



AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, APRIL 11, 2024
1:00 P.M.

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE APRIL 11, 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 Board. On any item, the Board 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)

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

- 1. Approve March 21, 2024, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
- 2. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 15**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

- 3. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 19**
- 4. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 33**
- 5. Recommend the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2024-2025 (Staff Recommendation: Approve) **pg. 49**

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.)

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, MARCH 21, 2024
1:00 P.M.**

CALL TO ORDER

(1:03 p.m. - Video Time Stamp: 00:02:46)

Vice Chair Lipp called the meeting to order.

Committee Members present: Vice Chair Lipp, and Members Quinlan, Dowd, Wang, Kelly, Hagen, and Booth. Chair Morris, Member Soto and Member Nicholls were absent with prior notice.

Staff present: Geof Syphers, Chief Executive Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Miles Horton, Legislative Policy and Community Engagement Manager; Chris Golik, Revenue Manager; Carolyn Glanton, Programs Operations Manager; Scott Salyer, Program Manager; and Joshua Nelson, Special Counsel.

Geof Syphers, CEO, announced the pending retirement of Denis Quinlan and thanked him for his service on the Community Advisory Committee (Committee.) Member Quinlan thanked the Committee and staff for all the hard work during his tenure. CEO Syphers then read a statement from Chair Morris and the Committee in turn thanked Member Quinlan for his years of service.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(1:09 p.m. - Video Time Stamp: 00:08:10)

Public Comment: None

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

(1:10 p.m. - Video Time Stamp: 00:09:56)

1. Approve February 15, 2024, Draft Community Advisory Committee Meeting Minutes

2. Receive Geothermal Opportunity Zone Update
3. Recommend the Board of Directors Approve and Delegate Authority to the Chief Executive Officer or Designee to Execute an Amendment to the Software License, Maintenance, and Support Agreement with Ascend Analytics, LLC, for a Three-Year Extension and Incremental Contract Total of \$546,503

Public Comment: None

Motion to approve the March 21, 2024, Community Advisory Committee Consent Calendar by Member Dowd

Second: Member Kelly

Motion passed by roll call vote.

AYES: Lipp, Quinlan, Dowd, Wang, Kelly, Hagen, Booth

ABSENT: Morris, Soto, Nicholls

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

4. Receive Brown Act and Ethics Law Training for the Community Advisory Committee

(1:12 p.m. - Video Time Stamp: 00:11:34)

Joshua Nelson, Special Counsel, gave a Brown Act and Ethics training to the Committee. The slides provided as part of this training are attached to these minutes.

CEO Syphers added that the purpose of this training is to reduce individual liability and he reiterated that staff and counsel are here to help the Committee Members. Vice Chair Lipp asked for clarification on how the Brown Act applies to social media interactions. Counsel Nelson clarified, gave examples, and elaborated on how social media responses could be construed as violations of the serial meeting definition. Vice Chair Lipp then asked about the use of intermediaries or "hub & spoke" interactions, and Counsel Nelson explained that activity could fall under Brown Act rules. Member Kelly asked if liking SCP's social media posts rose to a Brown Act violation and Mr. Nelson answered it could be, and the safer practice is to re-post or forward the post. CEO Syphers clarified that when analyzing a topic, the Committee should also

try to avoid the perception of a conflict. Member Dowd urged caution to the Committee in any of their communications.

Public Comment: None

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

(1:46 p.m. - Video Time Stamp: 00:46:13)

CEO Syphers mentioned that Ali Soto Anguiano had resigned her position on the Committee and added that this changes the quorum for a Committee meeting from six to five. Stephanie Reynolds, Director of Internal Operations, introduced Carolyn Glanton, Programs Operations Manager, to give the Committee an update on the Enphase Battery Storage program. Ms. Glanton stated that SCP was ready to launch its new battery offering under GridSavvy. This program would incentivize energy use during times of high demand, and she stated that SCP was shooting for an April launch.

Member Booth asked what capacity Enphase has in SCP's service territory. Ms. Glanton stated that there are over 1,000 batteries in SCP's service territory and the goal for SCP is to reach all of them. Ms. Glanton also mentioned that PG&E is offering a competing program. Member Kelly asked who the target customer for the program is, and Ms. Glanton said it includes any SCP customer. Member Kelly then asked if the program was income based and Ms. Glanton answered that it was not. Member Hagen asked if there was any disadvantage to the program and Ms. Glanton answered that the customer gets to select the amount of battery capacity they want to offer to the program. Vice Chair Lipp asked if there was a penalty if the customer overrides the program and Ms. Glanton responded customers can override or opt out of participation up to twice per month with no penalties.

Director Reynolds stated that Community Donation Partners would be announced next month, and she discussed SCP's financial statements.

Public Comment: None

6. Receive Legislative and Regulatory Updates, Recommend a Position on AB 1305 (Stern) and Provide Feedback as Appropriate

(2:00 p.m. - Video Time Stamp: 01:00:01)

Neal Reardon, Director of Regulatory Affairs, discussed SCP's Integrated Resource Plan (IRP) that was required to be submitted to the California Public Utilities Commission (CPUC). He stated that the IRP was accepted and the CPUC commended SCP's commitment to underserved communities. Director Reardon then announced that Governor Newsom appointed Matthew Baker to the CPUC.

Miles Horton, Legislative Policy and Community Engagement Manager, gave a legislative update. He stated that SCP had participated in the CalCCA lobby day in Sacramento. He mentioned that California budget is in a significant deficit this year, but the State is taking actions to close the gap. Mr. Horton mentioned that the Legislature has seen new legislation introduced and is focusing on key issues including power affordability, reliability, and transmission. He then discussed SB 1305 (Stern) which SCP's staff recommendation is "oppose unless amended" because the bill would stipulate specific procurement of resource adequacy from virtual power plants at a time when the rules for this technology are far from clear, and it is therefore unknown whether SCP's existing virtual power plant (GridSavvy) would qualify. Member Kelly asked how SCP's GridSavvy program would be able to reach the targets under SB 1305 and CEO Syphers pointed out that the targets were very aggressive.

Public Comment: None

Motion to Receive Legislative and Regulatory Updates, Recommend an Oppose Unless Amended Position on AB 1305 (Stern) by Member Quinlan

Second: Member Booth

Motion passed by roll call vote.

AYES: Lipp, Quinlan, Dowd, Wang, Kelly, Hagen, Booth

ABSENT: Morris, Soto, Nicholls

7. Receive Agricultural Community Needs Assessment Final Report

(2:23 p.m. - Video Time Stamp: 01:23:35)

Scott Salyer, Program Manager, gave an update on the Agricultural Community Needs Assessment Final Report.

Member Kelly asked what SCP believed the main benefit for the agricultural community was and CEO Syphers answered that this was only a first step to understanding the needs of the community and more would be learned from the data. Member Kelly stated that some agricultural issues he would like to see discussed include eco vaults, bio digesters, and other specific technologies related to agriculture. CEO Syphers invited the Committee to inform staff about new technologies. Member Hagen stated she would like to investigate methane reduction and capture and groundwater recharge. Vice Chair Lipp said he would like to research artificial intelligence controls and modeling tools for load shaping. Member Wang mentioned there was a Zero Waste Symposium happening on May 2, 2024, and invited SCP to attend.

Public Comment: None

8. Review and Provide Feedback on the Draft Annual Budget for Fiscal Year 2024-2025

(2:36 p.m. - Video Time Stamp: 01:36:24)

CEO Syphers introduced SCP's budget and annual process. He mentioned that the draft budget would be seen and reviewed four times, twice by the Committee and twice by the Board of Directors. Chris Golik, Revenue Manager, walked the Committee through the Budget tables and explained how this budget would retain a 7% savings over PG&E, the expected cost of energy rising, and SCP's reserve funds.

Member Quinlan asked how long SCP can offer rates lower than PG&E's. CEO Syphers answered that it is unclear because of things SCP doesn't control. Member Kelly asked what percentage of the annual load is in purchase agreements. CEO Syphers responded that historically it has been aimed at 90% which allows some market exposure, but he added that SCP is learning that with customers paying the Power Charge Indifference Adjustment (PCIA) it is like having another hedge and customers are getting more exposed to energy market prices than prudent, so SCP will be challenging others in the industry to study this issue. CEO Syphers expanded on this by saying that because SCP is a public agency it is not buying energy to resell like a speculator, but rather to provide to customers.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(2:57 p.m. - Video Time Stamp: 01:56:58)

Member Dowd thanked Member Quinlan for his service and said he would be missed.

ADJOURN

(2:58 p.m. - Video Time Stamp: 01:57:34)

The meeting was adjourned by unanimous consent.

Brown Act and Other Topics



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Overview

- Brown Act
 - Application of the Act
 - What is a Meeting?
 - Serial Meetings
 - Open and Public
- Public Records Act
- Conflicts of Interest
- Questions?



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Application

Brown Act

- Government Code § 54950
- California's open meeting law for local agencies
- Ensures most discussions and deliberations occur in public

Basic Rule

- (2) Meetings of
- (1) Local Legislative Bodies
- (3) Must be Open and Public



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Application

Local Agency

- Means a county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission or agency thereof, or other local public agency

Legislative Body

1. Governing body;
2. Board, commission, committee created by formal action of the governing body;
3. Private organizations (in limited circumstances).



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Meeting

Meeting

- Any gathering of a majority of the members at the same time and place to hear, discuss or deliberate upon any matter under their jurisdiction.
- Majority = majority of total membership



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Meeting

Not a Meeting

- Individual contacts;
- Purely social or ceremonial occasions;
- Meetings with other legislative bodies – a majority of the governing body may attend as long as they do not discuss among themselves issues related to the agency.



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Serial Meetings

Ways Serial Meetings Can Occur

- Personal Meeting
- Telephone
- Email
- Written Correspondence
- Use of Intermediaries
- Social Networking Sites such as Facebook and Twitter***.



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Rules Governing Meetings

Agenda

- 72 hours for regular meeting and 24 hours for special meeting
- Posted online and at a location freely accessible to the public
- Packet is a public record once distributed to the CAC
- CAC can only discuss items on the agenda

Public Comment

- Comment must be provided on agenda items and non-agenda items
- Time limits are permissible
- CAC members should not engage with the public



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Rules Governing Meetings

4 Types of Meetings

- Traditional meeting
 - Single meeting location
 - No remote public comment required



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Brown Act

4 Types of Meetings (cont.)

- Teleconference meeting
 - All locations public and listed on the agenda
 - Agenda posted at teleconference locations
 - Quorum within SCP service area
 - Vote by roll call



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Brown Act

4 Types of Meetings (cont.)

- Private remote meeting
 - Remote public comment
 - Quorum at physical meeting location
 - Directors attend for just cause or an emergency
 - Vote by roll call



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Brown Act

4 Types of Meetings (cont.)

- All remote meeting
 - Allowed during state of emergency
 - Remote public comment
 - Findings must be made and renewed
 - Vote by roll call



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Public Records Act

Basic Rule

- Makes all non-exempt, state and local government agency records in any form or medium subject to public inspection during office hours or copying upon payment of duplication costs
- Record defined broadly
 - Includes any tangible thing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics



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Conflicts of Interest

Political Reform Act

- Public officials have a disqualifying conflict of interest under the Political Reform Act of 1974 when the decision
 - Reasonable foreseeable
 - Material Financial effect
 - Economic interest
 - Different from the public generally
- Government Code section 1090*
- Applies to financial interests in contracts



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Thank you for attending.

Josh Nelson

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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
Claudia Sisomphou, Public Affairs & Advocacy Manager

Issue: Receive Geothermal Opportunity Zone Update

Date: April 11, 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 incorporate 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>.

Next-Generation Geothermal Power Commercial Liftoff Report

SCP's GeoZone project has been enabled by a technological renaissance in the geothermal industry that has expanded the envelope of locations where geothermal power is economically possible to develop while also reducing water consumption. In March, the Department of Energy (DOE) released a comprehensive report detailing the geothermal industry's progress and the necessary steps to commercialize next-generation geothermal power entitled [Pathways to Commercial Liftoff: Next-Generation Geothermal Power](#). Previous commercial liftoff reports on technologies like long-duration energy storage, advanced nuclear, and virtual power plants have been incredibly influential in guiding policy development. Below is a summary of several

important observations in the report:

- Decarbonization modeling indicates the United States will need to add 700-900 GW of clean firm capacity by 2050 (low carbon resources with a high-capacity factor: geothermal, nuclear, gas with carbon capture and sequestration are examples), which is quadruple the existing available supply. The DOE estimates that next-generation geothermal can satisfy over 90 GW of this need. Decarbonizing without new clean firm technologies like next-generation geothermal could increase system costs by 40%.
- Although next-generation geothermal largely leverages technologies from the oil and gas industry, such as hydraulic fracturing in Enhanced Geothermal Systems (EGS), there are distinct differences in the application and most of the environmental risks of oil and gas activities do not apply to geothermal development. However, the DOE recognizes that an early two-way dialogue with host communities (many which will have trust concerns due to the application of oil and gas technologies) will be critical.
- Commercial success of next-generation geothermal technologies is dependent on deploying a repeatable and modular design that can enjoy cost declines from iterative improvements and learning. The current EGS demonstrations are far outperforming expectations in their learning rate—the DOE’s EGS demonstration has improved its drilling rate by 500% since 2017 and Fervo (a private geothermal developer of EGS) has demonstrated a 300% increase in drilling rate. The DOE liftoff report believes these advances, coupled with engineering improvements and economies of scale can achieve a target cost of \$60-\$70 per MWh to enable widespread commercialization. The DOE recognizes similar opportunities for closed-loop technologies (such as proposed by Eavor in the GeoZone) with a 2035 target of \$80-\$90 per MWh.
- Demonstrating next-generation technologies can be successful in a diverse set of geologic conditions will be important for reducing the financing risk for commercial “liftoff”. The DOE targets investing \$20-\$25 billion in 2-5 GW of next-generation geothermal across 5-10 different geologic conditions to de-risk the geothermal industry and enable access to traditional lower cost financing.

Sacramento Lobbying Day

On March 20th, SCP staff and Board Chair Hopkins spent the day in Sacramento to meet with lawmakers on legislative priorities. A key objective of the day was to build support

for SCP's GeoZone and for geothermal more generally. The day also included discussions about allowing local permitting review of geothermal exploration activities rather than the current system of only allowing such review by the State's California Geologic Energy Management (CalGEM) division, while preserving the requirements of CEQA and improving local accessibility to the process.

GeoZone Project Updates

There have been no specific project updates since the March report. SCP continues to meet with each GeoZone partner on a bi-weekly basis to validate progress towards milestones in the cooperation agreements and identify opportunities to partner in overcoming hurdles to GeoZone development.

Community Engagement

SCP continues to be focused early this year on capturing lessons learned from other organizations that can be incorporated into an expanded GeoZone community engagement plan. In March, SCP met with the team leading [community outreach and communications at the Department of Energy's Frontier Observatory for Research in Geothermal Energy \(FORGE\)](#) EGS project in Utah. The FORGE team shared their experience in building the community's trust for hosting an EGS project, managing disinformation, and engaging youth amongst many other topics.

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Staff Report - Item 03

To: Sonoma Clean Power Community Advisory Committee

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

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

Date: April 11, 2024

PROGRAMS UPDATES

AFFORDABLE HOUSING ELECTRIFICATION

In partnership with the Bay Area Regional Energy Network (BayREN) and Burbank Housing, Sonoma Clean Power supported the electrification of 55 units of affordable housing at the Parkwood Apartments in Northeast Santa Rosa. Working through the Bay Area Multifamily Building Enhancement program, SCP provided \$335,500 in water heater and space conditioning incentives, along with \$41,250 to help offset the costs of necessary electrical upgrades.

Parkwood Apartments also received significant funding from BayREN and the Low-Income Weatherization Program (LIWP). Additional efficiency measures included low-flow water fixtures, LED lighting, and attic insulation.

This collaborative effort offers a compelling model for affordable multifamily housing electrification through the combined funding of CCAs, regional energy networks, and statewide low-income programs.

COMMUNITY DONATION PARTNERS FOR PROGRAMS INCENTIVES

We are excited to announce the five local organizations selected as Community Donation Partners for programs incentives: Circuit Rider, Conservation Works, Mendocino Land Trust, The Children’s Museum of Sonoma County, and The Climate Center. Through a competitive request for qualifications process, these non-profits were selected after careful consideration based on their alignment with our mission,

outreach capabilities across our entire community, and their potential to promote our programs. They will be featured as donation options for customers across selected programs, allowing the customers to contribute their incentives towards these local non-profits.

GRIDSAVVY REWARDS

GridSavvy Rewards empowers customers to help SCP improve grid reliability by shifting electricity usage away from high demand times. Customers have flexibility in how they participate. Customers can receive alerts via email, text, or phone call and taking simple actions like delaying using large appliances and turning off unnecessary lights. Additionally, they can connect their eligible electric vehicle (EV) chargers, smart thermostats, and battery storage systems (coming soon).

To address summer peak demand, alerts, EV chargers, and smart thermostats are active from May 1st to October 31st, annually. However, the upcoming battery option is designed to address grid challenges throughout the year.

The launch of the 2024 GridSavvy Rewards season for alerts, EV chargers, and smart thermostats is quickly approaching and formally kicks off on May 1st!

UPCOMING PROMOTIONS FOR ALERTS

We are currently promoting the opportunity to enroll in alerts through GridSavvy Rewards. Our goal is to grow the program by an additional 6,000 customers over the 2024 event season. Important promotional dates are:

- March 26th - Full Page Ad in La Prensa
- April 1st & 26th - Letter mailed to ~ 46,000 CARE/FERA/EMPOWER customers
- April 7th- Full Page Ad in the Press Democrat
- April 8th - Email to all SCP customers ~ 150,000
- April 26th - Postcard

New customers enrolling to receive alerts can enjoy a \$25 enrollment bonus check. Alternatively, they can now donate the enrollment bonus to one of our Community Donation Partners.

We are excited for the 2024 event season, and we encourage all to share the opportunity within their networks.

For more information and to sign up for alerts, please visit our website:

www.sonomacleanpower.org/earnrewards

CONNECTING BATTERY STORAGE SYSTEMS

Staff continues to finalize the enrollment process for customers to connect their Enphase battery systems to GridSavvy Rewards. This new initiative will reward customers who allow SCP to optimize their battery storage, supporting the electric grid during peak demand. The rewards were designed to align with the costs saved by not having to purchase energy during peak periods and to lower the Resource Adequacy obligation. This ensures that non-storage customers are not inequitably burdened with subsidizing the incentives for this program. The contract for services for this program was approved by the Board of Directors last year. Stay tuned for further developments, which will be shared during future Committee meetings and on our website www.sonomacleanpower.org/programs/gridsavvyrewards

CURRENT PARTICIPATION RATES

Meters and Participation by TOT

COUNTY	Eligible	SCP	% Part.	% Opt Out
SONOMA	229,400	200,778	87.5%	12.5%
WINDSOR INC	10,049	8,746	87.0%	13.0%
UNINC SONOMA CO	74,125	64,150	86.5%	13.5%
SONOMA INC	6,436	5,621	87.3%	12.7%
SEBASTOPOL INC	4,452	4,043	90.8%	9.2%
SANTA ROSA INC	79,350	69,879	88.1%	11.9%
ROHNERT PARK INC	19,711	17,350	88.0%	12.0%
PETALUMA INC	27,478	24,309	88.5%	11.5%
COTATI INC	3,884	3,478	89.5%	10.5%
CLOVERDALE INC	3,915	3,202	81.8%	18.2%
MENDOCINO	38,231	30,017	78.5%	21.5%
WILLITS INC	2,739	2,137	78.0%	22.0%
UNINC MENDOCINO CO	31,079	24,202	77.9%	22.1%
POINT ARENA INC	343	292	85.1%	14.9%
FORT BRAGG INC	4,070	3,386	83.2%	16.8%
Total	267,631	230,795	86.2%	13.8%

Current EverGreen Enrollment by TOT

COUNTY	SCP Meters	EverGreen Meters	EverGreen %
SONOMA	200,778	3,645	1.82%
WINDSOR INC	8,746	153	1.75%
UNINC SONOMA CO	64,150	1,007	1.57%
SONOMA INC	5,621	85	1.51%
SEBASTOPOL INC	4,043	184	4.55%
SANTA ROSA INC	69,879	1,200	1.72%
ROHNERT PARK INC	17,350	240	1.38%
PETALUMA INC	24,309	628	2.58%
COTATI INC	3,478	124	3.57%
CLOVERDALE INC	3,202	24	0.75%
MENDOCINO	30,017	451	1.50%
WILLITS INC	2,137	21	0.98%
UNINC MENDOCINO CO	24,202	359	1.48%
POINT ARENA INC	292	30	10.27%
FORT BRAGG INC	3,386	41	1.21%
Total	230,795	4,096	1.77%

MONTHLY COMPILED FINANCIAL STATEMENTS THROUGH FEBRUARY 29, 2024

The year-to-date change in net position is more than projections by approximately \$2,427,000. Year-to-date revenue from electricity sales is slightly under budget by less than 1% and cost of energy is under budget projections by approximately 1%. Year-to-date electricity sales reached \$190,885,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$255,462,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Approximately \$163,190,000 is set aside for operating reserves.

Other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2023/24 amended 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 less than 1% at the end of the reporting period.

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

ATTACHMENTS

- February 2024 Financial Statements

UPCOMING MEETINGS

- Board of Directors - May 2, 2024 (NOTE: Special Meeting time is 4 pm)
- Community Advisory Committee - May 16, 2024
- Board of Directors - June 6, 2024



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 February 29, 2024, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

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

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

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

Maher Accountancy

San Rafael, CA
March 25, 2024

**SONOMA CLEAN POWER AUTHORITY -
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND -
Eight Months Ended February 29, 2024 -**

	2023/24 YTD		2023/24 YTD		2023/24 YTD Actual / Amended Budget %	2023/24 Amended Budget	2023/24 Amended Budget Remaining
	2023/24 YTD Amended Budget	2023/24 YTD Actual	2023/24 YTD Amended Budget	2023/24 YTD Variance (Under) Over			
REVENUE AND OTHER SOURCES:							
Electricity (net of allowance) *	\$ 190,658,277	\$ 189,140,028	\$ (1,518,249)		99%	\$ 275,994,000	\$ 86,853,972
Evergreen Premium (net of allowance)	1,749,207	1,745,378	(3,829)		100%	2,689,000	943,622
CEC Grant	588,066	431,099	(156,967)		73%	902,000	470,901
Investment returns	4,858,846	5,473,358	614,512		113%	7,659,000	2,185,642
Miscellaneous Income	876,812	445,952	(430,860)		51%	2,058,000	1,612,048
Total revenue and other sources	198,731,208	197,235,815	(1,495,393)		99%	289,302,000	92,066,185
EXPENDITURES AND OTHER USES:							
CURRENT EXPENDITURES							
Cost of energy and scheduling	127,998,555	126,582,941	(1,415,614)		99%	186,460,000	59,877,059
Data management	1,724,653	1,679,494	(45,159)		97%	2,680,000	1,000,506
Service fees- PG&E	658,938	655,571	(3,367)		99%	990,000	334,429
Personnel	5,326,545	5,316,763	(9,782)		100%	8,346,000	3,029,237
Energy Center, marketing & communications	1,897,646	1,500,674	(396,972)		79%	3,301,000	1,800,326
Customer service	126,128	97,493	(28,635)		77%	220,000	122,507
General and administration	958,672	907,978	(50,694)		95%	1,515,000	607,022
Legal	292,952	83,352	(209,600)		28%	475,000	391,648
Regulatory and compliance	174,171	218,131	43,960		125%	460,000	241,869
Accounting	212,637	204,550	(8,087)		96%	309,000	104,450
Legislative	105,333	64,000	(41,333)		61%	220,000	156,000
Other consultants	284,389	300,730	16,341		106%	624,000	323,270
Industry memberships and dues	464,273	443,861	(20,412)		96%	695,000	251,139
Program implementation	3,894,492	2,344,672	(1,549,820)		60%	8,101,000	5,756,328
Program - CEC grant	1,397,715	1,305,867	(91,848)		93%	1,712,000	406,133
Total current expenditures	145,517,099	141,706,077	(3,811,022)		97%	216,108,000	74,401,923
OTHER USES							
Capital outlay	1,576,796	1,465,291	(111,505)		93%	1,900,000	434,709
Total expenditures, other uses	147,093,895	143,171,368	(3,922,527)		97%	218,008,000	74,836,632
Net increase (decrease) in available fund balance	\$ 51,637,313	\$ 54,064,447	\$ 2,427,134			\$ 71,294,000	\$ 17,229,553
<i>* Represents sales of approximately 1,441,000 MWh for 2023/24 YTD actual.</i>							
RESERVES							
Operating Reserve (as of June 30, 2023)	\$ 163,190,000	\$ 171,080,000					
					% of Long-Term Target		
					95%		

**SONOMA CLEAN POWER AUTHORITY -
 BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED) -
 RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE -
 TO CHANGE IN NET POSITION -
 Eight Months Ended February 29, 2024 -**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 54,064,447
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(927,300)
Add back capital asset acquisitions	1,465,291
Change in net position	\$ 54,602,438



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of February 29, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

MAHER ACCOUNTANCY

San Rafael, CA
March 25, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of February 29, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 68,630,625
Accounts receivable, net of allowance	22,627,829
Other receivables	2,392,201
Accrued revenue	13,083,101
Prepaid expenses	934,970
Deposits	10,423,054
Investments	138,134,998
Total current assets	<u>256,226,778</u>

Noncurrent assets

Other receivables	1,106,481
Land	1,195,405
Capital assets, net of depreciation	17,744,967
Deposits	846,256
Total noncurrent assets	<u>20,893,109</u>
Total assets	<u>277,119,887</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	13,155,358
Accounts payable	1,096,644
Advances from grantors	2,678,437
Other accrued liabilities	994,455
User taxes and energy surcharges due to other governments	723,589
Supplier security deposits	804,000
Total current liabilities	<u>19,452,483</u>

Noncurrent liabilities

Supplier security deposits	2,205,121
Total liabilities	<u>21,657,604</u>

NET POSITION

Investment in capital assets	18,940,372
Unrestricted	236,521,911
Total net position	<u>\$ 255,462,283</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Eight Months Ended February 29, 2024

OPERATING REVENUES

Electricity sales, net	\$ 189,189,735
Evergreen electricity premium	1,745,378
Grant revenue	827,344
Total operating revenues	191,762,457

OPERATING EXPENSES

Cost of electricity	126,582,941
Contract services	5,652,638
Staff compensation	5,316,763
Program rebates and incentives	2,603,970
Other operating expenses	1,549,765
Depreciation	927,300
Total operating expenses	142,633,377
Operating income	49,129,080

NONOPERATING REVENUES (EXPENSES)

Interest and investment returns	5,473,358
Nonoperating revenues (expenses), net	5,473,358

CHANGE IN NET POSITION

Net position at beginning of year	54,602,438
Net position at beginning of year	200,859,845
Net position at end of period	\$ 255,462,283

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Eight Months Ended February 29, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 195,415,202
Receipts from grantors	863,604
Other operating receipts	1,611,698
Payments to electricity suppliers	(126,050,597)
Payments for other goods and services	(7,313,384)
Payments of staff compensation	(5,261,827)
Tax and surcharge payments to other governments	(2,408,864)
Payments for program rebates and incentives	(3,260,329)
Deposits and collateral paid	<u>(1,575,000)</u>
Net cash provided (used) by operating activities	<u>52,020,503</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(1,470,500)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	3,629,836
Proceeds from certificates of deposit matured	50,000,000
Purchase of investments	<u>(101,000,000)</u>
Net cash provided (used) by investing activities	<u>(47,370,164)</u>

Net change in cash and cash equivalents	3,179,839
Cash and cash equivalents at beginning of year	<u>65,450,786</u>
Cash and cash equivalents at end of period	<u>\$ 68,630,625</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Eight Months Ended February 29, 2024

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

Operating income (loss)	\$ 49,129,080
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	927,300
(Increase) decrease in:	
Accounts receivable, net	2,540,681
Other receivables	588,001
Accrued revenue	(473,266)
Prepaid expenses	538,837
Deposits	(1,633,997)
Increase (decrease) in:	
Accrued cost of electricity	(699,361)
Accounts payable	86,191
Advances from grantors	(396,245)
Accrued liabilities	943,272
User taxes due to other governments	3,810
Supplier security deposits	466,200
Net cash provided (used) by operating activities	<u>\$ 52,020,503</u>

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Staff Report - Item 04

To: Sonoma Clean Power Authority Community Advisory Committee

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

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

Date: April 11, 2024

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

Judge Park Issues Proposed Decision Denying PG&E's Application for Pacific Generation Spinoff

On March 15th, the assigned Administrative Law Judge (ALJ) issued a Proposed Decision denying PG&E's Application A.22-09-018, which sought to sell 49.9% of the equity in PG&E's utility-owned generation facilities to raise equity. Judge Park reasoned that there was no ratepayer benefit from this action, and that despite PG&E's arguments, it would in fact significantly complicate monitoring of compliance requirements, tracking of funds in balancing accounts, and the CPUC's overall ability to effectively regulate both the utility and new entity.

As background, the utility first submitted the Application in September of 2022. The utility's stated rationale for this proposal is to raise equity capital, deleverage its balance sheet, and avoid issuing additional common stock. PG&E reasons that Pacific Generation, without the liability of PG&E Corporation's transmission and distribution infrastructure, would be viewed by investors as an entity with less risk. A 49% ownership stake in all PG&E's utility-owned generation, except for Diablo Canyon Power Plant, would be offered to investors. This subsidiary would remain wholly owned by PG&E, with the utility continuing to operate and maintain the facilities. While Pacific Generation would collect revenues, PG&E would continue to bill

customers for the costs to own and operate the plants. The Power Charge Indifference Adjustment (PCIA) exit fee would remain in place, with both PG&E and Pacific Generation levying separate PCIA charges, the sum of which would appear as a single line item on customer bills. PG&E states that rates would not be impacted by this transaction and that it would avoid diluting existing shareholders, including the Fire Victim Trust established in their most recent bankruptcy.

SCP staff have concerns that PG&E's parent corporation may be trying to shield roughly \$3 billion in assets from its next bankruptcy. Early exploration of this issue was focused on ensuring the true valuation of all the assets and liabilities, i.e., not the "book" or "regulatory" values, but what the fraudulent transfer laws call the "fair value." In addition, SCP staff met with PG&E executives to discuss the Application, with the intent of safeguarding future fire victims from having PG&E's generation assets unethically walled off from their claims. CalCCA's advocacy in this case highlighted many of these concerns about potential risks to customers, and lack of any corresponding benefit from the proposed transaction.

In July of 2023, the Federal Energy Regulatory Commission (FERC) approved PG&E's proposal to transfer 5.6 GW of generation assets to a new subsidiary. The assets proposed include 3.8 GW of hydroelectric facilities, 1.4 GW of gas generation, 182 MW of battery storage, and 152 MW of solar generation. Based on this approval, PG&E's CEO stated that she expected the CPUC to issue a proposed decision on the proposal early in 2024.

The March Proposed Decision by ALJ Park will be subject to stakeholder feedback. However, the FERC approval does not supersede the CPUC's ultimate decision on this Application.

CPUC Adopts Final Decision on Integrated Resource Plans

On February 15th, the California Public Utilities Commission adopted Decision D.24-02-047 adopting the 2023 Preferred System Plan and addressing individual Integrated Resource Plans (IRPs) submitted by load serving entities (LSEs). California policy continues to be as aggressive as possible to reduce GHG emissions as soon as possible, adopting a collective portfolio of generation resources that reduces emissions by 58% between 2020 and 2035.

Individual IRPs were submitted on or about November 1, 2022, and were evaluated using a scorecard system, with three general scores: "deficient", "adequate", and "exemplary". These plans included a narrative describing progress and expected

future procurement, along with two data templates to demonstrate achievement of sufficient resources to meet reliability needs and GHG reduction benchmarks. This year, special emphasis was placed on the impacts on disadvantaged communities (DACs). LSEs described the DACs they serve or the impacts they have on DACs because of system power or other power with local pollutants or GHG emissions. LSEs were to provide detailed activities and programs focusing on DACs including procurement opportunities, affordability programs, transportation and building electrification, energy efficiency, demand response, residential solar, outreach programs, education and training programs, recruiting, and hiring, and others. Sonoma Clean Power's IRP submittal was accepted as adequate, with CPUC staff marking our plan's generation portfolio and focus on disadvantaged communities as "exemplary."

This Decision concludes with a recommendation that the California Independent System Operator (CAISO) use the adopted Preferred System Plan as a basis for evaluating future transmission needs in their 2024-2025 Transmission Planning Process.

Legislative Updates

The legislative year is in full swing, with bills receiving hearings in relevant policy committees and the state budget process getting underway.

Bill Introductions

There was a total of 2,124 new bills introduced in advance of the February 16 deadline this year (1,505 in the Assembly and 619 in the Senate). Numerous "spot" or placeholder bills were fleshed out with their full contents in March.

Existing Legislative Positions

- **AB 817 (Pacheco) - Subsidiary Body Open Meetings Rules - Support**

Would authorize subsidiaries of a legislative body (such as Sonoma Clean Power's Community Advisory Committee) to meet via teleconference, through 2025. The support position carries over from 2023.

- **AB 2666 (Boerner) - Investor-owned utility revenue - Support**

This straightforward bill would simply clarify that when an investor-owned electric or gas utility receives revenues in excess of its authorized rate of return, the Public

Utilities Commission must require that utility to refund the excess revenues back to its customers. Unfortunately, while the current system is set up so that utilities ideally receive their authorized rate of return, the law is vague on what happens when they collect more than anticipated. This often has to do with the difference between a utility's forecasted costs and actual costs (which can be lower than anticipated).

A 2023 state audit found that utilities are routinely bringing in revenues well above their authorized rates of return. For example, San Diego Gas & Electric was found to have received revenues above its authorized rate of return in nine of the ten years surveyed. (Pacific Gas & Electric had a more even record of coming in above or below the authorized rate of return.) The audit also found that the Public Utilities Commission and CalAdvocates (public advocate's office) lack adequate processes and procedures to prevent excessive revenue collection from taking place. AB 2666 would remove any incentive to collect excessive revenues by ensuring that any such collections are refunded to ratepayers in the subsequent calendar year.

- **AB 2891 (Friedman) - Virtual power plants - Support**

Virtual power plants are aggregations of behind-the-meter resources that can be used to manage demand. For example, if the grid is strained during a hot summer evening, a load-serving entity could activate a virtual power plant (say, by directing several thousand behind-the-meter batteries to discharge, or by remotely turning down several thousand smart home appliances to reduce demand) in lieu of firing up a traditional power plant to add supply.

One of the most successful Virtual Power Plants is SCP's GridSavvy program.

AB 2891 would make it easier for electricity providers to use virtual power plants to provide their expected load. Specifically, this legislation would require the Public Utilities Commission - in consultation with other relevant state agencies and power providers - to issue a series of technical requirements and load modification protocols that virtual power plants would need to meet to serve as a power-providing resource that "counts" toward various compliance obligations.

- **AB 3256 (Irwin) - Balancing and Memorandum Accounts - Support**

In recent years, balancing and memorandum accounts - through which investor-owned utilities can recover costs outside of the usual General Rate Case process - have grown significantly in size, number, and scope. AB 3256 would increase transparency around the use of these accounts and their impacts on ratepayers, as well as granting the Public Utilities Commission additional direction to close accounts

that are no longer serving their intended purpose to protect ratepayers. Sonoma Clean Power's support letter for this legislation is attached below. Sonoma Clean Power staff were also able to provide technical feedback to the author's office to clarify and strengthen the bill.

- **SB 537 (Becker) - Public Meeting Teleconference - Support**

Currently on the Inactive File in the Assembly but could move forward in the coming year. Would allow multijurisdictional, cross county legislative bodies to use alternate teleconferencing provisions like the emergency provisions indefinitely and without regard to a state of emergency. Requires a multijurisdictional legislative body to provide a record of attendance on its internet website within seven days after a teleconference meeting along with immunocompromisation in the list of health exemptions from previous legislation. The support position carries over from 2023.

- **SB 1130 (Bradford) - FERA eligibility - Support**

Generally speaking, the California Alternate Rates for Energy (CARE) program provides investor-owned utility customers who live at or below 200% of the federal poverty line to receive discounts of 30-35% on their electric bills and 20% on their gas bills. The Family Electric Rate Assistance (FERA) Program provides reduced electric bills to people who don't qualify for CARE but may still need help paying their bills, up to 250% of the federal poverty line.

While anyone who meets those criteria can receive CARE benefits, FERA eligibility is limited to households of three people or more. SB 1130 would eliminate that requirement and allow all eligible customers to receive FERA benefits, even if they live in a household of only 1-2 individuals. Because eligibility for CARE/FERA benefits is used as a metric for eligibility for various other clean energy, electric vehicle, and energy efficiency programs targeted at lower-income customers, this bill would have the effect of expanding eligibility for several rebate and incentive programs. This legislation would also require utilities to report on FERA enrollment numbers to help address under enrollment.

- **SB 1305 (Stern) - Virtual power plants - Oppose Unless Amended**

This legislation, whose main supporter is virtual power plant software provider OhmConnect, would require that all load-serving entities procure an increasing

amount of their resource adequacy from virtual power plants over the years to come, culminating in 15% by 2035. Staff believe this is premature for several reasons:

1. The rules for qualifying demand response programs for Resource Adequacy are still unfinished, so mandating procurement of a resource that is not clearly defined is inappropriate;
2. Since cost-effective peak load reduction is the goal, this bill would mandate one particular solution to meeting a goal that has many solutions. By narrowly focusing on only one option, this would drive up rates; and
3. This bill would remove the SCP Board's authority to make decisions about procurement and transfer that power to the CPUC to require specified procurement that may not meet the goals of the SCP Board of Directors.

The bill could instead be amended to clarify current law regarding virtual power plants' ability to provide resource adequacy in the first place, like the approach taken in AB 2891. That is still unclear, and an explicit authorization to use virtual power plants as resource adequacy could help load-serving entities like Sonoma Clean Power use virtual power plants most effectively.

Watch List

- **AB 1912 (Pacheco) - Third-party review of new electricity programs - Watch**

Would direct that the University of California prepare a written analysis of any legislation imposing a mandated program or requirement on investor-owned electric utilities or their customers, before that legislation can be heard in committee. This is like the existing California Health Benefits Review Program for new health care mandates.

- **AB 1999 (Irwin) - Income-Graduated Fixed Charge Repeal - Watch**

Would repeal the Public Utilities Commission's authorization to impose an Income-Graduated Fixed Charge on customers and instead restore previous fixed charge caps of \$10 (non-CARE customers) and \$5 (CARE customers) per billing cycle. Sonoma Clean Power supports this legislation's intent to hit pause on any new income-graduated fixed charge in the immediate term, while allowing future proposals that may have merit to move through the normal legislative process.

Various legislators have introduced roughly a half-dozen other bills on this topic, but AB 1999 remains the most prominent. Senator Bradford, chair of the Senate Energy, Utilities and Communications Committee, has introduced SB 1292, which appears to be a placeholder that he can modify depending on the results of the relevant proceeding at the Public Utilities Commission later this year.

SCP's Board and staff have expressed strong concerns with the existing Income-Graduated Fixed Charge policy because of the negative impacts on working families, those who have invested in solar and energy efficiency, those living in multifamily housing, and concerns about the large subsidies to wealthy families with large inefficient homes. The Board has indicated interest in supporting AB 1999 at the right time.

Notably, the CPUC's Proposed Decision on implementing this policy was recently released with a recommendation to limit the fixed charge portion of electric bills to \$24, not significantly different from this bill's recommendation to limit it to \$10. As a result, staff are actively working with Irwin's office to explore options for her bill that align with the Board's concerns.

- **AB 2054 (Bauer-Kahan) - Conflicts of Interest - Watch**

Would prohibit retiring members of the Energy Commission or Public Utilities Commission from working for entities subject to regulation by those Commissions for a period of ten years (up from two under current law).

- **AB 2292 (Petrie-Norris) - Transmission - Watch**

Current law requires the Public Utilities Commission to consider cost-effective alternatives to new transmission facilities as part of determining whether to approve those projects. This bill would repeal that requirement to advance faster transmission buildout but could allow utilities to increase costs significantly.

- **AB 2847 (Addis) - Investor-owned utility cost recovery - Watch**

Would improve transparency around investor-owned utility cost recovery (for example, by requiring the Public Utilities Commission to require utilities to produce all relevant supporting documents and calculations).

- **AB 2940 (Muratsuchi) - Transmission environmental review - Watch**

Environmental leadership projects would be granted expedited judicial review when challenged in court under the California Environmental Quality Act. This legislation

would designate all new transmission projects as environmental leadership projects, with the associated benefits in recognition that a lack of sufficient transmission is now the primary constraint on achieving California's climate goals.

- **AB 3016 (Petrie-Norris) - Interagency coordination - Watch**

Would create a new process for the Governor's Office of Business and Economic Development (GO-Biz) to coordinate and harmonize the efforts of all state and local agencies with permitting, siting, and regulatory authority over new renewable energy generation facilities. Relevant federal agencies would also be invited to participate.

- **AB 3181 (Pellerin) - Electric outages - Watch**

Should one or more customers served by an electrical distribution circuit experience four or more outages in a year, this legislation would require the investor-owned utility that owns that circuit to perform a full review of that circuit's functionality and make upgrades or improvements as needed.

- **AB 3238 (Garcia) - Electric infrastructure streamlining - Watch**

This bill would make various changes to speed up the development of electric infrastructure such as new generation or transmission lines, including making the Public Utilities Commission lead agency under the California Environmental Quality Act for all such projects and the sole permitting and siting authority for "necessary" electric infrastructure projects.

- **SB 938 (Min) - Utility lobbying efforts - Watch**

Would close various loopholes in the existing prohibition on investor-owned utilities using ratepayer funds for political or lobbying activities. For example, current law allows utilities to use ratepayer funds for association membership dues that can then be used for lobbying by the association.

- **SB 946 (McGuire) - Tax exemptions - Watch**

Would exempt payments made through the California Wildfire Mitigation Financial Assistance Program to compensate people for wildfire-related losses from counting as part of a person's income for tax purposes, through 2029.

- **SB 1003 (Dodd) - Wildfire prevention activities - Watch**

This bill aims to revise the regulatory framework around utility risk reduction by adding consideration of how long risk reduction projects will take to be completed,

not just how much they will reduce risk after completion. The goal is to require discussion as to whether a project that reduces risk entirely or almost entirely but may take years or decades to complete is necessarily the best option.

- **SB 1006 (Padilla) - Transmission - Watch**

Would require the Public Utilities Commission to develop a more sophisticated plan and reporting structure to ensure that the state is on track to build enough transmission to meet its climate goals.

- **SB 1165 (Padilla) - Transmission - Watch**

Similar to AB 3238, this bill would make various changes to speed up transmission deployment, including making it easier to qualify transmission projects as environmental leadership projects.

- **SB 1210 (Skinner) - Housing interconnection - Watch**

Would require that utilities prioritize interconnection of new housing to the grid over all other interconnection requests, and cap interconnection costs for new housing developments.

State Budget & Potential Climate Bond

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 January budget anticipated a roughly \$39 billion deficit. The Governor proposes to fill that deficit through a mix of withdrawals from reserves, deferrals and cost shifts, new revenues, 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 a future Governor will continue to prioritize those commitments. The Legislative Analyst's

Office is now projecting a significantly larger deficit than the Governor had anticipated in January (possibly in the range of \$73 billion), raising the prospect of significant further cuts. The state revenue picture improved slightly in February but was still consistent with a very large deficit.

Legislators have expressed interest in possible bond measures to offset the impact of budget cuts. The main bond proposals under discussion for the November ballot seem to be some version of climate & natural resources bond, an education (school facilities) bond, and a housing bond, although the prospects for a housing bond may have dimmed in recent weeks. The state's total ability to issue bonds is roughly in the realm of \$15 billion, so it is possible that multiple bonds could appear together on the November ballot. The Legislature may also not want to use up the entire \$15 billion capacity, given the costs of repayment down the road. Bond discussions among the administration and legislative leadership are still in the early stages. Measures must pass the legislature by June 27 to appear on the November ballot.

Sonoma Clean Power Lobby Day

On March 20, Board Chair Lynda Hopkins and Director Chris Rogers, along with CEO Geof Syphers, contract lobbyist Kate Brandenburg, and legislative affairs staff Miles Horton and Claudia Sisomphou visited the State Capitol to meet with key legislators and staff, build relationships, and lobby on issues of importance to Sonoma Clean Power, notably geothermal power. The team met with the following leaders:

- Assembly Speaker Robert Rivas (D-Salinas)
- Assembly Utilities & Energy Cmte. Chair Cottie Petrie-Norris (D-Irvine)
- Assembly Natural Resources Cmte. Chair Isaac Bryan (D-Los Angeles)
- Assembly Water, Parks & Wildlife Cmte. Chair Diane Papan (D-San Mateo)
- Assemblymember Jacqui Irwin (D-Thousand Oaks)
- Assemblymember Matt Haney (D-San Francisco)
- Senate Budget & Fiscal Review Cmte. Chair Scott Wiener (D-San Francisco)
- Senator Steve Padilla (D-Chula Vista)
- Arnell Rusanganwa and Maryana Khames with the office of Assemblymember Lisa Calderon (D-Whittier)

- Grayson Doucette with the office of Assemblymember Pilar Schiavo (D-Santa Clarita)
- Cynthia Alvarez and Marissa Hagerman with the office of Senator Lena Gonzalez (D-Long Beach)

Attachments

- Attachment 1 - CCA Letter to US Senators
- Attachment 2 - March 28, 2024, Letter - Re: Support for AB 3256 (Irwin)

March 12, 2024

The Honorable Alex Padilla
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

The Honorable Laphonza Butler
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

Re: Continuing Clean Energy Investments Are Necessary to Affordably Reduce Greenhouse Gas Emissions

Dear Senators Padilla and Butler:

We are thankful for the congressional leadership in passing the Inflation Reduction Act (IRA) in 2022 and the Infrastructure Investment and Jobs Act (IIJA) in 2021. As you discuss future federal packages, we wanted to offer comments for your consideration.

We write on behalf of Ava Community Energy, Clean Power Alliance, MCE, Peninsula Clean Energy, Redwood Coast Energy Authority, San Diego Community Power, Orange County Power Authority, Sonoma Clean Power, San José Clean Energy, Silicon Valley Clean Energy, and Valley Clean Energy. Together, California Community Choice Aggregators (CCAs) provide electricity to over 14 million Californians and have invested billions of dollars to build over 14,000 megawatts (MW) of renewable energy development throughout the West.

Transmission is Critical to Power the West with Clean Energy

CCAs have ambitious plans to provide affordable 100% carbon free energy to our communities. Aligned with California's aggressive climate policies, our success relies on our ability to contract for cost-effective renewable energy projects. The California Independent System Operator (CAISO) estimates that at least \$30.5 billion in new high voltage transmission lines are needed to meet the state's clean energy goals, and many upgrades are also needed to sub-high voltage transmission lines, which are those below 200 Kv.

It is important that legal and regulatory processes support the timely and cost-effective development of transmission needed to power our communities with affordable renewable and clean energy.

Coordinated and efficient transmission planning and permitting, mechanisms to offset costs and reduce pressure on ratepayer bills, and methods that ensure the economic flow of power across regions will enable our organizations to deliver on our renewable and clean energy goals in a cost-effective, reliable manner.

IRA and IIJA Funding Must Be Fully Deployed to Ensure Affordable Emissions Reductions

The IRA and IIJA are critical down payments in the fight against climate change. In particular, the extension of the Investment Tax Credit and Production Tax Credit will continue to drive affordable clean

energy development throughout California and the country. We have started to see the benefits of the tax credits in new power contracts for solar, wind, and energy storage projects that we are signing.

CCAs were excited to see the significant investments in clean energy technologies, home weatherization, and EV infrastructure through the IRA and IIJA. CCAs are eager partners in these programs and have been actively pursuing federal funding to equitably support their communities with clean, reliable energy and transportation. We support efforts to protect the vital IRA and IIJA funding and programs and defend against attempts to undermine either statute.

Further Investments are Needed in Electric Vehicles and Building Decarbonization to Ensure a Green Transition for All

According to the United States Environmental Protection Agency, in 2021 the transportation sector represented 28 percent of overall greenhouse gas emissions, and commercial/residential buildings represented 13 percent of overall emissions.¹

The scale of the challenge in these two sectors argues for the need for additional robust federal investment. For lower income families especially, the upfront cost of electric vehicles remains a significant barrier. We support electric vehicle purchase incentives at the point of sale, including tax credits for light-duty battery electric vehicles and zero-emission commercial vehicles, to immediately bring down the upfront cost of the vehicle.

On building decarbonization efforts, any new federal funds should concentrate on retrofitting existing homes. We support the expansion of existing home energy and efficiency tax credits, as well as new consumer rebate programs for the purchase and installation of devices that enhance home electrification including heat pump water heaters and induction cooktops. In California, the Governor is proposing funds for direct installations of building decarbonization projects. Complementary federal programs to expand the reach of this funding are critical to scale these efforts.

Thank you for considering our comments. We look forward to continuing to work closely with you as conversations in DC progress.

Sincerely,

Nick Chaset
CEO
Ava Community Energy

Dawn Weisz
CEO
MCE

Ted Bardacke
CEO
Clean Power Alliance of Southern California

Shawn Marshall
CEO
Peninsula Clean Energy

¹ <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

Karin Burns
CEO
San Diego Community Power

Lori Mitchell
Director
San José Clean Energy

Geof Syphers
CEO
Sonoma Clean Power

Joe Mosca
Interim CEO
Orange County Power Authority

Mitch Sears
Executive Officer
Valley Clean Energy

Eileen Verbeck
Acting Executive Director
Redwood Coast Energy Authority

Girish Balachandran
CEO
Silicon Valley Clean Energy

cc: Congressional Delegation for Ava Community Energy, Clean Power Alliance, MCE, Peninsula Clean Energy, Redwood Coast Energy Authority, San Diego Community Power, Orange County Power Authority, Sonoma Clean Power, San José Clean Energy, Silicon Valley Clean Energy, and Valley Clean Energy



P.O. Box 1030, Santa Rosa, CA 95402

March 28, 2024

The Honorable Jacqui Irwin
Assemblymember, District 42
1021 O Street, Room 6220
Sacramento, CA 95814

Re: Support for AB 3256

Dear Assemblymember Irwin:

I write in strong support of Assembly Bill 3256, which will greatly improve transparency and accountability around investor-owned utility spending.

The number, size, and scope of memorandum and balancing accounts subject to Public Utilities Commission jurisdiction have grown significantly in recent years, with minimal oversight. This has led to significant ratepayer impacts, including to those ratepayers served by Sonoma Clean Power.

At a time of rapid growth in utility rates, the state of California needs to explore all possible avenues to keep costs contained where feasible. AB 3256 is a common-sense measure that will impose a basic level of accountability on some of the biggest drivers of utility rates today.

Again, we strongly support AB 3256. Please direct any questions or correspondence to Miles Horton on our team at mhorton@sonomacleanpower.org or (707) 757-1444.

Thank you for your leadership.

Sincerely,

A handwritten signature in black ink, appearing to read "Geof Syphers", written over a light blue circular stamp.

Geof Syphers
Chief Executive Officer

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Staff Report - Item 05

To: Sonoma Clean Power Authority Community Advisory Committee

From: Mike Koszalka, Chief Operating Officer
Geof Syphers, Chief Executive Officer
Chris Golik, Revenue Manager

Issue: Recommend the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2024-2025

Date: April 11, 2024

Recommendation

Recommend that the Board of Directors approve the proposed Fiscal Year 2024-2025 Annual Budget and rates.

Summary

The draft budget and rate setting parameters were well received by the Community Advisory Committee and the Board of Directors at their respective meetings, and no suggestions for financial changes were advised. The primary input was to make SCP's work on equity more visible, particularly in the areas of supporting customers who are low-income, historically marginalized and also our activities supporting workforce development. Staff have added some of that additional detail to this report, and will continue to add more of that detail in advance of the Board meeting in May.

This report continues to include the detailed background for reference, but no changes were made to the budget or rate setting parameters.

Staff propose a budget and rates for Fiscal Year 2024-2025 from July 1, 2024, through June 30, 2025, that:

- Plans SCP's next rate change on or about August 1, 2024
- Aims to provide SCP customer bill savings of 7% on total electric bills relative to PG&E's bundled customers

- Returns to customers a portion of excess ratepayer collections above SCP's long-term reserve target

Background

Staff presents a budget for Fiscal Year 2024-2025 that continues to fulfill SCP's adopted goals for providing electricity from very low greenhouse gas sources, investing in 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 in 2014, the nation's first 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 with lower overall bills each year. This was achieved by offering significantly lower electric generation rates to all customer classes to more than offset the Power Charge Indifference Adjustment (PCIA) fee PG&E charges SCP customers. These low generation rates have resulted in tens of millions in customer bill savings since 2014. From May 2020 through March 2022, SCP had to set rates resulting in customer bills slightly above PG&E, with the premium ranging up to 5% of total electric bills. SCP was able to eliminate that premium in April of 2022, and began targeting a 5% savings on total electric bills with the rate adjustment on February 1, 2023.

SCP reached its long-term financial reserves target around August 2023, creating 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. SCP's Board of Directors voted on November 2, 2023, in favor of setting rates while allocating the excess ratepayer collections above SCP's reserve target accordingly:

- 60% to rate reductions in 2024 and 2025 such that savings relative to PG&E's bundled customers is expected to be about the same in both calendar years of 2024 and 2025
- 30% to establish a local investment fund
- 10% for customer incentives in 2024 and 2025

SCP's rate adjustment on February 1, 2024, increased total electric bill savings for customers to 7% with a goal of trying to sustain that level of savings for both calendar years of 2024 and 2025.

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 will likely 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 weather and world events. For these reasons, staff will regularly update the Committee and Board on the PCIA as new information becomes available.

Rate Setting

As used in the past, staff are recommending the use of rate setting parameters to facilitate the implementation of new customer rates as soon as possible following PG&E's expected changes on July 1, 2024. If PG&E's final rates are available on June 30, 2024, SCP expects to be able to implement new rates on August 1, 2024. If PG&E's updates are delayed, then staff propose to make SCP's rate change as soon as feasible after the information becomes available.

When SCP implements new rates, staff is recommending that excess ratepayer collections above SCP's reserve target as of January 31, 2024, be allocated in the same proportions already adopted by the Board in November 2023 as follows:

- **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. Staff's current estimate is that 7% savings may be possible to sustain over that period. Reset all rate classes so SCP customer total bills have an equal target percentage difference from PG&E's bundled service total bills. Only rate components that have a generation charge will be adjusted. Per policy, staff will return to the

Board following rate implementation to have the final rate tables ratified by the Board in the next meeting.

- **30% for the local investment fund**

The purpose of the fund is to lower customer rates and the risk of higher market power costs) over a longer time period by investing in long-term assets to lower SCP's energy expenditures or generate revenues. Priority would be given to investments that support SCP's mission to lower greenhouse gas emissions, improve grid reliability, improve energy system safety or lower customer costs. Specific investments would be brought to the Board for approval in later meetings, but for illustrative purposes might include stationary battery storage on municipal property, EV charging stations, real estate investments that clearly further SCP's mission in some manner, new solar with battery installations, microgrid power for sites that PG&E cannot timely connect to the grid, loans to cities or counties for energy efficiency work, co-ownership of geothermal generating assets.

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

Details on such incentives would 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.

Budget Overview

The proposed Fiscal Year 2024-2025 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 often 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 with special emphasis on SCP's low-income and Empower communities

- Expand community education activities to address the primary barrier to participation in SCP incentives and programs for non-English speakers and low-income households - a lack of awareness
- 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

PROPOSED BUDGET

The Proposed Budget is presented in the form that will be used for adoption in May, 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.

	Revised Budget FY23-24	Proposed Budget FY24-25	Comments
REVENUES & OTHER SOURCES			
Electricity Sales ¹ (net of allowance)	\$275,994,000	\$239,147,000	SCP customer target savings of approximately 7% vs. PG&E on total electric bill
EverGreen Premium ² (net of allowance)	2,689,000	2,700,000	
CEC Grant Proceeds	902,000		- CEC grant ended in FY23-24
Miscellaneous Income	2,058,000	1,000,000	Revised timing of CPUC funds for program implementation
Investment Returns	7,659,000	7,200,000	
Total Revenues	289,302,000	250,047,000	
EXPENDITURES			
Product			
Cost of Energy & Scheduling ³	186,460,000	221,586,000	Expiration of favorable contract, severe weather contingency, and increased resource adequacy cost
Data Management	2,680,000	2,680,000	
Service Fees to PG&E	990,000	990,000	
Product Subtotal	190,130,000	225,256,000	
Personnel			
	8,346,000	11,490,000	See details in write-up
Energy Center, Mktg & Comm			
	3,301,000	3,379,000	Increased community partnerships
Customer Service			
	220,000	220,000	
General & Administration			
	1,515,000	1,832,000	Reclassification of AEC rent after CEC grant ended and increased expenses for new office building
Other Professional Services			
Legal	475,000	475,000	
Regulatory & Compliance	460,000	460,000	
Accounting	309,000	312,000	
Legislative	220,000	220,000	
Other Consultants	624,000	535,000	
Other Professional Services Subtotal	2,088,000	2,002,000	

	Revised Budget FY23-24	Proposed Budget FY24-25	Comments
EXPENDITURES – continued			
Industry Memberships & Dues	695,000	888,000	Increases for CC Power joint powers authority and CalCCA trade association
Programs			
Program Implementation ⁴	8,101,000	10,136,000	See details in write-up
CEC Grant Program	1,712,000	-	CEC grant ended in FY23-24
Programs Subtotal	9,813,000	10,136,000	
Total Expenditures	216,108,000	255,203,000	
Revenues Less Expenditures	73,194,000	(5,156,000)	
OTHER USES			
Capital Outlay	1,900,000	1,150,000	Upgrades for Advanced Energy Center and office building purchased in FY23-24
Total Expenditures, Other Uses	218,008,000	256,353,000	
Net Increase/(Decrease) in Fund Balance	\$ 71,294,000	\$ (6,306,000)	

Notes on the Proposed Budget Table:

1. Revenues from electricity sales are net of the allowance for uncollectible accounts, estimated to be 2.1%
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, and funds paid back to SCP, are treated as balance sheet items and are not on the income statement

Further detail on each of the proposed budget categories follows.

INFORMATION ONLY - SUPPLEMENTAL TO THE PROPOSED 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 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 86% 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.

To maintain SCP customer target savings of approximately 7% on total electric bills relative to PG&E's bundled customers, SCP's next rate change will be on or about August 1, 2024.

Staff estimates uncollectable billings at 2.1%.

EXPENDITURES

Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 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.

SCP has entered into renewable, low carbon, and financial hedge contracts with suppliers that will meet approximately 90% of its expected energy requirements through December 2024, meaning that energy costs are reasonably well known through December, although changes in energy market prices will still have an impact on SCP's costs. The primary price risks through December are therefore related to forecast error, changes in rates of customer participation, Public Safety Power Shutoffs (PSPS), shutoffs due to Enhanced Powerline Safety Settings (EPSS),

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). For the period from January through June of 2025 SCP has a higher cash-flow exposure to the monthly fluctuations in energy markets, but a lower actual financial exposure due to the long-term offsetting nature of the PCIA.

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, the total payout amount for SCP's NetGreen solar customers is estimated to be about \$1,500,000 for the fiscal year.

Scheduling Coordinator services are provided by Northern California Power Agency. 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.

Data Management includes 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.

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. During mid to late 2023 and early 2024, Sonoma Clean Power leadership has strengthened our customer facing staff, senior advocacy staff, and plan to bring in a Chief Financial Officer (CFO) at the beginning of FY24-25. In addition, all staff salaries were increased, keeping salary inflation in mind, for the Agency to remain competitive.

Customer facing staff have been added by increasing the bilingual Spanish customer service representatives we have answering customer calls to the Agency, adding a bilingual Spanish position to the Marketing and PR department as well as increasing staff focused on community events. In the advocacy area, we added staff focused on regulatory advocacy, legislative advocacy, and local advocacy, and may add a position to support transmission related aspects of new generation and storage resource development advocacy. With plans to issue debt to prepay power supply contracts and lower customer costs, having a CFO will be critical to manage that process.

Energy Center, Marketing and Communications

Sonoma Clean Power remains dedicated to engaging with our customers through comprehensive market, demographic, and customer satisfaction research. By leveraging the insights gained, we aim to enhance the precision of our marketing and communications strategies.

As part of our commitment to celebrating a decade of service, SCP introduces the "Ten Electric Years" yearlong, multi-media brand campaign. This initiative not only marks our milestone but also highlights the collaborative achievements with our customers and communities. The campaign is underscored by a series of community events designed to connect with diverse audiences, fostering inclusivity and expanding our outreach efforts.

Innovating our Community Outreach plan, SCP introduces a Junior Partner level, offering funding support and grants to non-profits and groups aligned with our mission and values. This initiative extends support to entities not currently covered by larger sponsorships and partnerships, broadening our impact within the community.

Furthering our commitment to education, particularly in STEM fields, SCP is proud to contribute to Schools Rule Sonoma County and establish an endowment for

Mendocino College. These additions underscore our dedication to empowering future generations and fostering knowledge development in crucial areas.

SCP's unwavering focus on brand awareness and customer understanding remains a top priority. Through consistent efforts across marketing, public relations, community outreach, education, and social media platforms, we strive to convey who we are, our mission, and our value to customers. This commitment extends to providing leadership within the non-profit sector and the broader community choice industry.

This fiscal year, Sonoma Clean Power's marketing and communications approach is rooted in a dynamic blend of celebration, community engagement, education, and strategic partnerships, all aimed at creating a positive impact and fostering a sustainable future. A breakdown of budgeted spending is provided below. Note that a significant majority of all Marketing, PR & Events funds also go to local organizations and contractors, including printers, writers, graphic designers, radio stations, social media support, web programmers, caterers, photographers, carpenters, painters, etc.

Marketing, PR, & Events	\$2,364,000
Partnerships	\$600,000
Sponsorships	\$240,000
Scholarships	\$125,000
Memberships	\$50,000
Total	\$3,379,000

Prior to publication of the Board packet for the May 2 meeting, staff will insert detail here about expenditures that advance workforce development, such as our long-term partnership with the Career Technical Education program, NextGen Trades Academy, scholarships at the Santa Rosa Junior College, high school training programs at the Energy Center, and meetings with local unions on developing the potential for jobs through SCP's GeoZone efforts.

Similarly, staff will insert additional detail on SCP's free customer classes on how to save money through retrofits, conservation and participation in SCP programs like GridSavvy.

Customer Service

The customer service team works with customers via phone, email, walk-ins, and events which are the primary touchpoint for customers in the agency. The customer service team's budget includes confirmation notices, annual required notices, and commercial customer appreciation.

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)
 - Solar Billing Plan welcome (weekly) - *coming soon*
- Opt-out confirmation - immediate notice (weekly)
- Opt-out confirmation - 6-month notice (weekly)
- Late payment notice (monthly)
- Pre-collections notice (monthly)

The customer service budget also reflects two required mailings by the CPUC and CEC:

- Joint Rate Mailer that compares SCP and PG&E's rates and power mixes (annually)
- California Energy Commission's Power Content Label that compares SCP to California's power mix (annually)

Finally, the commercial customer appreciation budget is used to help commercial EverGreen customers gain attention for the leadership in switching to 100% local, renewable energy.

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 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 recent addition of a Legislative Policy & Community Engagement Manager will further aid in SCP's state engagement. Some very limited federal and state lobbying on the GeoZone is also included.

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.

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.

SCP is a member of CC Power, the joint powers authority formed with other CCAs to jointly procure power. SCP is also a member of the American Public Power Association (APPA). This is a nationwide association of public power entities, with a membership category for CCAs nationwide.

Programs

The Programs portfolio is expanding, in part from additional incentives from the return of excess ratepayer collections, while maintaining momentum from the previous fiscal year. We are excited to introduce new initiatives, notably focusing on behind-the-meter battery optimization through GridSavvy Rewards. The continuation of existing programs demonstrates our commitment to sustainable solutions, including the Sonoma Coast Incentive Program (CALeVIP), Fast Charge for All, Discounted Residential Electric Vehicle (EV) Chargers, Non-Profit EV Incentives, Advanced Energy Build, Electrification incentives, Multifamily Housing Electric Panel Upgrades, FLEXMarket, GridSavvy Rewards, SMUD Community Needs Assessment, EV Charging Telematics, Workplace Charging Research Project, Bike Electric 2.0 - Commute Program.

Prior to release of the May 2 Board packet, staff will insert a section here highlighting SCP's planned program activities supporting equity, including incentives for CARE and FERA customers, Empower communities and some background on how SCP has made its equity work the default practice of designing, operating and funding all customer programs.

Other Uses

Capital Outlay includes upgrades for the Advanced Energy Center and the office building that was purchased in FY23-24, as well as equipment costing more than \$5,000.

Debt Service

SCP currently carries no debt.

Net Increase / (Decrease) in Available Fund Balance

Staff are planning for a net decrease in the available fund balance, which reflects the planned return of a portion of excess ratepayer collections above SCP's long-term reserve target.

THREE-YEAR OUTLOOK

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

	Revised Budget FY23-24	Proposed Budget FY24-25	Forecast FY25-26	Forecast FY26-27	Forecast FY27-28
REVENUES & OTHER SOURCES					
Electricity Sales ¹ (net of allowance)	\$275,994,000	\$239,147,000	\$259,854,000	\$296,529,000	\$295,990,880
EverGreen Premium ² (net of allowance)	2,689,000	2,700,000	2,727,000	2,754,000	2,782,000
CEC Grant Proceeds	902,000	-	-	-	-
Miscellaneous Income	2,058,000	1,000,000	-	-	-
Investment Returns	7,659,000	7,200,000	4,800,000	3,600,000	3,600,000
Total Revenues	289,302,000	250,047,000	267,381,000	302,883,000	302,372,880
EXPENDITURES					
Product					
Cost of Energy & Scheduling ³	186,460,000	221,586,000	263,890,000	267,729,000	266,257,880
Data Management	2,680,000	2,680,000	2,707,000	2,734,000	2,761,000
Service Fees to PG&E	990,000	990,000	1,005,000	1,020,000	1,035,000
Product Subtotal	190,130,000	225,256,000	267,602,000	271,483,000	270,053,880
Personnel	8,346,000	11,490,000	12,294,000	13,155,000	13,944,000
Energy Center, Mktg & Comm	3,301,000	3,379,000	3,514,000	3,655,000	3,801,000
Customer Service	220,000	220,000	229,000	238,000	248,000
General & Administration	1,515,000	1,832,000	1,905,000	1,981,000	2,060,000
Other Professional Services					
Legal	475,000	475,000	489,000	504,000	519,000
Regulatory & Compliance	460,000	460,000	474,000	488,000	503,000
Accounting	309,000	312,000	321,000	331,000	341,000
Legislative	220,000	220,000	229,000	238,000	248,000
Other Consultants	624,000	535,000	551,000	568,000	585,000
Other Professional Services Subtotal	2,088,000	2,002,000	2,064,000	2,129,000	2,196,000
Industry Memberships & Dues	695,000	888,000	915,000	942,000	970,000
Programs					
Program Implementation ⁴	8,101,000	10,136,000	11,592,000	8,700,000	8,700,000
CEC Grant Program	1,712,000	-	-	-	-
Programs Subtotal	9,813,000	10,136,000	11,592,000	8,700,000	8,700,000
Total Expenditures	216,108,000	255,203,000	300,115,000	302,283,000	301,972,880
Revenues Less Expenditures	73,194,000	(5,156,000)	(32,734,000)	600,000	400,000
OTHER USES					
Capital Outlay	1,900,000	1,150,000	1,150,000	600,000	400,000
Total Expenditures, Other Uses	218,008,000	256,353,000	301,265,000	302,883,000	302,372,880
Net Increase/(Decrease) in Fund Balance	\$ 71,294,000	\$ (6,306,000)	\$ (33,884,000)	\$ -	\$ -