



AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, OCTOBER 17, 2024
1:00 P.M.

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE OCTOBER 17, 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 September 19, 2024, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Recommend the Board of Directors Approve the Updated Financial Policy B.5 - Investments (Staff Recommendation: Approve) **pg. 15**
3. Receive the Updated AG-5-B and AG-5-E Rates Effective October 1, 2024 (Staff Recommendation: Receive and File) **pg. 19**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

4. Receive Internal Operations and Monthly Financial Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 21**
5. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 45**
6. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 51**
7. Receive an Update Regarding the Five-Year Contract with Sacramento Municipal Utility District for Data Management, Billing, and Contact Center Services (Staff Recommendation: Receive and File) **pg. 55**

COMMITTEE MEMBER ANNOUNCEMENTS

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.)

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, SEPTEMBER 19, 2024
1:00 P.M.**

CALL TO ORDER

(1:02 p.m. - Video Time Stamp: 00:02:13)

Vice Chair Lipp called the meeting to order.

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

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Garth Salisbury, Chief Financial Officer; Amit Ranjan, Strategic Energy Resource Manager; Connor Wolf, Programs Specialist; and Carolyn Glanton, Programs Operations Manager.

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

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

1. Approve July 18, 2024, Draft Community Advisory Committee Meeting Minutes
2. Receive Generation Rates Effective August 1, 2024, Consistent with Prior Board Direction
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
4. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate
5. Receive Geothermal Opportunity Zone Update

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

Member Nicholls mentioned that PG&E was again raising rates and asked, regarding Item 2, if SCP would also. Geof Syphers, CEO, responded that would be discussed at the October Board of Directors (Board) meeting.

Public Comment: None

Motion to approve the September 19, 2024, Community Advisory Committee Consent Calendar by Member Dowd

Second: Member Nicholls

Motion passed by roll call vote.

AYES: Lipp, Hollinshead, Soto, Dowd, Wang, Hagen, Heffler, Nicholls

ABSENT: Morris, Kelly

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

(1:07 p.m. - Video Time Stamp: 00:07:56)

Michael Koszalka, COO, introduced SCP's newest employees Amit Ranjan, Strategic Energy Resource Manager, and Connor Wolf, Programs Specialist. COO Koszalka then discussed recent and upcoming events with SCP presence and stated that SCP's audited financial statements for FY 23/24 would be available soon. COO Koszalka then introduced Carolyn Glanton, Programs Operations Manager, who gave an update on SCP's Enphase program. Ms. Glanton stated that the partnership with Enphase had ended, and SCP will now be focusing on other battery manufacturers. CEO Syphers mentioned that he supports SCP staff ending programs that will not be successful, and he added that this puts pressure on the battery industry to think of grid reliability.

Member Hollinshead asked staff to describe the difference between grid resiliency and Enphase's power resiliency goal and Ms. Glanton responded that SCP does have batteries in its territory and wants to use them for grid reliability. CEO Syphers stated that the key distinction between the two is

whose resiliency is being discussed and said that SCP wants to help the entire grid. Member Hollinshead then stated that SCP should focus efforts on large energy users like grocery stores. Vice Chair Lipp asked if SCP's strategy was to subsidize the oversizing of batteries.

Public Comment: None

8. Receive a Presentation on a Planned Power Purchase Agreement Prepayment Transaction

(1:20 p.m. - Video Time Stamp: 00:20:54)

CEO Syphers stated that this item was a culmination of a discussion to use public funding to lower the cost of energy for SCP customers, and then he introduced Garth Salisbury, CFO who gave a detailed presentation on prepayments for power purchase agreements.

Member Heffler asked how this assuages risk and CFO Salisbury answered it will reduce the cost of contracts already in place. Member Nicholls asked what the timing was on putting this plan together and CFO Salisbury responded it could be by November. Member Hollinshead asked who makes money off this deal and CFO Salisbury explained that everyone can win, but SCP would take the lion's share of savings with the bonds. Member Hollinshead then asked if the Federal government was making up the difference and CFO Garth answered that they were. Member Soto asked if the bond rate was fixed in this risk hedging and CFO Salisbury stated that staff would find the number of years the bonds would have the greatest spread in rates and then transact.

Public Comment: None

9. Receive Residential and Commercial Community Needs Assessment Final Report

(1:41 p.m. - Video Time Stamp: 00:41:31)

Carolyn Glanton, Programs Operations Manager, gave a presentation on the Residential and Commercial Community Needs Assessment Final Report. CEO Syphers added that a colleague at Redwood Credit Union stated that energy and insurance prices have increased in cost faster than other household expenses, and people are seeing the connection between climate change and affordability.

Vice Chair Lipp stated that it is important to get information out and hear from the communities. CEO Syphers added that the information relates to much more than just programs. Member Soto asked if members of the community worry about heat risk, and Ms. Glanton said that it was not asked in this survey. Member Soto added that there would be an intersection with heat risk and grid reliability. Member Wang expressed worry that people with low income are not homeowners and asked if SCP was working with landlords, and Ms. Glanton stated that this came up a lot and is being discussed. Member Nicholls stated that there are no tax rebates for upgrades on rental properties. Member Hagen asked if there are any rebates or financing options out there for solar upgrades for non-profits, and CEO Syphers responded that there are not because rooftop solar is mandated now. Ms. Glanton mentioned SCP's non-profit electric vehicle incentives.

Public Comment: None

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

(2:19 p.m. - Video Time Stamp: 01:19:27)

CEO Syphers gave background on the Diablo Canyon Nuclear Power Plant and state reliability. He stated that the Committee is being requested to recommend whether the Board should accept the energy credit or not. CEO Syphers added that SCP was not given the option to sell this energy credit, and he added that staff recommends accepting the credit.

Member Dowd stated that while he is not supportive of Diablo Canyon continuing operation, it is beneficial to SCP's customers to accept the credit. Member Nicholls stated he had reached out to his constituency and because of the savings, recommended taking the credit. Member Hollinshead stated he was worried about the reactor failing and a lack of transparency of safety inspection data, but he would accept the allocation if SCP asked for disclosure in return to taking the credit. Member Heffler agreed, stating the savings should be used in battery, solar, and replacement energy technologies. Member Soto stated that SCP should take the credit and use the savings to invest in alternatives to nuclear and Member Hagen agreed. CEO Syphers thanked the Committee for their input and agreed to push for the necessary reliability resources to allow the plant's closure.

Public Comment: Geoffrey Leonard, Dave Hahn, Diego Garcia, and Jane Glanton all expressed support for taking the allocation of energy from Diablo Canyon and their comments are attached.

Motion to recommend the Board of Directors accept the allocation from Diablo Canyon, and for SCP staff to research other options regarding Diablo Canyon that would be beneficial for SCP customers by Member Dowd

Second: Member Nicholls

Motion passed by roll call vote.

AYES: Lipp, Hollinshead, Soto, Dowd, Wang, Hagen, Heffler, Nicholls

ABSENT: Morris, Kelly

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(2:41 p.m. - Video Time Stamp: 01:41:09)

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(2:41 p.m. - Video Time Stamp: 01:41:24)

None

ADJOURN

(2:41 p.m. - Video Time Stamp: 01:41:33)

The meeting was adjourned by unanimous consent.

Dear Community Advisory Committee and Board of Directors,

My name is Dave Hahn and I'm happy to be an Evergreen customer of SCP. I'm writing today to strongly encourage you to accept the financial benefit of the proposed Diablo Canyon GHG-free allocation.

I'm not an advocate for nuclear energy. In fact, I'd like to see the day when California transitions off nuclear energy and to purely renewable sources. But, according to the [LA Times](#), the Diablo Canyon plant was already extended through 2030 and we'll all have to pay for it. Some of my friends and neighbors are already having a hard time making ends meet. If we are all going to be forced to pay for this plant's extension, I respectfully ask that you please use whatever we get in return to lower bills as much as possible.

Thank you,

Dave Hahn

From: Diego Garcia

To: Clerk of BOD

Subject: Diablo Canyon

Date: Wednesday, September 18, 2024 8:04:57 PM

This is for board and committee

Please accept the power plant deal I don't want to pay more than I have to.

Diego Garcia.

From Santa Rosa

Geoffrey Leonard

To the Board of Directors and members of the Community Advisory Committee of Sonoma Clean Power:

I am a resident of Glen Ellen and a customer of Sonoma Clean Power. I am writing to express my support for the Board to reduce agency expenses by accepting an allocation of energy from the Diablo Canyon Nuclear Power Plant. I agree with the recommendation of the Staff and believe that this action should be taken to provide cost savings to SCP customers.

Regards,

Geoffrey Leonard

From: Jane Palmer

To: Clerk of BOD

Subject: Accept Allocation

Date: Wednesday, September 18, 2024 9:46:18 PM

Dear Sonoma Clean Power Community Advisory Committee,

Thank you for the opportunity to provide input. I have been a happy customer of SCP since you launched. I strongly urge you to recommend that the Board accept the \$46 million allocation of carbon-free energy from Diablo Canyon. With the extension of the plant through 2030, we're all already paying for it, and with the current high cost of living and rising energy bills, it's important to seize every opportunity to reduce costs for customers. Accepting this allocation would provide significant financial relief, helping to lower energy bills over the next six years.

Thank you very much,

Jane Palmer

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Staff Report - Item 02

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Recommend the Board of Directors Approve the Updated Financial Policy B.5 - Investments

Date: October 17, 2024

Recommendation

Recommend the Board of Directors approve the Updated Financial Policy B.5 - Investments, to be in compliance with the California Government Code, further limit the permitted investments, improve investment diversification, risk management and add reporting requirements to the Board.

Background

SCP has been accumulating reserves to strengthen the organization financially, to allow us to negotiate better, more cost-effective contracts with our counterparties and to ensure our ability to weather volatile energy markets while maintaining customer rates competitive with PG&E's. As an example, by effectively leveraging our strong "A" credit rating from Standard and Poor's, at the end of September SCP had no collateral held by outside counterparties. Conversely, SCP maintains over \$58 million in collateral in the form of cash and letters of credit from our counterparties.

In fiscal year 2023/24, we met our Reserve Policy goal of 280 days cash on hand and embarked on a program to incorporate a professional investment advisor to manage a portion of our financial reserves to maximize value for ratepayers. Staff recently completed an RFP for Investment Advisors and selected Chandler Asset Management (Chandler) to manage approximately 30-40% of our funds. Chandler professionally manages the financial assets of several CCAs in California and does so in alignment with the CCA's goals and prohibitions on certain types of investments. SCP's Investment Policy limits investments to high grade US government bills, notes and

bonds, bank Certificate of Deposits, corporate and asset backed bonds with a maximum maturity of five years. Chandler will manage 30-40% of the SCP investment portfolio that we do not expect to access over the next 5-7 years. The remaining 60-70% will continue to be managed by staff in liquid short term collateralized and FDIC insured money market funds and intermediate 1-2 year collateralized, and FDIC insured CDs.

Timing Considerations

To address the highest inflation rates in over forty years, the Federal Open Market Committee of the Federal Reserve Bank (the Fed) began increasing interest rates in 2022, increasing them by over 5.25% over a period of 16 months. These increases resulted in the highest interest rates in fifteen years and had the effect of slowing the US economy and reducing consumer demand for goods and services, thus dramatically reducing inflation.

With inflation seemingly in control, the Fed began reducing interest rates at its last meeting on September 18th by 0.5% (½ of 1%) to stimulate the economy to avoid a recession. We expect the Fed to continue to reduce interest rates over the remainder of the year and likely into 2025. Indeed, the financial markets have been anticipating these reductions for several months and interest rates have declined by over 1% since the peaks of earlier this year. To capture these higher interest rates with a portion of our portfolio that does not need to be liquid or short term in nature, staff intend to have Chandler professionally manage that portion of our portfolio and to begin investing immediately before interest rates decline further.

Discussion

In conjunction with the SCP CFO and finance staff, Chandler has reviewed our Investment Policy to suggest amendments to 1) modernize the Policy to bring it in line with the current Government Code in California, 2) further limit some types of permitted investments, 3) require higher credit ratings on some of the investment categories, 4) require further issuer diversification and 5) to enhance the periodic reporting requirements of our portfolio to our stakeholders. The suggested changes to our Investment Policy are included in red-line form (Attachment A).

Fiscal Impact

Staff do not expect a near-term fiscal impact from retaining Chandler to manage a portion of our funds or from the suggested amendments to the Investment Policy. However, in an environment of decreasing interest rates, staff expects that the professional management of a portion of SCP's reserves will result in enhanced interest earnings over the course of the next three to five years.

Attachments

- Attachment 1 - SCP Financial Policy B.5 - Investments (Redline) available at [this link](#), or by request to the Clerk of the Board

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Staff Report - Item 03

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Receive the Updated AG-5-B and AG-5-E Rates Effective October 1, 2024

Date: October 17, 2024

Recommendation

Receive Sonoma Clean Power's (SCP) updated Large Time-of-Use Agriculture rates AG-5-B and AG-5-E, adopted on October 1, 2024, under the CEO's authority to make temporary rate changes. The new AG-5-B and AG-5-E rates target a 3% savings for SCP customers vs. PG&E bundled customers on total electric bills and correct an error PG&E made in its last ratemaking process.

Background

PG&E updated their generation and delivery rates on July 1, 2024. SCP then updated rates on August 1, 2024, so that SCP customer total bills had a target of 3% below PG&E's bundled service total bills.

PG&E later identified an error with their July 1, 2024, rate change. Specifically, AG-5-B and AG-5-E bundled customer generation energy rates did not decrease as they should have, which PG&E corrected effective September 1, 2024.

Per Section 4.5.2.1.1 of SCPA's Joint Powers Agreement,

"...the Chief Executive Office may change any rate for power sold by the Authority or any charge for services provided by the Authority if (a) the need for the change arises from...(ii) a change in rates or charges imposed on the Authority or its customers by PG&E, the CPUC, or any other regulatory agency...; and (b) the Chief Executive Officer determines, following consultation with the Chair of the Board of Directors, that the change is reasonably necessary for budgetary reasons or to keep the Authority's rates and charges competitive. Changes in rates or charges made by the

Chief Executive Officer under this Section shall be brought to the Board of Directors at the next scheduled meeting for consideration and shall expire after 90 days unless ratified by the Board of Directors.”

Discussion

On September 1, 2024, PG&E updated their AG-5-B and AG-5-E rates to reflect lower bundled customer generation energy rates that should have taken effect on July 1, 2024. In response, and because PG&E’s new rates were below SCP’s rates, the CEO decided to update SCP’s AG-5-B and AG-5-E rates on October 1, 2024, to target a 3% savings for SCP customers vs. PG&E bundled customers on total electric bills.

Figure 1:

SCP RATE SCHEDULE	Season	Charge type	Charge unit	Time of Use	Aug 1, 2024 SCP GENERATION RATE	Oct 1, 2024 SCP GENERATION RATE	Sep 1, 2024 PG&E GENERATION RATE	Oct 1, 2024 SCP WITH PG&E DELIVERY & SURCHARGES	Sep 1, 2024 PG&E TOTAL BUNDLED RATES
AG-5-B	Summer	Energy	\$/kWh	On Peak	\$ 0.12009	\$ 0.10506	\$ 0.12325	\$ 0.22322	\$ 0.23012
AG-5-B	Summer	Energy	\$/kWh	Off Peak	\$ 0.12012	\$ 0.10508	\$ 0.12325	\$ 0.22248	\$ 0.22936
AG-5-B	Winter	Energy	\$/kWh	Part Peak	\$ 0.10818	\$ 0.09314	\$ 0.11082	\$ 0.20654	\$ 0.21293
AG-5-B	Winter	Energy	\$/kWh	Off Peak	\$ 0.10752	\$ 0.09246	\$ 0.11014	\$ 0.20654	\$ 0.21293
AG-5-B	Summer	Demand	\$/kW	Total	\$ 7.65	\$ 7.65	\$ 8.45	\$ 26.00	\$ 26.80
AG-5-B	Summer	Demand	\$/kW	On Peak	\$ -	\$ -	\$ -	\$ 9.34	\$ 9.34
AG-5-B	Winter	Demand	\$/kW	Total	\$ -	\$ -	\$ -	\$ 18.35	\$ 18.35
AG-5-E	Summer	Energy	\$/kWh	On Peak	\$ 0.12009	\$ 0.10506	\$ 0.12325	\$ 0.22322	\$ 0.23012
AG-5-E	Summer	Energy	\$/kWh	Off Peak	\$ 0.12012	\$ 0.10508	\$ 0.12325	\$ 0.22248	\$ 0.22936
AG-5-E	Winter	Energy	\$/kWh	Part Peak	\$ 0.10818	\$ 0.09314	\$ 0.11082	\$ 0.20654	\$ 0.21293
AG-5-E	Winter	Energy	\$/kWh	Off Peak	\$ 0.10752	\$ 0.09246	\$ 0.11014	\$ 0.20654	\$ 0.21293
AG-5-E	Summer	Demand	\$/kW	Total	\$ 7.65	\$ 7.65	\$ 8.45	\$ 26.00	\$ 26.80
AG-5-E	Summer	Demand	\$/kW	On Peak	\$ -	\$ -	\$ -	\$ 9.34	\$ 9.34
AG-5-E	Winter	Demand	\$/kW	Total	\$ -	\$ -	\$ -	\$ 18.35	\$ 18.35

Fiscal Impact

Due to the very small number of customers on these rates, the October 1, 2024, AG-5-B and AG-5-E rate changes are not expected to materially impact FY2024-25 revenue.



Staff Report - Item 04

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: October 17, 2024

CAPITAL PROJECTS AND ENGINEERING

The Board has directed staff to investigate local resource investment opportunities by setting aside a portion of our excess collections over reserves to help fund these projects. In addition, SCP is continuing to commission the advanced microgrid at the Business Office and has a planned renovation of the building at 421 E Street in Santa Rosa. SCP also has a growing need for engineering expertise to support commercial and agricultural customers with more complex energy projects.

To guide this work, SCP has formed a new department called Capital Projects and Engineering, headed up by Rebecca Simonson as the Director. Ms. Simonson is a professional mechanical engineer with experience in commercial property construction, public construction projects, and procurement.

Filling in as the Interim Director of Programs is Senior Program Manager, Felicia Smith.

PUBLIC RELATIONS AND MARKETING

The following is an update on the marketing outreach efforts for two customer offerings we're promoting through the end of the year (also detailed under the Programs Updates), with a particular focus on helping customers prepare for the colder months, which can lead to higher bills.

ENERGY SAVINGS BOX

We're driving awareness of the pilot program, encouraging eligible customers to request a free Energy Savings Box valued at \$100.

Promotional efforts include targeted email blasts to several segments including renters, targeted digital and social ads including an emphasis on Fort Bragg and Willits. We are also partnering with Redwood Empire Food Bank to table at two of their food distribution sites located within Empower communities, as well as communicating in their Partner Newsletter.

ALERTS THROUGH GRIDSAVVY EMAIL BLAST

This effort closes out the demand response season with digital, print, social and outdoor ads, promoting the \$25 incentive for enrolling and participating in energy savings events when called by SCP, in an effort to help reduce strain on the electric grid and reduce the use of fossil fuels.

A separate email was sent advising customers that the Thermostat Rebate offer ended on October 7th.

UPCOMING HOLIDAY PROGRAMS & EFFORTS

Once again, SCP's fourth quarter focus will raise awareness and funds for local food banks in our service territory, including donations to several food banks; media (print, digital, outdoor, social, and more) encouraging the community to aid in fighting local food insecurity.

Additionally, SCP is supporting the following holiday programs:

- Lighting of the Sonoma Plaza - Nov. 23rd 5 - 8 PM
- Center for Volunteerism and Non-Profit Leadership (CVNL) Secret Santa Program
 - Angel tags available the Customer Center to fulfill a local child's request
 - Adopt a Family
- Ukiah Valley Christmas Effort to fulfill a child or senior citizen's holiday wish
- Event Sponsor Charlie Brown Grove, Windsor 12/5 - 12/31

- Redwood Empire Food Bank canned food collection at SCP's Customer Center
- FREE Outdoor Holiday Skating Shows at Snoopy's Home Ice December 6 - 8 (time TBA)
- Fort Bragg Lighted Truck Parade (date TBA)
- Rohnert Park Holiday Lights Celebration 12/7
- Mendocino Coast Botanical Gardens Festival of Lights 11/29 - 12/22

PROGRAMS UPDATES

ENERGY SAVINGS BOXES AVAILABLE AS OF 9/25/24

SCP launched its Energy Savings Box on September 25, 2024, in response to strong residential customer interest about how to save money on their energy bills. This free kit empowers customers through simple and easy-to-install technologies delivered directly to their door. The intended recipients are renters and low- to moderate-income homeowners to help them save energy. The box contains LED light bulbs, a smart power strip, weather stripping solutions, and a smart outlet. Residential SCP customers can request an Energy Savings Box by completing a simple request form through the SCP website and the box is subsequently delivered by mail in approximately 1-2 weeks.

Staff are also working with local community organizations to deliver a tote bag version that will be given directly to the community members they serve. Staff will be monitoring sign-ups and survey responses to determine how many targeted customers are being served and if any improvements are needed to make the offer more successful.

SCP AWARDED \$4.99 MILLION CEC GRANT FOR DEMAND FLEXIBILITY

Sonoma Clean Power was recently awarded \$4,995,640 in grant funding from the California Energy Commission's Electric Program Investment Charge (EPIC) for Virtual Power Plant Approaches for Flexibility (VPP-FLEX). The objective of the grant is to fund demonstrations of community-based virtual power plant approaches.

SCP's approved project focuses on equity, expanding automated smart devices in GridSavvy Rewards in low-income and disadvantaged communities (DACs). Participation from low-income and DACs remains very limited for SCP's GridSavvy

smart device options due to factors such as lack of awareness, time, money, and empowerment, especially among renters. To address these barriers, this project will strategically target the deployment of smart devices for DACs, low-income, multifamily, and affordable housing, prioritizing simplicity, affordability, and accessibility. The project will consist of:

- Demonstration of smart panels with battery storage in a Burbank Housing multifamily affordable housing complex in southeast Santa Rosa
- Direct Install of smart thermostats for low-income customers
- Incentivizing and integrating new smart devices (e.g. smart thermostats, electric vehicles charging, battery storage, heat pump water heaters) in SCP's existing GridSavvy program
- Integrating small businesses in low-income and disadvantaged communities into GridSavvy

SCP has committed \$1,081,000 of match to this funding, which will be drawn from the Board approved incentives for low-income and vulnerable communities allocated from the 10% of excess ratepayer collections.

The grant projects are expected to begin in Q2 2025.

NATIONAL DRIVE ELECTRIC WEEK - EV SHOWCASE

Sonoma Clean Power and the North Bay Electric Auto Association hosted an EV Showcase on October 5, 2024, for National Drive Electric Week. The event featured a 1-hour presentation and 12 EVs, including models from local dealers and community members. About sixty people attended, providing SCP with a chance to support customers shopping for an EV and share insights on EV ownership.



WEEK WITHOUT DRIVING - TRANSPORTATION VISIONING

Sonoma Clean Power hosted a Transportation Visioning session on October 5, 2024, in partnership with Bikeable Santa Rosa, the Sonoma County Transportation Authority, the Sonoma County Bicycle Coalition, and local public transit providers. Over 60 attendees discussed their ideas for a cleaner, more accessible transportation system and shared them with local government staff. The event also wrapped up the Week Without Driving, which began on September 30, and built on SCP's 2024 Transportation Needs Assessment developed with Bikeable Santa Rosa.

IRA REBATES FOR HEAT PUMP HEATING AND COOLING - COMING SOON

As part of the Inflation Reduction Act (2022), California received \$290 million dollars to create Home Electrification and Appliance Rebates (HEEHRA). This rebate program is implemented by the California Energy Commission and administered by an existing statewide rebate program called TECH Clean CA. The CEC and TECH will be releasing the first batch of funding for heat pump HVAC systems for single family and multi-family homes in Fall 2024. The funding for single-family heat pump HVAC rebates is expected to serve about 7,500 homes in the state.

To be eligible for the single-family residential rebate, the applicant must demonstrate their income is less than 150% Area Median Income (AMI). Once the income eligibility is verified, the rebate will be deducted from the project cost to

reduce the total cost for low- to medium-income California households. Rebate amounts are \$8,000 for households with <80% AMI, and \$4,000 for households with 80-150% AMI. SCP will be updating the website and customer resources as more information becomes available.

MONTHLY COMPILED FINANCIAL STATEMENTS (JUNE)

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.

MONTHLY COMPILED FINANCIAL STATEMENTS (JULY)

The year-to-date change in net position is more than projections by approximately \$2,271,000. Year-to-date revenue from electricity sales is over budget by approximately 10% and the cost of energy is over budget projections by approximately 15%. Year-to-date electricity sales reached \$29,652,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$240,782,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Approximately \$163,190,000 is set aside for operating reserves.

BUDGETARY COMPARISON SCHEDULE (JUNE)

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.

BUDGETARY COMPARISON SCHEDULE (JULY)

The accompanying budgetary comparison includes the 2024/25 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, 2024/25 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 over budget by approximately 10% at the end of the reporting period.

The cost of electricity exceeds the budget-to-date by approximately 15%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

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

ATTACHMENTS

- June and July 2024 Financial Statements

UPCOMING MEETINGS

- Board of Directors - November 7, 2024
- Community Advisory Committee - November 21, 2024
- Board of Directors - December 5, 2024
- Community Advisory Committee - December 19, 2024



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

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

* Represents sales of approximately 2,086,000 MWh for 2023/24 YTD actual.

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

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>



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	87,725,209

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

Payments to acquire capital assets	(1,586,968)
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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	(81,905,902)

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	\$ 69,683,125

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 ACTIVITIES

Unrealized appreciation and timing differences in investment income	\$ 4,170,757
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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended July 31, 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
September 24, 2024

**SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
One Month Ended July 31, 2024**

	2024/25 YTD Budget	2024/25 YTD Actual	2024/25 YTD Budget Variance (Under) Over	2024/25 YTD Actual / Budget %	2024/25 Budget	2024/25 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	\$ 26,618,349	\$ 29,377,800	\$ 2,759,451	110%	\$ 239,147,000	\$ 209,769,200
Evergreen Premium (net of allowance)	225,000	274,212	49,212	122%	2,700,000	2,425,788
Investment returns	600,000	1,032,471	432,471	172%	7,200,000	6,167,529
Miscellaneous Income	83,300	-	(83,300)	0%	1,000,000	1,000,000
Total revenue and other sources	<u>27,526,649</u>	<u>30,684,483</u>	<u>3,157,834</u>	<u>111%</u>	<u>250,047,000</u>	<u>219,362,517</u>
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	15,401,770	17,643,620	2,241,850	115%	221,586,000	203,942,380
Data management	223,333	223,339	6	100%	2,680,000	2,456,661
Service fees- PG&E	82,500	80,000	(2,500)	97%	990,000	910,000
Personnel	934,137	815,382	(118,755)	87%	11,490,000	10,674,618
Energy Center, marketing & communications	281,543	183,185	(98,358)	65%	3,379,000	3,195,815
Customer service	47,750	10,183	(37,567)	21%	220,000	209,817
General and administration	153,372	129,533	(23,839)	84%	1,832,000	1,702,467
Legal	39,583	19,425	(20,158)	49%	475,000	455,575
Regulatory and compliance	38,333	9,238	(29,095)	24%	460,000	450,762
Accounting	21,200	23,000	1,800	108%	312,000	289,000
Legislative	18,333	8,000	(10,333)	44%	220,000	212,000
Other consultants	49,617	(32,615)	(82,232)	-66%	535,000	567,615
Industry memberships and dues	73,900	79,205	5,305	107%	888,000	808,795
Program implementation	989,890	110,999	(878,891)	11%	10,136,000	10,025,001
Total current expenditures	<u>18,355,261</u>	<u>19,302,494</u>	<u>947,233</u>	<u>105%</u>	<u>255,203,000</u>	<u>235,900,506</u>
OTHER USES						
Capital outlay	91,667	31,047	(60,620)	34%	1,150,000	1,118,953
Total expenditures, other uses	<u>18,446,928</u>	<u>19,333,541</u>	<u>886,613</u>	<u>105%</u>	<u>256,353,000</u>	<u>237,019,459</u>
Net increase (decrease) in available fund balance	<u>\$ 9,079,721</u>	<u>\$ 11,350,942</u>	<u>\$ 2,271,221</u>		<u>\$ (6,306,000)</u>	<u>\$ (17,656,942)</u>
<i>* Represents sales of approximately 192,000 MWh for 2024/25 YTD actual.</i>						
RESERVES						
Operating Reserve	<u>\$ 163,190,000</u>	<u>Long-Term Targeted</u>	<u>\$ 195,770,000</u>	<u>% of Long-Term Target</u>		
						<u>83%</u>

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE
TO CHANGE IN NET POSITION
One Month Ended July 31, 2024

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 11,350,942
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(119,099)
Add back capital asset acquisitions	<u>31,047</u>
Change in net position	<u><u>\$ 11,262,890</u></u>



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of July 31, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy

San Rafael, CA
September 24, 2024

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of July 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 50,996,990
Accounts receivable, net of allowance	26,962,005
Other receivables	2,944,044
Accrued revenue	14,998,266
Prepaid expenses	991,897
Deposits	1,905,218
Investments	151,607,234
Total current assets	<u>250,405,654</u>

Noncurrent assets

Unrestricted cash in Rate Stabilization Fund	56,000,000
Other receivables	1,065,158
Deposits	846,256
Capital assets, net of depreciation	18,512,921
Total noncurrent assets	<u>76,424,335</u>
Total assets	<u>326,829,989</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	21,575,410
Accounts payable	783,337
Advances from grantors	2,382,376
Other accrued liabilities	1,389,918
User taxes and energy surcharges due to other governments	758,320
Supplier security deposits	954,000
Total current liabilities	<u>27,843,361</u>

Noncurrent liabilities

Supplier security deposits	2,205,121
Total liabilities	<u>30,048,482</u>

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	<u>56,000,000</u>
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NET POSITION

Investment in capital assets	18,512,921
Unrestricted	222,268,586
Total net position	<u>\$ 240,781,507</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
One Month Ended July 31, 2024

OPERATING REVENUES

Electricity sales, net	\$ 29,377,800
Evergreen electricity premium	274,212
Total operating revenues	29,652,012

OPERATING EXPENSES

Cost of electricity	17,643,620
Contract services	533,137
Staff compensation	815,382
Program rebates and incentives	101,617
Other operating expenses	208,738
Depreciation	119,099
Total operating expenses	19,421,593
Operating income	10,230,419

NONOPERATING REVENUES (EXPENSES)

Investment income	1,032,471
Nonoperating revenues (expenses), net	1,032,471

CHANGE IN NET POSITION

	11,262,890
Net position at beginning of year	229,518,617
Net position at end of period	\$ 240,781,507

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
One Month Ended July 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 25,210,644
Receipts of security deposits	1,500,000
Other operating receipts	166,367
Payments to electricity suppliers	(12,141,655)
Payments for other goods and services	(1,167,177)
Payments of staff compensation	(774,754)
Payments of tax and surcharges to other governments	(314,768)
Payments for program rebates and incentives	(101,208)
Net cash provided (used) by operating activities	<u>12,377,449</u>

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

Payments to acquire capital assets	<u>(28,002)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	964,418
Proceeds from certificates of deposit matured	24,000,000
Net cash provided (used) by investing activities	<u>24,964,418</u>

Net change in cash and cash equivalents	37,313,865
Cash and cash equivalents at beginning of year	69,683,125
Cash and cash equivalents at end of period	<u>\$ 106,996,990</u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

One Month Ended July 31, 2024

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

Operating income (loss)	\$ 10,230,419
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	119,099
(Increase) decrease in:	
Accounts receivable, net	(4,791,458)
Other receivables	577,608
Accrued revenue	(23,647)
Prepaid expenses	(99,891)
Deposits	1,495,141
Increase (decrease) in:	
Accrued cost of electricity	3,853,876
Accounts payable	(300,294)
Accrued liabilities	1,257,627
User taxes due to other governments	58,969
Net cash provided (used) by operating activities	<u>\$ 12,377,449</u>

NONCASH INVESTING CAPITAL AND FINANCING ACTIVITES

Unrealized appreciation and timing differences in investment income	\$ 68,053
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Staff Report - Item 05

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: October 17, 2024

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

CPUC Opens Proceeding to Evaluate Long-Term Gas System Planning

On September 30th the CPUC unanimously approved a Decision implementing a new proceeding “to establish policies, processes, and rules to ensure safe and reliable gas systems in California and long-term gas system planning.” The rulemaking continues the work of a previous proceeding (R.20-01-007) and addresses unresolved and new issues related to gas transition planning, decarbonization, and maintaining affordability, safety, and reliability. The key objectives in scope include 1) developing long-term gas transition planning approaches, and 2) identifying and acting on interim actions to reduce costs and facilitate decarbonization.

Various policy drivers set the state for this proceeding, including:

- AB 1279 (Muratsuchi, 2022) which adopted a goal to achieve economy-wide carbon neutrality by 2045
- CARB’s 2022 State Implementation Plan which proposed a zero-GHG standard for space and water heaters sold in California by 2030

- CEC's 2022 Building Energy Efficiency Standards which encouraged various all electric technologies in new construction and established electric-ready requirements for homes such as solar PV and batteries

A workshop will be held on November 14th in Sacramento, with presentations from CPUC, CEC, and CARB staff. SCP staff will attend the workshop with dual goals of understanding and informing state decarbonization policy and identifying opportunities to develop interim actions to support decarbonization in our territory.

Utility Proposal to De-Value Renewable Energy Credit Values for CCA Customers Denied

The CPUC denied a proposal submitted by Southern California Edison (SCE) to modify a previous Commission Decision (D. 23-06-006) governing the financial credit IOUs are required to provide CCA customers for Renewable Energy Credits (RECs) retained by the utility. Specifically, SCE sought to change the valuation established in 2019 and argued that it should only apply to RECs generated after January 1, 2019. The result of this change would devalue RECs generated in years prior to 2019. While all customers - including those served by CCAs - pay for the costs to generate RECs and other attributes in utility's legacy portfolios, the utility uses these credits for compliance requirements. As such, they are required to provide a financial credit to CCA customers for the RECs customers pay for but do not use, via the Power Charge Indifference Adjustment or PCIA. PG&E filed a response in support of SCE's petition.

Fortunately, the assigned judge found that the rules established via CPUC Decision in 2019 prevent IOUs from de-valuing RECs they hold from prior years. This Decision clarified that utilities must grant CCA customers the financial value for all RECs used by the utility, and that the amount provided will correspond with the year the RECs were generated. For example, if PG&E generates a REC in 2018 but does not liquidate it for compliance purposes until 2025, the utility must provide CCA customers a financial credit equal to the REC value in 2018.

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 ERRA 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 decide 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 regular legislative session wrapped up on August 31 at midnight, and the Governor signed or vetoed all legislation by the end of September. 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. At the time of writing, this legislation seems very likely to be enacted.

Sonoma Clean Power-Sponsored Legislation

Sonoma Clean Power's sponsored legislation, AB 1359 (Papan), was signed into law 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.

AB 1359, which took effect immediately upon signature, allows 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. The SCP legislative team is now beginning to explore sponsoring legislation next year that would make other important improvements to the siting, permitting, and regulatory processes governing geothermal development.

Other Legislative Updates

Several bills Sonoma Clean Power supported have also been signed by the Governor, including:

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

AB 2292 deletes 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 requires 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**

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 requires investor-owned transmission utilities to develop strategic plans to deploy GETs over the years to come.

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

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 eliminates 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 will have the effect of expanding eligibility for several rebate and incentive programs. This legislation also requires utilities to report on FERA enrollment numbers to help address under-

enrollment.

- **SB 1221 (Min) - Building decarbonization pilot program - Pending**

SB 1221 creates 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.



Staff Report - Item 06

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: October 17, 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>.

2025 Legislative Opportunities

Following the September Committee meeting, Governor Newsom signed [Assembly Bill 1359](#)—SCP's sponsored legislation to allow developers the ability to elect that local counties serve as lead agency for permitting geothermal exploration. SCP is in the early stages of building a comprehensive legislative package for 2025 to address additional barriers to next-generation geothermal investment in California. SCP has been meeting with geothermal developers and NGOs to collect feedback on legislative priorities and is working with Geothermal Rising on organizing a potential Sacramento advocacy day for geothermal. Legislative Policy & Community Engagement Manager Miles Horton also

had the opportunity to meet with the Department of Energy's Geothermal Technology Office in Washington D.C. in early October to discuss, amongst other subjects, regulatory constraints to growing geothermal development.

The U.S. House of Representatives passed several important bills in late September for addressing permitting constraints for geothermal development on federal land: [H.R. 6474](#) (expands a categorical exclusion for oil and gas to apply to geothermal), [H.R. 7370](#) (sets a 60-day deadline for processing applications for geothermal leasing), and [H.R. 7422](#) (allows Department of Interior to collect permitting fees that are used for expanding agency capacity). Local Congressman Mike Thompson supported all three bills at the request of SCP. It is unlikely that the bills will have a direct impact of SCP's GeoZone, as most of the Geysers' region is on private land, but the federal legislation provides a valuable template on opportunities for state permitting and will improve the availability of geothermal resources outside the GeoZone. The legislation still needs to be passed by the U.S. Senate and may end-up being incorporated into the ongoing negotiations on the Manchin and Barrasso bipartisan energy permitting reform bill.

Geothermal in CPUC Statewide Planning

At the end of August, the California Public Utilities Commission (CPUC) announced [their decision](#) to direct the Department of Water Resources to procure up to 1 GW of geothermal resources on behalf of load-serving entities—along with 7.6 GW of offshore wind, 1 GW of multi-day long-duration energy storage, and 1 GW of 12-hour long-duration energy storage. The CPUC selected the technologies for procurement based on their ability to drive market transformation and significantly contribute to the state's GHG reduction goals. In many ways, the CPUC decision is taking a GeoZone-type approach at the state level. SCP is working on assessing synergies with the ordered procurement and GeoZone development.

The CPUC [released its latest planning portfolio](#) to guide statewide transmission planning in mid-September. The CPUC adopted higher cost assumptions for geothermal resources and additional transmission constraints that ultimately led to less geothermal being included in the portfolio (1.6 GW vs. 2.1 GW in the previous portfolio). [SCP submitted comments](#) asking the CPUC to be less restrictive in modeling transmission, taking a more methodical approach to representing geothermal costs, increasing in-state resource development and incorporating modeling for next-generation technologies. SCP will continue to participate in CPUC proceedings to advocate for modeling that supports transmission capacity to enable interconnection of GeoZone resources.

Regional Geothermal Planning Project

SCP has convened several meetings with the planning staff of Sonoma County, Mendocino County, and Lake County to discuss a regional project to increase planning and permitting capacity for geothermal development. Although Lake County is not part of the GeoZone, they share many of the same considerations in siting geothermal exploration and development and are likely to see a large increase in development interest. The regional group is expected to decide whether to pursue a California Energy Commission grant for the project next month.

CAISO Interconnection Reforms

On September 30th, the [Federal Energy Regulatory Commission \(FERC\) approved the California Independent System Operator's \(CAISO\) reforms](#) to its interconnection process. The CAISO reforms included several provisions for which SCP heavily advocated, including prioritization of projects that are selected as needed by load-serving entities and projects that are long-lead resources needed by the system. SCP sees both provisions as absolutely necessary to allow resources like GeoZone projects to compete for interconnection capacity with simpler and more nimble projects like battery energy storage. The reforms were heavily fought against by the solar and storage development community, but FERC ultimately agreed with the logic of CAISO and load-serving entities that the provisions are fair and necessary.

GeoZone Project Updates

There have been no major updates to report on GeoZone projects since the September Committee meeting. Chevron New Energies is expecting to finalize negotiations on their Department of Energy grant by the end of the year and is working on its exploration well permitting strategy now that Assembly Bill 1359 enables Chevron to work directly with Sonoma County. Eavor is continuing to explore site control opportunities, and the Cyrq thermal energy storage program is awaiting results from its abstract commission to a recent California Energy Commission grant.

Stakeholder Engagement

SCP staff have been facilitating a series of lunch meetings with key local labor organizations, including the North Bay Building Trades, North Bay Labor Council, and others, to brief them on the GeoZone and forge stronger relationships as these projects move forward.

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Staff Report - Item 07

To: Sonoma Clean Power Authority Community Advisory Committee

From: Geof Syphers, Chief Executive Officer
Erica Torgerson, Managing Director of Customer Service
Danielle McCants, Customer Operations Manager

Issue: Receive an Update Regarding the Five-Year Contract with Sacramento Municipal Utility District for Data Management, Billing, and Contact Center Services

Date: October 17, 2024

Recommendation

Receive an update on the Board's prior action on October 3, 2024, where the Sonoma Clean Power Board of Directors approved a five-year contract with Sacramento Municipal Utility District (SMUD) for data management, billing, and contact center services.

Background

Sonoma Clean Power (SCP) entered into its first Master Professional Services Agreement and First Addendum with Noble Americas Energy Solutions, LLC (now Calpine Energy Solutions, LLC) (Calpine) for data management, billing, and call center services in November 2013. SCP was the second Community Choice Aggregator (CCA) created and launched in California, and Calpine was the only company offering CCA services at that time. For the last ten years, SCP has encouraged other providers to enter the market in data and billing management for CCAs to create a more competitive market. SCP has continued its relationship with Calpine through four subsequent amendments. The current contract with Calpine expires on December 31, 2027, but SCP will terminate at its own convenience April 30, 2025. To terminate, SCP must provide written notice to Calpine of its intent to terminate the contract by November 1, 2024.

Discussion

Today, in California, two data, billing, contact center management service providers support CCAs: SMUD and Calpine. When evaluating options for data management services, SCP is well acquainted with the market players.

The current Calpine Energy Solutions LLC was birthed from Sempra Energy Solutions, founded as a subsidiary of Sempra Energy in San Diego, California in 1997 to provide energy management services and retail power solutions, primarily targeting commercial and industrial customers. In 2007, Sempra Energy Solutions was sold to Noble Group Limited, a global commodity trading company. Following the acquisition, the subsidiary was renamed Noble Americas Energy Solutions. Under Noble Americas Energy Solution, the company continued to expand its customer base and broaden its energy service offerings before Noble Americas Energy Solutions was spun off and acquired by Calpine Corporation, which rebranded to Calpine Energy Solutions. Calpine provides services to over 20 CCAs across California, including CCAs in San Diego Gas & Electric, Southern California Edison, and Pacific Gas & Electric territories.

Calpine quickly became the dominant provider in the early years, enjoying a market with no competition, leveraging its economies of scale and established relationship with PG&E. However, the rapid growth in clients Calpine serves and a legacy of staff without a strong customer focus has led to long-standing concerns about service quality.

SMUD was formed in 1928 when the California Legislature passed the Sacramento Municipal Utility District Act, enabling the formation of SMUD. It took two decades before SMUD was able to start delivering electric service customers due to legal and political battles, primarily with PG&E for the purchase of their infrastructure in SMUD's territory. SMUD continued to grow and expand and eventually became the first large California utility to meet the state's 20% Renewable Portfolio Standard (RPS) goal, demonstrating its commitment to clean energy. Today, SMUD is recognized as one of the most progressive and innovative municipal utilities in the United States, with a strong commitment to sustainability, reliability, and community service.

In the past few years, SMUD entered the CCA market for data, billing, and call center management to add a new revenue source for the benefit of its own customers through lower rates, more programs, and the betterment of its community. As a publicly owned utility, SMUD does not have shareholders and does not charge for profits. In 2018, Ava Community Energy (Ava), formerly East Bay Community Energy,

and Valley Clean Energy (Valley) both started their service directly with SMUD, having never used Calpine. More recently in 2022, MCE made the decision to switch from Calpine to SMUD.

With only two market participants in California, SCP was aware of what Calpine offers but required additional information about working with SMUD. Luckily, both the programs department and the marketing department at SCP have worked closely with SMUD on a Community Needs Assessment (previously presented to the Committee and Board) and survey research reviews, focus groups research, and recommendations based that research, respectively. Both departments were happy with the work SMUD performed as a consultant.

SCP staff have also interviewed employees from Ava, Valley, and MCE to understand the pros and cons of the service SMUD offers. In addition, staff met with SMUD staff multiple times to learn about their offerings, their CCA community energy services, their proficiency in billing, customer service, and relationship with PG&E. As a public agency, SCP knows the value of transparency and a customer-first mindset and has found SMUD to have the same values.

SMUD's services carry a cost premium over Calpine of \$0.22 per customer per month -- \$620,400 per year in total - which staff fully appreciate needs justification. In the spirit of leaving the door open to future work with Calpine and encouraging the industry to continue to develop a robust and competitive market for these critical services, staff elected to focus remarks in this report more on the positive attributes of SMUD rather than dwell on the service quality challenges with Calpine. In that spirit, staff summarize the argument for this transition as:

1. Engaging a contractor with a strong customer service focus and a dedicated track record to solving ratepayer and CCA problems quickly.
2. Engaging a contractor with a track record of transparently informing CCA clients of errors and problems and working to resolve them in a collaborative manner.
3. Using a contractor that has deep experience with public power and a demonstrated commitment to SCP's mission of helping customers cut energy use and costs, and lowering greenhouse gas emissions.
4. All three of SMUD's existing CCA clients - Ava, Valley Clean Energy and MCE, have provided very strong reviews to SCP and encouraged our working with SMUD.

Fiscal Impact

The agreement will increase costs by \$620,400 per year, or about 22 cents per customer per month. SCP's current contract with Calpine includes a monthly fixed fee of \$25,000 per month plus \$0.86 per meter, per month. This is on average \$225,600 per month and \$2,707,200 per year. After negotiations with SMUD, the proposed price is a \$0 fixed fee, a \$1.17 per meter per month fee, plus a \$0.01 per meter per month fee for SQMD services. At \$1.18 per meter per month, the average monthly fee for SMUD is \$277,300 per month and \$3,327,600 per year.

Attachments

- Attachment 1 - Foundational Services Agreement available at [this link](#), or by request to the Clerk of the Board
- Attachment 2 - Task Order #1 - Initial Services available at [this link](#), or by request to the Clerk of the Board