



AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, SEPTEMBER 19, 2024
1:00 P.M.

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE SEPTEMBER 19, 2024, MEETING AT THE LOCATION SHOWN BELOW.

SONOMA CLEAN POWER BUSINESS OFFICE
431 E STREET
SANTA ROSA, CA 95404

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

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

How to Submit Public Comment:

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

For written comments, state the agenda item number that you are commenting on and limited to 300 words. Written comments received prior to the meeting and/or the agenda item you wish to comment on will be read into the record up to 300 words.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 757-9417, or by email at meetings@sonomacleanpower.org as soon as possible to ensure arrangements for accommodation.

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

Staff recommendations are guidelines to the Committee. On any item, the Committee may take action which varies from that recommended by staff.

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

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

1. Approve July 18, 2024, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Receive Generation Rates Effective August 1, 2024, Consistent with Prior Board Direction (Staff Recommendation: Receive and File) **pg. 9**
3. Recommend the Board of Directors Approve Revisions to Financial Policy B2 on Financial Reserves, and Approve the Deferral of Funds into the Rate Stabilization Fund (Staff Recommendation: Approve) **pg. 11**
4. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 17**
5. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 23**
6. Recommend the Board of Directors Approve the Revision to Sonoma Clean Power's A.3 Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collection and A.4 Information Technology Security Policy (Staff Recommendation: Approve) **pg. 27**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

7. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 35**
8. Receive a Presentation on a Planned Power Purchase Agreement Prepayment Transaction (Staff Recommendation: Receive and File) **pg. 51**
9. Receive Residential and Commercial Community Needs Assessment Final Report (Staff Recommendation: Receive and File) **pg. 59**
10. Recommend the Board Reduce Agency Expenses by an Estimated \$46 Million for the Six-Year Period from 2025 through 2030 by Accepting an Allocation of Energy from the Diablo Canyon Nuclear Power Plant (Staff Recommendation: Approve) **pg. 69**

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 not 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, JULY 18, 2024
1:00 P.M.**

CALL TO ORDER

(1:03 p.m. - Video Time Stamp: 00:02:54)

Chair Morris called the meeting to order.

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

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Garth Salisbury, Chief Financial Officer; Stephanie Reynolds, Director of Internal Operations; Miles Horton, Legislative Policy and Community Engagement Manager; Rebecca Simonson, Director of Programs; and Danielle McCants, Customer Operations Manager.

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

(1:06 p.m. - Video Time Stamp: 00:05:53)

1. Approve May 16, 2024, Draft Community Advisory Committee Meeting Minutes

Public Comment: None

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

Second: Vice Chair Lipp

Motion passed by roll call vote.

AYES: Morris, Lipp, Wang, Hagen, Nicholls

ABSENT: Soto, Kelly

ABSTAINED: Hollinshead, Dowd, Heffler

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

(1:08 p.m. - Video Time Stamp: 00:07:46)

Geof Syphers introduced Garth Salisbury as SCP's new Chief Financial Officer. Stephanie Reynolds, Director of Internal Operations, gave updates on the Customer Center and mentioned that a large commercial customer opted up to EverGreen. Director Reynolds pointed out photos of new branding in Mendocino County and then invited Rebecca Simonson, Director of Programs, to give a Programs update. Director Simonson spoke on equity in SCP's programs, gave an update on GridSavvy, and gave an overview of SCP's renter friendly programs and solutions. Director Simonson then gave an update on the Lead Locally grant, which was completed in March, and a \$100 smart thermostat incentive.

Member Hollinshead asked if battery storage is part of the GridSavvy program, and Director Simonson responded it is still in beta testing because SCP wants to resolve some issues before its launch. Member Nicholls expressed concern about the discontinuation of the CalEVIP program for chargers along the coast. Member Heffler asked if SCP was using Tesla batteries and Director Simonson answered that SCP is exploring all partnerships. Member Hagen mentioned she had checked out an induction stove from the Customer Center and liked it so much that she purchased one. Vice Chair Lipp also pointed out the lack of charging on the coast. Director Simonson clarified that the CalEVIP program was a statewide program and was discontinued because of low application to installation turnover. Chair Morris thanked staff for their work on GridSavvy and non-profit EV incentives.

Danielle McCants, Customer Operations Manager, discussed Calpine's Community Benefits grants and announced 6 new recipients. Director Reynolds stated that at the August 1, 2024, Board of Directors (Board) meeting the Board would determine if the August 16, 2024, Community Advisory Committee (Committee) and the September 5, 2024, Board meeting would be cancelled.

Public Comment: None

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

(1:43 p.m. - Video Time Stamp: 00:42:25)

Miles Horton, Legislative Policy and Community Engagement Manager, gave a legislative update. He mentioned that SCP's sponsored bill, AB 1359 (Garcia), which deals with geothermal permitting, was moving along and gave some background on how the GeoZone initiative came about. Mr. Horton then discussed SB 1298 (Cortese), which would expand the use of very large diesel generators at data center and added that SCP continues to oppose it. He mentioned the State budget was approved, and a climate bond was going on the November ballot.

Chair Morris stated that she was concerned about public purpose funding budget cuts happening, and appreciates the fact that staff is tracking, and would like to hear more in the future. Member Hollinshead asked if SCP was aware of Project 2025 and the possibility of another Trump administration and CEO Syphers responded that SCP was aware. Member Heffler asked if the studies for geothermal exploration were within SCP's territory and CEO Syphers answered yes. Member Heffler then asked if there were opportunities to partner with other CCAs and CEO Syphers answered yes because of the possibilities to scale in other locations and SCP wants to unlock geothermal everywhere possible. Member Wang asked how Proposition 4, the climate bond, would come to SCP for funding and CEO Syphers responded that it is speculative right now but will answer when SCP knows more.

Public Comment: None

4. Receive Geothermal Opportunity Zone Update

(2:00 p.m. - Video Time Stamp: 00:59:37)

Miles Horton discussed the GeoZone Townhall which would be held on July 25, 2024, at the Customer Center and added that it will also be held virtually and with Spanish translation services. He added that this was the first of many events for SCP's GeoZone community strategy. CEO Syphers stated that the Townhall would be recorded but encouraged the Committee to attend.

Member Hagen asked if it was possible to share the event more broadly with more customers and CEO Syphers responded that it had been shared on social media, with the Board, and other interested parties. Member Hollinshead asked if fracking will be ongoing or if it will be a one-time use to drill the wells. CEO Syphers responded that it will be done at the time of construction but cannot speak to the need afterwar initial construction. He did clarify that geothermal fracking and oil, and gas fracking were very different, but it does present concerns as well. Member Hagen added that fracking for oil suctions from all around and is completely different.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(2:18 p.m. - Video Time Stamp: 01:17:16)

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(2:18 p.m. - Video Time Stamp: 01:17:34)

Member Hagen announced that PBS hosted a podcast on digital carbon footprints on July 11, 2024.

ADJOURN

(2:19 p.m. - Video Time Stamp: 01:18:28)

The meeting was adjourned by unanimous consent.



Staff Report - Item 02

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Receive Generation Rates Effective August 1, 2024, Consistent with Prior Board Direction

Date: September 19, 2024

Recommended Action

Staff is notifying the Community Advisory Committee of a generation rate change shown in Attachment 1 that was implemented August 1, 2024. This rate adjustment falls under the rate setting parameters that this Committee recommended on April 11, 2024, and the Board approved on May 2, 2024. Rates are now set so that SCP customer total bills have a target of 3% below PG&E's bundled service total electric bills effective August 1, 2024.

The Board ratified these rates at their meeting on August 1, 2024, so no action is needed.

Background

The Sonoma Clean Power Board of Directors voted on May 2, 2024, in favor of new customer rates to be implemented as soon as is feasible after PG&E's changes to the Power Charge Indifference Adjustment (PCIA) and rates expected on July 1, 2024, using the following parameters:

- Return 60% of excess reserves to ratepayers in 2024 and 2025 in the form of rate reductions such that the savings relative to PG&E's bundled customers is expected to be about the same in both calendar years of 2024 and 2025 based on then-current regulatory filings and known market information.

- Reset all rate classes so SCP collects sufficient revenues to cover all current costs net of the reserve overcollection, and such that customer total bills have an equal target percentage difference from PG&E's bundled service total bills.

Discussion

PG&E updated their generation and delivery rates on July 1, 2024. The SCP rates effective August 1, 2024, shown in Attachment 1 are set so that SCP customer total bills have a target of 3% below PG&E's bundled service total bills.

When the Board of Directors approved rate setting parameters on May 2, 2024, staff's estimate of total bill savings relative to PG&E's bundled customers was 7% for the calendar years of 2024 and 2025. While PG&E's rate change on July 1, 2024, was consistent with staff's forecast, the outlook for PG&E's 2025 PCIA fee and rates has become less favorable.

Attachments

- Attachment 1 - SCP Rate Schedule Effective August 1, 2024, available at [this link](#) or by request to the Clerk of the Board



Staff Report - Item 03

To: Sonoma Clean Power Authority Community Advisory Committee

From: Geof Syphers, Chief Executive Officer
Garth Salisbury, Chief Financial Officer
Chris Golik, Revenue Manager

Issue: Recommend the Board of Directors Approve Revisions to Financial Policy B2 on Financial Reserves, and Approve the Deferral of Funds into the Rate Stabilization Fund

Date: September 19, 2024

Recommendation

Recommend the Board approve the amendment to Financial Policy B.2 - Financial Reserves (Attachment 1) and authorize the deferral of \$56,000,000 into the Operating Account Fund (Rate Stabilization Fund).

Background

The Board adopted SCP Policy B.2 Financial Reserves (Policy), in 2014, amended the Policy in 2015, 2018, 2020 and last amended the Policy in May of 2022. When amending the Policy in 2020 the Board approved Resolution 2020.02 (Attachment 2) establishing an Operating Account Fund to allow the deferral of revenues from one fiscal year for use in a future fiscal year to mitigate the effects of volatile energy costs and increases to the Power Charge Indifference Adjustment (PCIA) on customer rates.

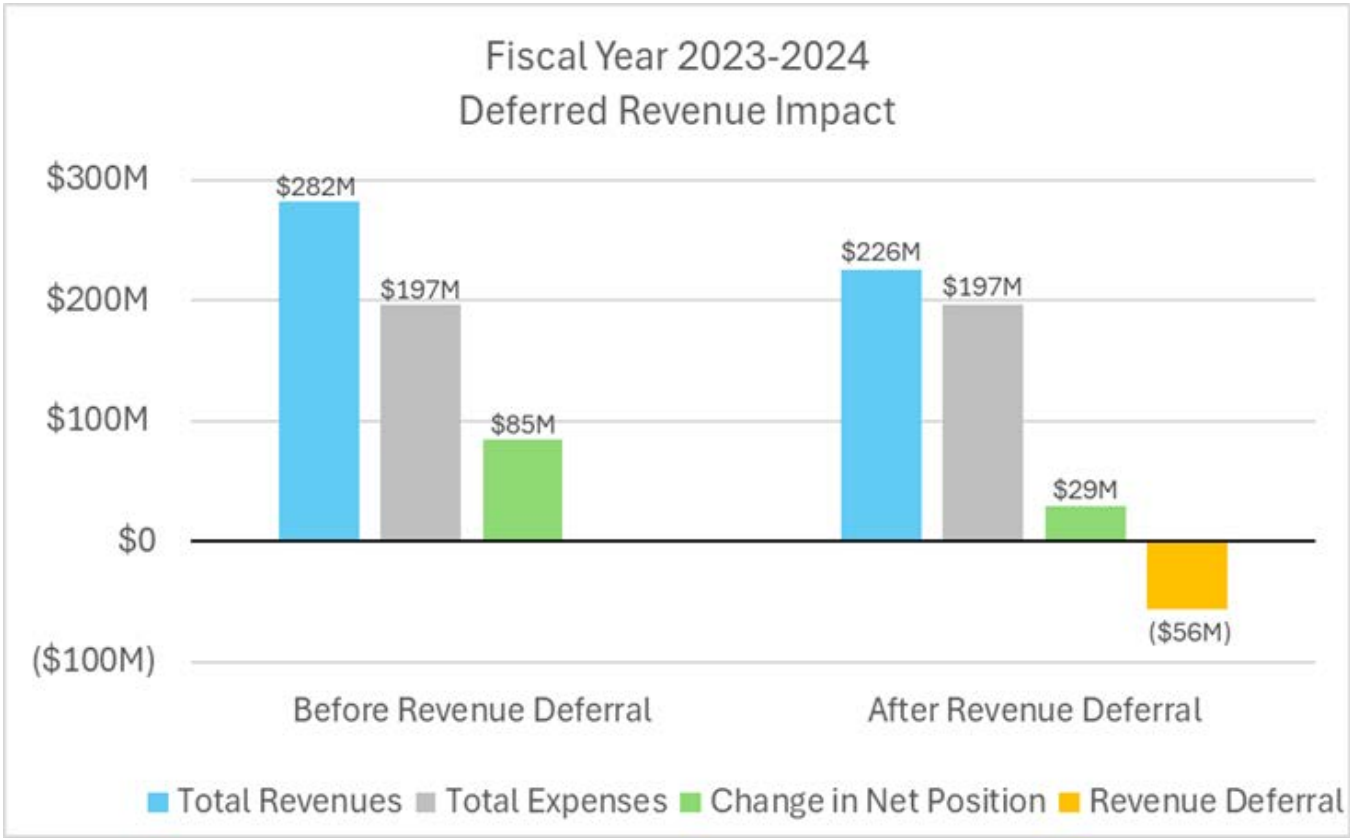
Staff is recommending further revisions to Policy B.2 to reflect the need to defer revenues for use in future years in recognition that counterparties and rating agencies generally prefer to see stability in covering expenses with revenues rather than large net increases and decreases from year to year.

In Fiscal Year 2023/24 the regional energy market saw generally lower CAISO market energy costs but significant increases in resource adequacy (RA) and renewable energy costs. SCP’s unaudited financial results for the 2023/24 fiscal year indicate a positive financial outcome for the organization and an opportunity to defer revenue into future years to be used to stabilize customer rates and mitigate future rate increases. Staff also forecast significant increases in the PCIA fee in 2025, and the need to defer revenues from the last fiscal year to fulfill the Board’s direction to attempt to sustain some customer rate savings through 2025. As a result, staff are recommending the deferral of revenue from the 2023/24 Fiscal Year into the Rate Stabilization Fund for use in future years to mitigate rate increases, to stabilize net revenues and to allow us to maintain rates competitive with PG&E.

An estimate of the financial results from Fiscal Year 2023/24 appears below along with a recommendation for the deferral of \$56 million of revenues and the retention of \$28.66 million of net revenues:

	FY23-24
Total Operating Revenues	\$ 272,356,000
Revenue Deferral	(56,000,000)
Adjusted Operating Revenues	216,356,000
Total Operating Expenses	196,962,000
Operating Income	19,394,000
Nonoperating Revenues	9,265,000
Change in Net Position	28,659,000
Net Position at 6/30/2023	200,860,000
Net Position at 6/30/2024	\$ 229,519,000

A graphic depiction of the estimated financial results from Fiscal Year 2023/24 along with the recommendation to defer \$56 million in revenues appears on the following page.



Fiscal Impact

The fiscal impact of deferring \$56,000,000 of revenue from the 2023/24 Fiscal Year will reduce net revenue in that year by that amount but add the same amount to our Rate Stabilization Fund for use in a future year when revenues may be insufficient to cover costs.

Attachments

- Attachment 1 - Financial Policy B.2 - Financial Reserves with proposed amendments
- Attachment 2 - Resolution 2020-02 Establishing an Operating Account Fund

Financial Policy B.2

Financial Reserves

Purpose

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

Reserve Balances

- Minimum Reserves: 180 days of the annual budgeted operating expenses.
- Target Reserves: 280 days of the annual budgeted operating expenses.
- ~~Excess Reserves: Any reserve balances in excess of the Target Reserves must be returned to customers through lower rates or program incentives in the following year.~~
- Rate Stabilization: Any excess revenues above the Target Reserve balance shall be deferred to stabilize rates in subsequent years.

Building Reserves and Rate Setting

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

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

Use of Reserves

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

Investing Reserve Balances

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

Adopted: June 5, 2014

Amended: Jan 8, 2015, Jun 4, 2015, Apr 5, 2018, Apr 2, 2020 and May 5, 2022

RESOLUTION 2020.02

A RESOLUTION ESTABLISHING AN OPERATING ACCOUNT FUND FOR THE SONOMA CLEAN POWER AUTHORITY (SCPA)

WHEREAS, Financial Policy B2 contemplates that the SCPA annual increase in net position may be utilized as needed by the SCPA to maintain competitive rates; and

WHEREAS, governmental accounting standard GASB 62 allows for the use of regulatory accounting to defer revenues into future fiscal years; and

WHEREAS, GASB 62 transactions must be approved by the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors hereby establishes a fund designated as the "Operating Account Fund". This fund will be used to defer excess revenues, as determined by management, that will be recognized in future periods. This deferral will create an accounting liability, and the future recognition of revenue will decrease that liability.
2. The Board of Directors hereby authorizes the Chief Executive Officer, or the Chief Operating Officer, to transfer in or transfer out, from time to time, such amount as each such officer may determine as prudent and appropriate into or out of the Operating Account Fund; provided, the Board of Directors later approves such transfer at its next scheduled meeting.
3. The Operating Account Fund shall be recognized in accordance with GASB 62 and provide a contingency available upon approval by the Board of Directors to provide customer electric rate stabilization.
4. The Chief Executive Officer or the Chief Operating Officer, are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

DULY ADOPTED this 7th day of May, 2020

JURISDICTION	NAME	AYE	NO	ABSTAIN/ ABSENT
Cloverdale	Director Bagby	x		
Cotati	Director Landman	x		
County of Mendocino	Director Gjerde	x		
County of Sonoma	Director Hopkins	x		
Petaluma	Director King	x		
Point Arena	Director Torrez	x		
Rohnert Park	Director Belforte	x		
Santa Rosa	Director Tibbetts	x		
Sebastopol	Director Slayter	x		
Sonoma	Director Harrington	x		
Windsor	Director Okrepkie	x		

In alphabetical order by jurisdiction



Chair, Sonoma Clean Power Authority

Attest:



Clerk of the Board

APPROVED AS TO FORM:



Special Counsel,
Sonoma Clean Power Authority



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: September 19, 2024

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

CPUC Judge Rules PG&E Proposal to Reduce Financial Credits for CCA Customers Out of Scope

On August 1, 2024, the assigned Administrative Law Judge ("ALJ") on PG&E's 2025 Energy Resources Recovery Account ("ERRA") Forecast Application (A. 24-05-009) ruled the utility's proposal to increase CCA customer rates by reducing the credit paid to them was rejected as out of scope.

As background, for-profit utilities are granted the ability to recover both their costs and allowed levels of shareholder profits from the customers in their service territory. There are three over-arching types of rate cases in which Commission staff and interested stakeholders like CCAs can evaluate these utility requests: ERRA Forecast Proceedings, ERRA Compliance Proceedings, and General Rate Cases. In this current ERRA Forecast Proceeding, PG&E estimates and proposes a given amount of funds to be included in all customer rates beginning in January of 2025. The utility's actual costs are then recorded throughout 2025 and compared with this estimate. If these costs are deemed in compliance with the approved methodology, any under or over-collections are included as a debit or credit to future rates.

In this 2025 ERRA Forecast Application, PG&E proposed to modify the methodology

used to calculate the financial credit CCA customers receive in exchange for the costs they pay to maintain PG&E's assets. Specifically, PG&E proposed to lower the bill credit paid for Resource Adequacy ("RA"). All load-serving entities, including CCAs and for-profit utilities, are required to purchase RA and share the underlying contract information with the CPUC and CAISO. The intent is to ensure that all electricity providers have enough capacity under contract to maintain a reliable grid. Between 2019 and 2023, the average market cost of RA surged nearly 500%. This resulted in higher costs for load-serving entities like CCAs which are actively purchasing RA in the market. PG&E, on the other hand, has existing long-term contracts for resources that provide the bulk of their RA needs. Since CCA customers pay an equal share for these contracts but are not granted the RA attribute itself, they receive a financial credit. The value of that financial credit is based on weighted-average market prices. Thus, when market prices increase, PG&E is required to grant CCA customers a higher credit. This puts downward pressure on CCA customer bills. In this 2025 ERRRA Case, PG&E proposed to put a ceiling on the maximum amount they would credit CCA customers.

SCP customer bills would have increased by \$125 million in 2025 under PG&E's proposal. This equates to a typical residential customer paying an additional \$500 over the year.

Fortunately, the assigned Administrative Law Judge issued a Ruling which agreed with CCA advocacy that PG&E should not be allowed to implement this change. Specifically, it stated that "we are persuaded by CalCCA and DACC that this proceeding is the incorrect venue to address these issues." However, the Judge did not make a determination on the merit of PG&E's proposal and invited the utility to introduce this in another venue, stating that the proposal "may merit consideration in another rulemaking."

Legislative Updates

The legislative session wrapped up on August 31 at midnight. The Governor now has until September 30 to sign or veto legislation. While that would usually be the end of this year's legislative activity until the new Legislature is sworn in come December, the Governor has called a special session to take place this fall on oil prices. His goal is to secure legislation requiring sufficient oil reserves to be in place before refineries can be brought offline for maintenance or other purposes, to avoid price shocks to

consumers. It remains to be seen whether the Legislature has the political appetite to pass such a bill.

In the final days of the session, the Legislature passed AB 3264 (Petrie-Norris & R. Rivas), which requires improved reporting on various aspects of utility- and other energy-related spending with an eye toward controlling future costs. Of note, this bill contains provisions requiring CCAs like Sonoma Clean Power to report on our program expenses to the Public Utilities Commission. The Governor is likely to sign AB 3264, although given that several of his energy proposals fell through in the final hours, it is possible he will veto it to preserve leverage in negotiations next year (or for other reasons).

Sonoma Clean Power-Sponsored Legislation

Sonoma Clean Power's sponsored legislation, AB 1359 (Papan), is now on the Governor's desk after receiving broad, bipartisan support through the legislative process. This bill modifies an existing law specifying that the California Division of Geologic Energy Management (CalGEM) must serve as lead agency under the California Environmental Quality Act (CEQA) for all geothermal exploration projects, the first phase of a geothermal development. As CalGEM has not approved a single new exploration project under this section since the state adopted a goal of 100% clean energy, this could have presented a serious threat to the success of Sonoma Clean Power's GeoZone effort.

After eleventh-hour negotiations with the Governor's team, AB 1359 would allow a geothermal developer to choose whether they want CalGEM or the county in which the project is located to serve as the CEQA lead agency on the project. Numerous letters of support from the geothermal industry, environmental groups, and others have been sent to the Governor's office requesting his signature on this bill. Should AB 1359 be signed into law, it would take effect immediately.

Other Legislative Updates

Several bills Sonoma Clean Power supported are now on the Governor's desk awaiting signature or veto. These include:

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

AB 2292 would delete a duplicative requirement that the Public Utilities Commission consider the cost-effectiveness of new transmission projects for a second time, after the Commission as well as the California Independent

System Operator have already reviewed the cost-effectiveness of such projects earlier in the approval process. This small but important tweak should help speed up approvals of new transmission lines, which are critical to bringing more clean energy online in time to meet our ambitious climate goals.

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

This bill would require the Public Utilities Commission to look at the actual costs an electric or gas corporation has incurred in the past, not just their authorized costs, in future general rate cases and other authorizations to collect revenue.

- **SB 1006 (Padilla) - Grid-enhancing technologies - Support**

Grid-enhancing technologies (GETs) have significant potential to help increase the capacity of existing transmission lines, which would allow more clean energy to be interconnected to the grid and delivered to customers. For example, reconductoring an existing transmission line with more advanced conductors could increase a line's capacity while saving ratepayers significant amounts of money by allowing cleaner, cheaper power to come to market. SB 1006 would require investor-owned transmission utilities to develop strategic plans to deploy GETs over the years to come.

- **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 currently 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 or 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 1221 (Min) - Building decarbonization pilot program - Support**

Would create a pilot program aimed at demonstrating the feasibility of neighborhood-scale building electrification and removal of natural gas infrastructure. Specifically, the Public Utilities Commission would designate up to 30 “neighborhood priority decarbonization zones” in which gas providers would cease to serve customers, assuming sufficient access to an alternative energy source (presumably electricity) is available. The bill would test implementation of this concept in anticipation of broader decarbonization efforts down the road.

One other bill opposed by Sonoma Clean Power, SB 1298 (Cortese), died in the final days of the session. This legislation would have authorized the Energy Commission to “exempt from certification” backup generation for new data centers, up to 150 MW in size. For background, the Energy Commission conducts a certification process before authorizing new power plants in which it reviews potential environmental impacts, consistency with the state’s climate goals, and other relevant factors. Should they deem the proposed facility in the public interest, they give it the green light and the developer can move forward with building it.

Building on an existing exemption for smaller backup generation, this legislation proposed to grant backup power for data centers similar treatment to help keep those data centers running when the grid is unreliable. Sonoma Clean Power strongly opposed the potentially widespread deployment of diesel generators big enough to power the city of Santa Rosa, with immense potential to impact the state’s clean energy and air quality objectives.

Fortunately, thanks in part to the dogged lobbying of Sonoma Clean Power and other stakeholders, the Assembly Appropriations Committee put amendments in the bill requiring that the owner/operators of these generators fully mitigate or offset any air emissions that they produced. The author ultimately killed his own bill rather than move forward with those amendments.

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Staff Report - Item 05

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: September 19, 2024

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to secure affordable, reliable clean energy for our customers by building 600 megawatts of new geothermal power capacity in Sonoma and Mendocino Counties. This will enable 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>.

Assembly Bill 1359

As noted in the legislative update, as well, SCP sponsored legislation ([Assembly Bill 1359](#)) this year to enable geothermal developers to elect local counties to serve the role of lead agency for CEQA in permitting geothermal exploratory projects. The bill passed the Senate and Assembly in August with bipartisan support and is currently awaiting the Governor's signature. If signed, SCP's GeoZone partners can immediately start the permitting process with Sonoma and Mendocino counties, as opposed to relying on the California Geologic Energy Management Division (CalGEM)—which is currently backlogged with oil and gas litigation. Staff appreciates the support

provided by the local governments, environmental groups, labor unions, and the geothermal industry in passing the legislation as well as the commitment from the bill's author, Assemblymember Diane Papan.

July 25th Town Hall

SCP hosted a GeoZone town hall at the Customer Center on July 25th, 2024, offering participants an overview of the GeoZone as well as the opportunity to hear from a panel including Vice Chair of the Regional Climate Protection Authority Melanie Bagby, Department of Energy Manager and Strategy Lead for the Frontier Observatory for Research in Geothermal Energy (FORGE) Kevin Jones, and California Council on Environmental and Economic Balance Climate Change Program Manager Mikhael Škvarla. Attendance for the event surpassed staff's expectations, with 80 people showing-up in-person and 40 online from a variety of local communities and stakeholder groups. The event included live Spanish translation and was recorded and posted on the [GeoZone webpage](#).

The panel answered a variety of questions on the challenges in decarbonizing the state's electric sector, the opportunities and risks of geothermal development, involvement of the oil and gas industry, and the application of enhanced geothermal systems technology derived from the hydraulic fracturing industry. Staff were gratified to see a deep level of engagement and enthusiasm from meeting participants. The next town hall event is tentatively planned for early next year in Cloverdale.

GeoZone Project Updates

Chevron New Energies is working on finalizing negotiations with the Department of Energy on the grant they were awarded for demonstrating Enhanced Geothermal Systems (EGS) in the GeoZone. Meanwhile, Chevron is working on finalizing the location of an exploration well to collect the data necessary for executing its demonstration. In the next few months, based on the Governor's approval of AB 1359 and its conversations with permitting authorities, Chevron can either start the permitting process for an exploration well with Sonoma County or CalGEM. Chevron expects project-specific community engagement, which will be coordinated with SCP, to shortly follow selection of a lead permitting agency.

Eavor has completed an updated technical feasibility study to guide its prioritization of potential sites to host a demonstration project. Eavor is committed to meeting its contractual milestone of securing a site and being prepared to start the permitting and

interconnection processes next year.

SCP submitted an abstract for a project to demonstrate Cyrq's thermal energy storage system to the California Energy Commission's [Energy Storage Innovations to Support Grid Reliability funding opportunity](#). SCP expects to learn if the abstract was approved to move to the second round in late September, which would require submission of a full application by November 7th. The project team is meeting with the potential site host, as a commitment will be required to move forward. Meanwhile, the team is considering responding to the [Department of Energy's Long-Duration Energy Storage Pilot Program solicitation](#).

Catalyzing Next-Generation Geothermal Workshop

Staff participated in an invite-only workshop the Department of Energy hosted at its headquarters in Washington D.C. on August 26th to discuss opportunities to catalyze at-scale investment in next-generation geothermal projects. The workshop included Deputy Energy Secretary David Turk, CEOs from leading geothermal companies, leaders of utility commissions and utilities, venture capital firms, and banks.

Staff shared their perspective of the market for geothermal power in California and its approach to overcoming commercial, regulatory, and community support hurdles in progressing GeoZone projects. By and large, participants expressed skepticism that next-generation geothermal can flourish in California given the risk posed by existing permitting and interconnection processes. Staff left the meeting with a sense of urgency in addressing industry concerns to avoid a future where California ratepayers rely predominantly on out-of-state resources that are more costly and provide no economic benefit to the state. Staff are beginning to formulate a comprehensive legislative package for 2025 to address industry concerns.

While in Washington D.C., staff also had the opportunity to meet staff from the offices of Congressman Huffman, Congressman Thompson, and Senator Padilla. The staff meetings provided an opportunity to share progress on the GeoZone and identify federal policy opportunities to support local geothermal development.

Enhanced Geothermal System Breakthroughs

In early September, the Department of Energy [announced the results](#) of a commercial scale circulation test at its Frontier Observatory for Research in Geothermal Energy (FORGE). The month-long test achieved a consistent circulation rate of 420 gallons per minute at a temperature of 370 degrees Fahrenheit. Importantly, the test

demonstrated that more than 90% of the injected fluid was recovered during the test—which is an important data point in calibrating the potential leak-off from EGS.

Also in early September, Fervo Energy, a leading developer of EGS, [announced the results of their own 30-day circulation test](#) at a nearby project called Cape Station. The test achieved a maximum flow rate of 107 kg per second (1,700 gallons per minute) which is sufficient to enable over 10 MW of electricity generation from a well pair. It's triple the flow rate Fervo achieved in a similar test at their Project Red demonstration in Nevada and aligned with the most ambitious projections from the National Renewable Energy Laboratory on the metrics EGS needs to achieve to be scalable.



Staff Report - Item 06

To: Sonoma Clean Power Authority Community Advisory Committee

From: Danielle McCants, Customer Operations Manager
Elena Mendoza, Intern

Issue: Recommend the Board of Directors Approve the Revision to Sonoma Clean Power's A.3 Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collection and A.4 Information Technology Security Policy

Date: September 19, 2024

Recommendation

Staff are requesting that the Committee recommend the Board of Directors approve the attached revision to Sonoma Clean Power's A.3 Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collection (Attachment 1) and A.4 Information Technology Security Policy (Attachment 2).

Background

In 2013, SCPA's Board of Directors created policies to promote the best interests of the Agency through overseeing the management of the Agency's business and affairs. Over the years, these policies were updated, and new policies were created and adopted by SCPA's Board of Directors.

An Ad Hoc Committee was established in 2022 to review the SCPA Board Policies. The committee made several recommendations, which staff have since implemented. Staff reviews these policies annually and recommends updates as needed.

As part of the ongoing policy updates, staff have recently made a change to Policy A.4 Information Technology Security which addresses the security team structure. The previous oversight responsibility, held by the Chief Executive Officer, Chief Operating Officer, Director of Internal Operations, and Director of Customer Service, in collaboration with SCPA's IT Consultant, has been updated. The revised roles for

oversight belong to the Chief Financial Officer, Senior Risk Manager, Building Operations & IT Manager, and the IT Systems Manager.

Key Changes

- **Specialized Roles:** The previous roles responsible for security oversight have been replaced with positions that have specific expertise in IT and risk management.
- **Expertise Over Availability:** By assigning these specialized roles, we improve our organizational efficiency and the effectiveness of our security measures.

Additionally, staff have updated Policy A.3 Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collection to reflect a new threshold for Pre-Collection settlements, raising it from \$2,500 to \$5,000. In response to agency growth and significant inflation impacting utilities and other sectors, these revisions were made to better align settlement thresholds with the increased financial demands and ensure the policy remains effective in the current economic environment.

Discussion

The following changes to the Board approved policies are below. See redlines attached.

Customer Service Policy A.1 Customer Privacy Policy	No proposed changes. <i>Update Director title when future changes are needed.</i>
Customer Service Policy A.2 Terms and Conditions of Service Policy	No proposed changes.
Customer Service Policy A.3: Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections	Minor updates, needs to go to BOD for approval.

Customer Service Policy A.4 Information Technology (IT) Security Policy	Minor updates, needs to go to BOD for approval.
Customer Service Policy A.5 Advance Metering Infrastructure (AMI) Data Security Policy	No proposed changes.
Customer Service Policy A.6 Emergency Consumer Protection Policy	No proposed changes.

Fiscal Impact

None.

Attachments

- Attachment 1 - Customer Service Policy A.3, Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections
- Attachment 2 - Customer Service Policy A.4, Information Technology (IT) Security Policy

Customer Service Policy A.3

Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections

This policy sets Sonoma Clean Power Authority's (SCPA) general rules related to SCPA late payment noticing and pre-collection noticing to customers. It also provides SCPA's general rules for transferring a customer to PG&E service for non-payment and to SCPA's collection agency.

This policy in whole or in parts may be suspended or modified if a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster that affects utility service or a health pandemic. At that time the Chief Executive Officer (CEO), or his designee, may put into effect **SCPA's Customer Service Policy A.6 - Emergency Consumer Protection Policy**. If the CEO, or his designee puts SCPA's Emergency Consumer Protection Policy into effect, the decision must be ratified by the Board of Directors within 90 days or at the next regularly scheduled Board of Director's meeting.

I. SCPA Late Payment Noticing Policy:

a. **Non-Residential Accounts:**

Customers will be sent an SCPA Late Payment Notice if:

- I. The account has an SCPA aggregated balance of more than \$500.00 based on the sum of the 60-90 day and 90+ day total in SCPA's aging report; and
- II. The customer is not on a Payment Plan with PG&E or is not current with the payments required by a PG&E Payment Plan.

b. **Residential Accounts:**

Customers will be sent an SCPA Late Payment Notice if:

- I. The account has an SCPA aggregated balance of more than \$250.00 based on the sum of the 60-90 day and 90+ day total in SCPA's aging report; and
- II. The customer is not on a Payment Plan with PG&E or is not current with the payments required by a PG&E Payment Plan.

II. Transfer of Service for Non-Payment Policy:

SCPA may transfer a customer to PG&E service for non-payment¹.

- a. SCPA may transfer a customer who has been sent two consecutive SCPA Late Payment Notices and who has not paid the outstanding balance within the time set forth in the second Late Payment Notice may be transferred from SCPA service to PG&E service for non-payment of SCPA charges.

¹ Pacific Gas & Electric Company. Electric Rule 23, Section U, Subsection 2.

- b. All customers, regardless of whether the customer was sent one or more Late Payment Notice(s), that has been transferred to PG&E service under section II.a or has voluntarily opted out of SCPA service, moved, and/or closed his/her account is still required to pay any outstanding SCPA charges for the period in which he/she took service from SCPA.
- c. Service transfers between providers can only take place on a customer's meter read date.

III. Pre-Collection Noticing Policy

Customers with charges reversed by PG&E back to SCPA of \$50.00 or more will be sent one Pre-Collection Notice prior to the customer's account being transferred to SCPA's collection agency.

- a. A customer has 30 calendar days from the date of the Pre-Collections Notice to pay his/her outstanding SCPA balance.
- b. Negotiated settlements with a customer in excess of \$~~5,000~~^{2,500} must be approved by the CEO or his designee.
- c. Balances not paid will be referred to SCPA's collection agency.

IV. Collections Policy

Customers that have been transferred by SCPA service to PG&E service for non-payment, voluntary opt outs, and closed accounts with outstanding SCPA balances may be referred to a collection agency retained by SCPA.

The collection agency retained by SCPA shall be vetted to ensure all consumer protection laws are strictly followed. On no less than an annual basis, SCPA shall review the practices and results of any retained collection agency, taking immediate action to address any concerns that may arise.

a. **Send to Collections:**

- I. Balances of \$50.00 or more will be referred to a collection agency retained by SCPA.
- II. Once accounts are sent to the collection agency, SCPA will no longer collect on the account and the customer must work with the collection agency on resolution of the charges owed.

b. **Write-Offs:**

Balances of \$49.99 or less may be deemed uncollectible and written off, may be sent to the collection agency, or SCPA may take any action that it deems appropriate and cost effective.

Customer Service Policy A.4 Information Technology (IT) Security Policy

Information Technology (IT) is a critical Sonoma Clean Power Authority (SCPA) asset and will be managed to ensure that it remains accurate, confidential, and available for authorized business activities only. Proper management of information technology is required to support regulatory compliance, minimize legal liability, reduce the risk of criminal activity, and to sustain stakeholder and customer satisfaction.

SCPA is dependent on information technology to conduct business operations. The ~~Chief Executive Officer, Chief Operating Officer, Director of Internal Operations, and Director of Customer Service, in collaboration with SCPA's IT Consultant, Chief Financial Officer, Senior Risk Manager, Building Operations & IT Manager, and IT Systems Manager~~ have been designated as the IT Security Team (IST) and are responsible for communicating IT policies and standards, helping all personnel achieve compliance with policies and standards, and reporting to management on any non-compliance or areas of risk.

SCPA will make information technology accessible only to authorized employees or designated vendors as needed and such information shall only be used for authorized agency purposes. To ensure protection of information technology, operational guidelines will be in place for employees and designated vendors to follow which adhere to the principles below:

- Follow all SCPA Board of Directors policies.
- Access to specific information technology is to be assigned to SCPA employees or designated vendors with the minimum level of access necessary to perform respective responsibilities.
- Access to information technology will be made available only to the extent necessary to support authorized business functions.
- Security systems are to be structured with multiple layers of security, including physical, network, host, and personnel security measures.
- The degree of information security protection is to be commensurate with the impact of inadvertent or intentional misuse, improper disclosure, damage or loss.
- Adequate controls will divide sensitive duties among more than one individual to provide checks and balances that help ensure operational guidelines are followed.
- Security is not an optional component of operations. All SCPA staff and designated vendors are required to protect information. All staff and designated vendors that use or have access to SCPA information technology are personally responsible for exercising the proper control over information according to the operational guidelines provided to them.



Operational guidelines for treatment of information technology are subject to change as needed to protect SCPA based on any changes in systems, threats, and practices. All substantive changes will be brought back before SCPA's Board of Directors for formal approval.

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Staff Report - Item 07

To: Sonoma Clean Power Authority Community Advisory Committee

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

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

Date: September 19, 2024

COMMUNITY OUTREACH IN OUR TERRITORY

Our Public Relations and Marketing team works diligently to connect with our customers and support communities across SCP territory. The dates below are examples of some of the many various community events Sonoma Clean Power staff have attended, or will be participating in or sponsoring:

In late July, staff-led a food drive benefiting Fort Bragg Food Bank

- 8/1 - 8/11, Sonoma County Fair - Hall of Flowers Sponsor
- 8/7, SANTA ROSA, Olivers Market (Montecito) - Food for Thought drop off
- 8/10 & 8/11, SEBASTOPOL - Gravenstein Apple Fair
- 8/17, PETALUMA - Community Picnic - Petaluma Blacks for Community Development
- 8/31, ROHNERT PARK - African Soul Festival (Community Equity Foundation)
- 9/6 - Redwood Empire Food Bank
- 9/14, WINDSOR - Windsor NetZero Wastewater Open House
- 9/15, SANTA ROSA - Fiesta de Independencia (Luther Burbank Center)
- 9/28, SANTA ROSA - Electric Science Day - Children's Museum
- 10/11, Adopt A Road Clean Up

CUSTOMER PARTICIPATION RATES

(TOT = Town or Territory)

Meters and Participation by TOT

COUNTY	Eligible	SCP	% Part.	% Opt Out
MENDOCINO	38,159	30,027	78.7%	21.3%
FORT BRAGG INC	4,069	3,394	83.4%	16.6%
POINT ARENA INC	338	286	84.6%	15.4%
UNINC MENDOCINO CO	31,020	24,190	78.0%	22.0%
WILLITS INC	2,732	2,157	79.0%	21.0%
SONOMA	230,575	202,218	87.7%	12.3%
CLOVERDALE INC	3,977	3,274	82.3%	17.7%
COTATI INC	3,873	3,465	89.5%	10.5%
PETALUMA INC	27,719	24,588	88.7%	11.3%
ROHNERT PARK INC	19,725	17,307	87.7%	12.3%
SANTA ROSA INC	80,084	70,746	88.3%	11.7%
SEBASTOPOL INC	4,499	4,097	91.1%	8.9%
SONOMA INC	6,410	5,608	87.5%	12.5%
UNINC SONOMA CO	74,238	64,380	86.7%	13.3%
WINDSOR INC	10,050	8,753	87.1%	12.9%
Total	268,734	232,245	86.4%	13.6%

Current EverGreen Enrollment by TOT

COUNTY	SCP Meters	EverGreen Meters	EverGreen %
MENDOCINO	30,027	458	1.53%
FORT BRAGG INC	3,394	42	1.24%
POINT ARENA INC	286	30	10.49%
UNINC MENDOCINO CO	24,190	366	1.51%
WILLITS INC	2,157	20	0.93%
SONOMA	202,218	3,793	1.88%
CLOVERDALE INC	3,274	26	0.79%
COTATI INC	3,465	128	3.69%
PETALUMA INC	24,588	630	2.56%
ROHNERT PARK INC	17,307	241	1.39%
SANTA ROSA INC	70,746	1,208	1.71%
SEBASTOPOL INC	4,097	186	4.54%
SONOMA INC	5,608	86	1.53%
UNINC SONOMA CO	64,380	1,021	1.59%
WINDSOR INC	8,753	267	3.05%
Total	232,245	4,251	1.83%

PROGRAMS UPDATES

Alerts Through GridSavvy Rewards

In August, enrollment in Alerts through GridSavvy Rewards reached 11,015 bringing the program closer to the goal of 13,000 participants for 2024. To support this goal, the \$25 enrollment incentive has been extended, allowing customers to join the program throughout the year.

GridSavvy Rewards - Smart Thermostats

The GridSavvy Rewards smart thermostat enrollment incentive has increased to \$100. This incentive can be applied to the purchase of a new smart thermostat from SCP's webstore (www.shopgridsavvy.store) or earned by enrolling an existing eligible thermostat. Currently, over 400 smart thermostats are participating.

Additional manufacturer discounts will be available in the webstore from September 23rd to October 7th which can be combined with our incentive, making several smart thermostat models free to customers.

GridSavvy Rewards for Electric Vehicle - Pilot Launch

Sonoma Clean Power has launched a new pilot program, GridSavvy Rewards for EVs, in partnership with ev.energy. This program builds on the success of the existing GridSavvy Rewards for EV Chargers program, which helps reduce demand during peak hours (4-9 pm).

The new pilot program, called GridSavvy Rewards for EVs, optimizes EV charging based on customers' preferences, battery levels, vehicle location, home solar use, and grid emissions. The program allows participants to manage charging remotely, and helps them save money by charging at cheaper and cleaner times while earning incentives.

Since the initial launch in June, the program has seen:

- 170 EVs enrolled
- 132 MWh delivered through managed charging
- 30% of charging sessions using residential solar

Participants can earn up to \$10 per month, plus a \$100 sign-up bonus, for optimizing their charging through the ev.energy app. This also helps reduce emissions by charging when renewable energy is most available and shifting energy use away from peak demand times.

Sonoma Clean Power and ev.energy are continuing to improve the program and recruit more pilot participants. Eligible participants must be an SCP customer with compatible EVs or home chargers, as listed on the website.

More details can be found on the SCP website:

<https://sonomacleanpower.org/programs/electric-vehicles>

E-Bike Commuter Program

Sonoma Clean Power's E-bike Commuter Program is available to businesses, non-profits, and other organizations to encourage their staff to commute on electric bikes. Eleven grants totaling \$167,750 were approved in May and June of this year, with over \$35,000 provided to enrolled organizations to date.

On August 27, SCP staff traveled to Mendocino County to meet with Brooktrails Township to celebrate their enrollment in the E-bike Commuter Program. The Township is using their \$20,000 grant to purchase ten electric bikes, which will be used by Community Services District staff to replace vehicle miles related to service calls and maintenance.



Non-Profit Ev Incentives

The local non-profit, Conservation Corps North Bay recently utilized Sonoma Clean Power's Non-Profit EV Incentives, and had this to say about the impact and benefit of this program:

"As a job training program that focuses on preparing local youth for careers in the environmental sector, it is important to us to work toward electrifying our fleet to be in alignment with our mission.

As a nonprofit organization, we are continually looking for ways to steward the income we earn and receive, spend it wisely, and save where we can. The rebate helped us do that, especially at a time when vehicle costs have increased significantly since the pandemic.

We have been working to replace the vehicles our staff use for corpsmember support services and meetings outside the office with EVs to lower our gas bills and align with our environmental focus."



Letter of Support for County Of Sonoma DC Fast Charging

Sonoma Clean Power submitted a letter of support for the County of Sonoma's request for \$15 million from the federal Charging and Fueling Infrastructure (CFI) Grant Program. This funding will be used to install Direct Current Fast Charging (DCFC) stations at key Park & Ride locations throughout the county, such as in Windsor, Geyserville, and Cloverdale.

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is more than projections by approximately \$13,250,000. Year-to-date revenue from electricity sales is slightly under budget by less than 3% and cost of energy is under budget projections by approximately 8%. Year-to-date electricity sales reached \$270,976,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$285,519,000, which indicates healthy growth as SCP continues to make progress towards its reserves. 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 3% at the end of the reporting period. The cost of electricity is less than the budget-to-date by approximately 8%. 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

- June 2024 Financial Statements

UPCOMING MEETINGS

- Board of Directors - October 3, 2024
- Community Advisory Committee - October 17, 2024
- Board of Directors - November 7, 2024
- Community Advisory Committee - November 21, 2024



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 June 30, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the year 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 -
August 19, 2024 -

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of June 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 69,683,125
Accounts receivable, net of allowance	22,170,547
Other receivables	4,077,142
Accrued revenue	14,974,619
Prepaid expenses	892,006
Deposits	3,400,358
Investments	174,973,411
Total current assets	<u>290,171,208</u>
Noncurrent assets	
Other receivables	1,075,435
Deposits	846,256
Capital assets, net of depreciation	18,600,975
Total noncurrent assets	<u>20,522,666</u>
Total assets	<u>310,693,874</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	16,512,867
Accounts payable	1,072,084
Advances from grantors	2,382,376
Other accrued liabilities	1,349,458
User taxes and energy surcharges due to other governments	699,351
Supplier security deposits	954,000
Total current liabilities	<u>22,970,136</u>
Noncurrent liabilities	
Supplier security deposits	2,205,121
Total liabilities	<u>25,175,257</u>

NET POSITION

Investment in capital assets	18,600,975
Unrestricted	266,917,642
Total net position	<u>\$ 285,518,617</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended June 30, 2024

OPERATING REVENUES

Electricity sales, net	\$ 268,326,405
Evergreen electricity premium	2,649,939
Grant revenue	1,379,931
Total operating revenues	272,356,275

OPERATING EXPENSES

Cost of electricity	172,165,474
Contract services	8,965,599
Staff compensation	8,405,941
Program rebates and incentives	3,798,775
Other operating expenses	2,225,837
Depreciation	1,400,732
Total operating expenses	196,962,358
Operating income	75,393,917

NONOPERATING REVENUES (EXPENSES)

Interest and other investment income	9,264,855
Nonoperating revenues (expenses), net	9,264,855

CHANGE IN NET POSITION

	84,658,772
Net position at beginning of year	200,859,845
Net position at end of period	\$ 285,518,617

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 275,077,841
Receipts from grantors	1,120,131
Receipts of security deposits	7,679,032
Other operating receipts	1,604,597
Payments to electricity suppliers	(170,266,294)
Payments for other goods and services	(10,807,352)
Payments of staff compensation	(8,278,191)
Payments of tax and surcharges to other governments	(3,488,746)
Payments for program rebates and incentives	(4,915,809)
Net cash provided (used) by operating activities	<u>87,725,209</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Payments to acquire capital assets	<u>(1,586,968)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest and other investment income received	5,094,098
Proceeds from certificates of deposit matured	65,000,000
Purchase of investments	(152,000,000)
Net cash provided (used) by investing activities	<u>(81,905,902)</u>

Net change in cash and cash equivalents	4,232,339
Cash and cash equivalents at beginning of year	65,450,786
Cash and cash equivalents at end of period	<u>\$ 69,683,125</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Year Ended June 30, 2024

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

Operating income (loss)	\$ 75,393,917
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,400,732
(Increase) decrease in:	
Accounts receivable, net	2,997,963
Other receivables	422,930
Accrued revenue	(2,364,784)
Prepaid expenses	581,801
Deposits	5,388,699
Increase (decrease) in:	
Accrued cost of electricity	2,749,136
Accounts payable	44,062
Advances from grantors	(692,306)
Accrued liabilities	1,207,287
User taxes due to other governments	(20,428)
Supplier security deposits	616,200
Net cash provided (used) by operating activities	<u>\$ 87,725,209</u>

NONCASH INVESTING CAPITAL AND FINANCING ACTIVITES

Unrealized appreciation and timing differences in investment income \$ 4,170,757



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 year ended June 30, 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 -
August 19, 2024 -

**SONOMA CLEAN POWER AUTHORITY -
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND -
Year Ended June 30, 2024 -**

	2023/24 YTD		2023/24 YTD		2023/24 Amended Budget Remaining
	Amended Budget	2023/24 YTD Actual	Amended Budget Variance (Under) Over	Actual / Amended Budget %	
REVENUE AND OTHER SOURCES:					
Electricity (net of allowance) *	\$ 275,994,000	\$ 268,276,698	\$ (7,717,302)	97%	\$ 7,717,302
Evergreen Premium (net of allowance)	2,689,000	2,649,939	(39,061)	99%	39,061
CEC Grant	902,000	687,625	(214,375)	76%	214,375
Investment returns	7,659,000	9,264,855	1,605,855	121%	(1,605,855)
Miscellaneous Income	2,058,000	742,013	(1,315,987)	36%	1,315,987
Total revenue and other sources	289,302,000	281,621,130	(7,680,870)	97%	7,680,870
EXPENDITURES AND OTHER USES:					
CURRENT EXPENDITURES					
Cost of energy and scheduling	186,460,000	172,165,474	(14,294,526)	92%	14,294,526
Data management	2,680,000	2,557,623	(122,377)	95%	122,377
Service fees- PG&E	990,000	979,146	(10,854)	99%	10,854
Personnel	8,346,000	8,405,941	59,941	101%	(59,941)
Energy Center, marketing & communications	3,301,000	2,627,722	(673,278)	80%	673,278
Customer service	220,000	138,115	(81,885)	63%	81,885
General and administration	1,515,000	1,308,746	(206,254)	86%	206,254
Legal	475,000	139,952	(335,048)	29%	335,048
Regulatory and compliance	460,000	296,341	(163,659)	64%	163,659
Accounting	309,000	285,110	(23,890)	92%	23,890
Legislative	220,000	96,033	(123,967)	44%	123,967
Other consultants	624,000	362,220	(261,780)	58%	261,780
Industry memberships and dues	695,000	651,160	(43,840)	94%	43,840
Program implementation	8,101,000	3,968,760	(4,132,240)	49%	4,132,240
Program - CEC grant	1,712,000	1,579,283	(132,717)	92%	132,717
Total current expenditures	216,108,000	195,561,626	(20,546,374)	90%	20,546,374
OTHER USES					
Capital outlay	1,900,000	1,515,805	(384,195)	80%	384,195
Total expenditures, other uses	218,008,000	197,077,431	(20,930,569)	90%	20,930,569
Net increase (decrease) in available fund balance	\$ 71,294,000	\$ 84,543,699	\$ 13,249,699		\$ (13,249,699)
<i>* Represents sales of approximately 2,086,000 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
Year Ended June 30, 2024

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 84,543,699
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(1,400,732)
Add back capital asset acquisitions	<u>1,515,805</u>
Change in net position	<u><u>\$ 84,658,772</u></u>

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Staff Report - Item 08

To: Sonoma Clean Power Authority Community Advisory Committee

From: Garth Salisbury, Chief Financial Officer
Chris Golik, Revenue Manager

Issue: Receive a Presentation on a Planned Power Purchase Agreement Prepayment Transaction

Date: September 19, 2024

Requested Committee Action

Receive a presentation on a Planned Power Purchase Agreement Prepayment Transaction.


Background

A presentation will be provided on a Planned Power Purchase Agreement Prepayment Transaction at the September 19, 2024, Community Advisory Committee Meeting.

Attachments

- SCP Renewable PPA Prepayment Transaction CAC Update Power Point

SCP Renewable PPA Prepayment Transaction Update



The slide features a background with a vertical gradient from teal at the top to light green at the bottom. The title is in a large, bold, dark blue font. The logo consists of three horizontal bars (yellow, green, blue) to the left of the text 'Sonoma Clean Power'.

1

Presentation to Community Advisory Committee September 19, 2024



The slide has a solid dark purple background. The text is centered in a white, bold font. The logo is a smaller version of the one on slide 1, located in the bottom right corner.

2

Agenda

1. Discussion of tax law and history of tax-exempt energy prepayment transactions in the US and in California
2. High Level Discussion/Prepayment Transaction
3. Update/Next Steps on SCP's first Prepayment Transaction.



3

History and Tax Law Behind Municipal Prepaid Energy Transactions

- Municipal electric and gas utilities (and tax-exempt entities such as CCAs) in the US can prepay for a supply of electricity or natural gas from a taxable (corporate) entity and fund that prepayment with tax-exempt municipal bonds.
- Prepayment transactions are legal and Codified in US Tax Law:
 - Treasury Regulation § 1.148-1(e)(2)(iii) and
 - Congress enacted legislation specifically allowing gas prepayment transactions (National Energy Policy Act of 2005; Section 1327).



4

History and Tax Law Behind Municipal Prepaid Energy Transactions

- Over **110** municipal prepayment transactions totaling over **\$75 Billion** have been completed in the US (mostly for natural gas)
- Prepayment transactions are **saving utility ratepayers billions of \$ in reduced rates and energy charges** and will continue to do so over the 30-year life of the transactions.



5

Recent History of CCA Renewable Energy Prepayment Transactions in California

- In 2021, five CCAs – MCE, SVCE, EBCE (now Ava Energy), CPA and 3CE formed the **California Community Choice Financing Authority (CCCFA)**
- Since late 2021, there have been 12 municipal bond issuances through CCCFA totaling \$11.5 billion – all for renewable electricity on behalf of CCAs around the State of California
- Recently CPA closed the largest renewable energy prepayment to date:
 - \$1,525,000,000 that will save CPA ratepayers almost \$12 million/year for the first 8 years totalling over \$93 million



6

SCP Prepayment Transaction Team

- SCP has RFP'd for a prepaid supplier/bank to structure the prepayment and underwrite the bonds:
 - Goldman Sachs/J. Aron* was selected.
- Additional team members of legal and financial consultants retained (or to be retained) to assist SCP to negotiate/structure the transaction include:
 - SCP Prepayment/Disclosure Counsel – Chapman and Cutler*
 - SCP Bond/Tax Counsel – Orrick Herrington & Sutcliffe*
 - SCP Municipal Financial Advisor – Public Financial Management*

*These consultants work on a contingency basis and are paid from bond proceeds only if the issue closes



7

Joining California Community Choice Financing Authority (CCCFA)

- SCP Board to consider Resolution to join CCCFA conduit at the October Board Meeting
 - One time "Membership Fee" of \$50,000 to join
 - \$20,000 Deal Fee paid from bond proceeds each time SCP does a transaction through
- SCP would agree to pay its equal share (with the other member CCAs) of ongoing net operating expenses of the Authority (net of new member and deal fees each year) going forward;
 - Last year's cash call to members was \$30,000



8

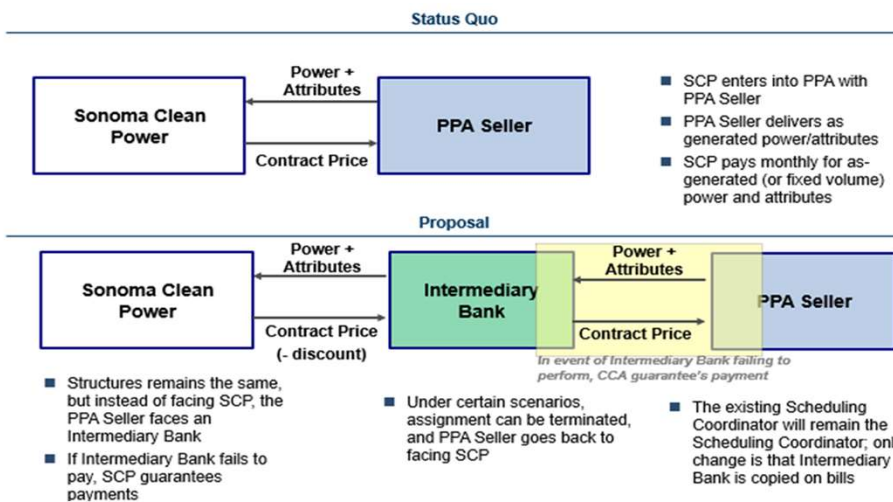
SCP Prepayment Transaction Description/Update

- Four-five of SCP’s existing renewable PPA’s are assigned or “novated” to Goldman Sachs, the taxable prepaid power supplier and underwriter of the bonds;
 - These contracts that we already have in place
 - PPA contract terms remain the same
 - Tax-exempt bonds would be issued by CCCFA to prepay the contracts
- Bonds finance issuance costs, reserves and the prepayment to Goldman Sachs;
 - **IMPORTANT:** Bonds are *not a debt* of SCP
- SCP expects to get savings on the energy from the contracts of 10+% or \$3-5 million year, depending upon market conditions at the time of the pricing and the size of the bond issue.



9

PPA Assignment Graphic Before and after the Limited Assignment



10

Thank you



11

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Staff Report - Item 09

To: Sonoma Clean Power Authority Community Advisory Committee

From: Carolyn Glanton, Programs Operations Manager
Rebecca Simonson, Director of Programs

Issue: Receive Residential and Commercial Community Needs Assessment Final Report

Date: September 19, 2024

Recommendation

Receive and file the Residential and Commercial Community Needs Assessment Final Report.

Background

Following the Board's 2020 directive to further prioritize equity, SCP established a Programs Equity Framework in 2021. This framework was embedded in SCP's Strategic Action Plan starting in 2022, providing clear actions and timelines to advance equity.

As outlined in our Strategic Action Plan and Equity Framework, Community Needs Assessments are the first step in ensuring equity. The purpose of these Needs Assessments is to listen to our community and learn about concerns, existing barriers, and available resources.

The Community Advisory Committee recommended approval of funding for Community Needs Assessments in November 2022 and the Board of Directors approved funding in December 2022. The sectors covered are residential, commercial, agricultural, and transportation needs. The agricultural assessment was completed in 2023 and the results were shared with the Community Advisory Committee and the Board of Directors in March 2024. The transportation and mobility assessment concluded and was presented to the Committee in May 2024 and Board in June 2024. The Residential and Commercial Community Needs Assessments are presented in this Staff Report.

Discussion

In November 2022, SCP selected Sacramento Municipal Utility District (SMUD) through a competitive process to conduct needs assessments for the residential and commercial customer sectors. SMUD, the sixth-largest not-for-profit utility in the nation, was chosen for its extensive experience advancing equity throughout its service territory. SMUD has a full-service, utility-focused market research department and has decades of experience developing and implementing programs rooted in thorough market research. Their commitment to affordable clean energy and decarbonization through electrification aligns with SCP's goals.

Supporting Underrepresented Communities

SCP is dedicated to supporting communities historically underrepresented in energy programs and their benefits. As previously presented to the Committee, SCP selected 10 vulnerable census tracts, termed "Empower Communities", in Sonoma and Mendocino counties most affected by pollution, socioeconomic challenges, and affordability issues. In our residential and commercial community needs assessment research, SCP prioritized engaging with residents and businesses in these Empower Communities to better understand and address their needs.

Research

SMUD conducted four different research studies to get comprehensive feedback from SCP's customers on community needs including:

- Informant interviews
- Website usability testing
- Residential customer survey
- Commercial customer survey

Research Findings: Customer Priorities

Through informant interviews, website usability testing, and residential and commercial surveys, SMUD identified the key customer priorities for both residential and commercial sectors as follows:

- Reduce energy bills
- Help low-income customers with energy bills

- Improve affordability of energy efficiency solutions
- Protect against power outages
- Address climate change
- Build local renewables
- Improve access to information on rates and incentives

Recommendations for SCP

For each customer priority, SMUD provided recommendations to SCP in improving existing programs and designing and implementing new programs. The recommendations are limited to areas that SCP controls, and notably does not include any of the advocacy work SCP does in Sacramento, at the California Public Utilities Commission and the California Energy Commission to advocate for similar public benefits. SMUD's recommendations are summarized below.

- **Reduce Energy Bills and Help Low-Income Customers**

- Promote energy efficiency and conservation.
- Educate customers on time-of-use (TOU) rates to shift usage to off-peak times and lower energy bills.
- Increase participation in GridSavvy Rewards to reduce peak-time energy use, save money and earn rewards.
- For Empower Communities and low-income customers:
 - Provide emergency bill relief and discounts.
 - Install energy efficiency measures (e.g., smart thermostats, LED lighting).
 - Target low-income customers for GridSavvy Rewards.

- **Improve Affordability of Energy Efficiency Solutions**

- Reduce upfront costs, offer rebates, and sell discounted energy-efficient equipment and products.
- Help commercial customers create energy efficiency plans.
- Target commercial customers for GridSavvy Rewards.

- For Empower Communities, offer larger rebates and discounts.
- **Protect Against Power Outages**
 - Provide rebated or discounted battery storage and solar panel pairings.
 - Offer emergency outage kits or backup battery generators.
 - Encourage participation in GridSavvy Rewards to reduce energy use during peak times and help stabilize the grid, reducing the likelihood of power outages.
 - For Empower Communities, offer larger rebates and discounts.
- **Address Climate Change**
 - Promote energy efficiency and electrification technologies, battery storage, and GridSavvy Rewards.
 - Build more local renewables.
 - For Empower Communities:
 - Offer larger rebates and discounts.
 - Offer shade tree planting.
- **Build Local Renewables**
 - Promote rooftop solar with battery storage.
 - For Empower Communities:
 - Offer a discount on EverGreen, SCP's 100% local, renewable electricity option.
 - Offer discounted or direct installation of rooftop solar systems paired with battery storage.
- **Improve Access to Information on Rates and Incentives**
 - Raise awareness on time-of-use (TOU) rates and available incentive programs through bill inserts, "tell a friend" options, and targeted marketing.

- Enhance program education via phone/email/chat concierge and digital channels.
- Improve website usability to make programs easier to find.

Attachments

- Attachment 1 - Residential & Commercial Community Needs Assessment Final Research Report & Recommendations, available at [this link](#) or by request to the Clerk of the Board
- Attachment 2 - Residential & Commercial Community Needs Assessment Presentation

Residential & Commercial Community Needs Assessment


Community Advisory Committee
September 19, 2024



1

Primary Research Studies

- Informant Interviews
- Website Usability Study
- Residential Customer Survey
- Commercial Customer Survey



2

Informant Interviews

- Community needs are diverse which means diverse solutions and strategies are required
- Not all customers have access to clean energy and the benefits
- Community-based organizations and contractors see themselves as vital partners, and trusted in the community
- Provided perspective on their client-base struggles:

“ Homeownership. Salary – they don’t make enough to think about the future. They’re surviving the present times.”
Community Based Organization



3

Customer Priorities



Reduce energy bills



Help low-income customers with energy bills



Improve affordability of energy efficiency solutions



Protect against power outages



Address climate change



Build local renewables



Improve access to information on rates and programs



4

Recommendations

Reduce Energy Bills & Help Low-Income Customers with Energy Bills

- Share time-of-use details with customers
- Boost GridSavvy Rewards participation

For Empower Communities and low-income customers:

- Emergency bill relief
- Low-income discount
- Direct install of energy efficiency and conservation measures
- Promote GridSavvy Rewards participation



5

Recommendations

Improve Affordability of Energy Efficiency Solutions

- Reduce upfront costs
- Offer post-purchase rebates
- Sell discounted products
- Assist customers in creating energy efficiency plans
- Promote GridSavvy Rewards participation
- For Empower Communities, offer larger rebates and discounts



6

Recommendations

Protect Against Power Outages

- Provide rebated or discounted battery storage
- Pair battery storage with solar panels
- Offer emergency outage kits or backup battery generators
- Promote GridSavvy Rewards
- For Empower Communities, offer larger rebates and discounts



7

Recommendations

Address Climate Change

- Promote energy efficiency technologies & battery storage
- Support electrification technology installations with rebates/discounts
- Promote GridSavvy Rewards
- Develop more local renewables
- Plant shade trees
- For Empower Communities, offer larger rebates and discounts



8

Recommendations

Build Local Renewables

- Implement a solar shares program
- Promote rooftop solar paired with battery storage
- For Empower Communities:
 - Better solar shares rates
 - Discount on EverGreen
 - Discounted or direct install rooftop solar systems with battery storage



9

Recommendations

Improve Access to Information on Rates and Programs

- Bill inserts or enhanced bill messaging
- Explore “tell a friend” options
- Program marketing strategy focused on channels that appeal to the Empower Communities
- Implement new program education channels
- Website improvements



10



Staff Report - Item 10

To: Sonoma Clean Power Authority Community Advisory Committee
From: Geof Syphers, Chief Executive Officer
Issue: Recommend the Board Reduce Agency Expenses by an Estimated \$46 Million for the Six-Year Period from 2025 through 2030 by Accepting an Allocation of Energy from the Diablo Canyon Nuclear Power Plant
Date: September 19, 2024

Recommendation

Staff are seeking input and a recommendation from the Community Advisory Committee on whether the Board of Directors should accept or reject carbon-free energy from the Diablo Canyon Nuclear Power Plant worth an estimated \$46 million spread over six years. Accepting the State's allocation of this energy would mean SCP would have to show nuclear energy on the customer-facing Power Content Label in amounts ranging from about 1% to about 9% in the different years between 2025 and 2030. EverGreen would remain 0% nuclear.

Staff recommends the Committee recommend the Board accept the allocation.

Background

Following successful CCA advocacy at the California Public Utilities Commission (CPUC) in 2020, CCAs throughout PG&E's service territory were offered shares of the large hydro and nuclear energy their customers were paying for. At that time, SCP chose to accept the large hydro allocation and reject the nuclear allocation.

This decision was consistent with past practice, as SCP has not pursued procurement of nuclear power since its inception due to concerns about the high costs and risks associated with the technology. California has also generally been moving toward closing the state's last remaining reactors, with San Onofre closing in 2013 and Diablo Canyon originally scheduled to close one reactor in 2024 and the other in 2025.

Those State plans changed following the September 2022 heat storm. Due to the extreme measures California had to take to keep the lights on that month, Senate Bill 846 (Dodd, 2022) was urgently passed, directing the CPUC to push back the closure date for Diablo Canyon.

On December 14, 2023, the CPUC approved the extension of operations of PG&E's Diablo Canyon Nuclear Power Plant at least until October 31, 2029 (Unit 1) and October 31, 2030 (Unit 2). The CPUC's decision and subsequent Advice Letter 7295-E submitted on June 12, 2024, requires PG&E to offer SCP and all other power providers the option to receive Diablo Canyon's nuclear output. The allocation would begin January 2025 and go through October 2030. Any power provider that decides to accept this allocation will show nuclear energy as one of their power sources.

Discussion

Since this CPUC decision was made on the basis of supporting grid reliability for California as a whole, and not on behalf of PG&E's customers alone, state lawmakers decided the costs of continuing to operate Diablo Canyon will be spread across all ratepayers in the state, including SCP's customers. As a matter of equality, because all customers are being charged the costs to operate the nuclear plant, the statute required they also receive the corresponding energy.

What is unusual, however, is that the CPUC is making individual power providers decide whether the nuclear energy we all pay for shows up on our Power Content Labels or not. This puts SCP in the uncomfortable position of having to accept nuclear energy - with the lower rates that decision would involve - OR increasing rates to pay for additional carbon-free energy for the next five years.

Staff fully appreciate the schism between California mandating that all customers pay for nuclear power to supply reliability, but then allowing each power provider to decide if they wish to show that resource or not... for a price.

A Parallel Problem: Eroding Transparency

SCP and California's CCAs have consistently defended our ability to make our own choices about power resources, so the CPUC offering us a choice about whether to accept or reject nuclear energy is superficially consistent with that goal. However, the critical distinction is that the CPUC's decision does not allow SCP to cash out the value of our allocation and apply those funds to alternate power sources. Presumably,

this is due to the state's determination that this resource is too critical for reliability to risk defunding it.

As a result, the choice is:

- A) Pay for nuclear plus an equal volume of hydropower at an expense of about \$92 million¹ over six years; or
- B) Pay for nuclear alone at an expense of about \$46 million over six years.

A similar and parallel problem is happening with natural gas fired power plants. The newly created Strategic Reliability Reserve is operated by the California Department of Water Resources for the purpose of retaining extra power resources for extreme weather events beyond the excess resources all power providers must already provide. The Strategic Reliability Reserve has three natural gas fired power plants in it so far.

The problem is that when those Reserve power plants operate, the energy they produce is not reported on any power provider's Power Content Label. Likewise, the emissions from those power plants are also not reported by individual power providers. This creates a situation where California's grid appears cleaner than it actually is, as the emissions from several natural gas power plants are hidden from the public. It also creates a potential temptation for more fossil resources to be placed into the Strategic Reliability Reserve to make it appear that California is meeting its climate goals, even when it may not be. The costs of the Strategic Reliability Reserve are borne by all ratepayers, including SCP customers.

SCP's Geothermal Opportunity Zone initiative to build 600 MW of local geothermal power is geared to eliminate SCP's need to pay to keep California's dirtiest natural gas power plants on life support. However, it will take a number of years to construct those geothermal resources, so SCP cannot ignore this issue.

The situation with choosing to accept or reject nuclear energy from Diablo Canyon is similar to the Strategic Reliability Reserve because it will soon be possible to hide some of the dependency of load-serving entities like SCP on nuclear power by paying for extra short-term carbon-free energy to keep nuclear off of power source disclosures.

¹ \$92 million is staff's estimate based on current energy market conditions, but the actual expense could be higher or lower.

Short-term carbon-free resources are almost exclusively from existing large hydropower since other renewable resources are generally sold on long-term contracts. This means the power providers that choose to accept a nuclear allocation will have lower costs. The providers that choose not to show nuclear energy on their reports will be required to purchase the equivalent volume of replacement energy resources.

There is also growing risk that sufficient additional hydropower will not be available to purchase for two reasons: First, climate goals in the Pacific Northwest requiring power providers to decrease their use of natural gas and coal power are leaving less hydropower available for sale into California. Second, increasing variability in rainfall due to the climate crisis is causing years where hydropower production is substantially below contracted amounts. Rejecting the Diablo Canyon allocation would therefore be a risk for meeting's SCP climate targets.

It is also staff's opinion that hiding problematic power sources creates risks that the public will not push for them to be permanently shut down. This may be increasingly important because staff believe there is a significant risk the State will continue to add natural gas power plants to the Strategic Reliability Reserve and continue to extend the operations of Diablo Canyon beyond 2030. The risk of these further actions is due to delays in constructing sufficient transmission capacity to support growing electric demand, and a lack of baseload renewable sources like offshore wind and geothermal to support winter and nighttime reliability.

Impacts

There is no obligation to accept an allocation of nuclear energy, and acceptance or rejection of the nuclear allocation will have no impact on the extension of operating Diablo Canyon, which has already been approved. To date, the CPUC has required that all SCP customers pay for PG&E nuclear generation costs through the Power Charge Indifference Adjustment ("PCIA"). Now, SCP customers – along with all California ratepayers – will pay for these same costs through a separate non-bypassable charge. The acceptance of the allocation would reduce SCP's obligation to purchase energy from other resources and thereby lower ratepayer costs.

The volume of nuclear power to be offered is still being determined by PG&E and the CPUC, but those offers will ultimately be made to all power providers across California, not just those within PG&E territory. Staff estimates that the allocation PG&E offers to SCP may be approximately 183,000 MWh of nuclear energy per year, with lower amounts in the first year (2025) and the last year (2030).

Separately from the allocation, SCP customers will pay for approximately \$46 million of Diablo Canyon’s operations, regardless of the Board’s decision on this item. This estimate is from the Alliance for Nuclear Responsibility. The question is whether it is worth paying an additional estimated cost of about \$46 million – beyond the initial \$46 million – between 2025 and 2030 to procure energy from non-nuclear resources to remove nuclear power from SCP’s Power Content Label. The estimate of this hydropower expense is made based on current market conditions, and could be significantly higher or lower when an actual transaction occurs.

Options

In comparing the options of accepting or rejecting the allocation of PG&E’s nuclear energy, staff have compiled a table to illustrate some of the issues.

	Reject Allocation	Accept Allocation
Ratepayer Impact	Status Quo is maintained. SCP would have to keep buying between \$3 and \$10 million per year of large hydropower and SCP customers would also have to pay PG&E an estimated \$46 million to continue operating its nuclear power plant through 2030.	Saves customers an estimated \$46 million total from 2025 through 2030 in avoided additional energy purchases.
Climate Impact	None.	None.
Power Content Label	Status Quo. SCP would continue to report only its contracted resources and any unspecified source energy.	Changes. SCP would report between about 1% and 9% nuclear for CleanStart (depending on the year), and 0% for EverGreen.
Grid Reliability	None.	None.

	Reject Allocation	Accept Allocation
Environmental Target Risk	Sustained risk that SCP would be unable to procure sufficient short-term carbon-free energy due to a market shortage of hydropower and limited options for procuring solar, wind, geothermal and other renewables on a short-term basis.	Lowers SCP risk for complying with environmental targets.

In August, staff from multiple load-serving entities met with PG&E and the CPUC to formulate allocation ratios for Diablo’s output. PG&E submitted these ratios for CPUC approval on August 30th. Staff are now waiting for CPUC staff to confirm the agreed-upon allocation ratios. Once they do so, PG&E will contact all load serving entities and request a decision on whether they accept the nuclear allocation within 30 days. Beginning in January of 2025, all customers will begin paying for Diablo Canyon’s extension.

Recommended Plan

Staff encourage the Committee and Board to consider accepting the allocation and pairing that with a plan for subsequent advocacy. The recommended plan would include:

1. Keep EverGreen nuclear free - SCP's 100% local renewable energy service should continue to remain nuclear free.
2. Advocate for a concrete and actionable plan to actually close Diablo Canyon in 2030 - California's track record for closing old, expensive and environmentally hazardous power plants is not good, and growing electric loads could lead future lawmakers and regulatory agencies to continue to extend Diablo Canyon unless a solid closure plan is adopted and sufficient transmission and renewable generation resources are built.
3. Direct SCP’s legislative and regulatory staff and SCP’s lobbyist to monitor bills and proceedings for opportunities to advocate for system planning that enables and requires the closure of Diablo Canyon in 2030.

Fiscal Impact

A decision to reject the allocation would preserve the status quo, meaning SCP customers would have to keep buying between \$3 and \$10 million per year of short-term hydropower and SCP customers would also have to continue paying PG&E an estimated \$46 million to continue operating its nuclear power plant through 2030.

A decision to accept the allocation would lower SCP's Power Supply expenses by an estimated \$46 million total between January 2025 and October 2030, with lower annual savings in the first and last years.