, equipment, and reclassification of AEC rent when CEC grant ends
Other Professional Services				
Legal	475,000	-	475,000	
Regulatory & Compliance	460,000	-	460,000	
Accounting	309,000	-	309,000	
Legislative	220,000	-	220,000	
Other Consultants	624,000	-	624,000	
Other Professional Services Subtotal	2,088,000	-	2,088,000	

Table A

	Approved Budget FY23-24	Proposed Adjustment FY23-24	Revised Budget FY23-24	Comments
EXPENDITURES – continued				
Industry Memberships & Dues	695,000	-	695,000	
Programs				
Program Implementation	8,101,000	-	8,101,000	
CEC Grant Program	1,712,000	-	1,712,000	
Programs Subtotal	9,813,000	-	9,813,000	
Total Expenditures	223,015,000	(6,907,000)	216,108,000	
Revenues Less Expenditures	29,694,000	43,500,000	73,194,000	
OTHER USES				
Capital Outlay	600,000	1,300,000	1,900,000	Building purchase
Total Expenditures, Other Uses	223,615,000	(5,607,000)	218,008,000	
Net Increase/(Decrease) in Fund Balance	\$ 29,094,000	\$ 42,200,000	\$ 71,294,000	