AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, MAY 15, 2025
1:00 P.M.

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE MAY 15, 2025, 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 April 17, 2025, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Receive Monthly Financial Report (Staff Recommendation: Receive and File) **pg. 11**
3. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 29**
4. Recommend the Board of Directors Delegate Authority to the Chief Executive Officer or his Designee to Execute a Professional Services Agreement with S2 Advertising for Comprehensive Media Consulting Services with a Not-to-Exceed Amount of $2,100,000 over a Three-Year Term (Staff Recommendation: Approve) **pg. 31**
5. Recommend the Board of Directors Approve and Authorize the Chief Executive Officer or his Designee to Execute a New Contract with Sonoma Water for the Continuation of the Energy and Environment Education Program through June 30, 2027, with an Annual Not-To-Exceed Amount of $300,000 and Aggregate Contract Value of $600,000 (Staff Recommendation: Approve) **pg. 33**
6. Receive Internal Operations Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 35**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

7. Receive Geothermal Opportunity Zone Update and Recommend the Board Approve the Delegated Authority to the Chief Executive Officer or his Designee to Execute Amendment #1 to the Geothermal Opportunity Zone Cooperation Agreement with Eavor Inc. (Staff Recommendation: Approve) **pg. 37**
8. Recommend the Board of Directors Approve Revised Environmental Performance Targets for the Sonoma Clean Power Portfolio to Improve Rate Competitiveness (Staff Recommendation: Approve) **pg. 41**
9. Recommend the Board of Directors Determine that Expansion to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport is Consistent with Policy D-4 and Begin Consideration of Proposed Expansion with an Intent to Offer Service After 60-Day Waiting Period (Staff Recommendation: Approve) **pg. 47**
10. Receive a Presentation on Energy Sector Regulatory Agencies (Staff Recommendation: Receive and File) **pg. 91**

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	Community Advisory Committee
CAISO	California Independent Systems Operator – the grid operator
CCA	Community Choice Aggregator – a community-owned public power provider
CEC	California Energy Commission
CleanStart	SCP's default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account – one of PG&E's rate cases at the CPUC
EverGreen	SCP's 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day.
Geothermal	A locally available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case – one of PG&E's rate cases at the CPUC
GridSavvy	GridSavvy Rewards are available to SCP customers for reducing household energy use to help California increase power reliability.
IOU	Investor-Owned Utility - for-profit distribution utilities like 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.
PCIA	Power Charge Indifference Adjustment – a fee charged by PG&E to all electric customers to ensure PG&E can pay for excess power supply contracts that it no longer needs.
RA	Resource Adequacy – a required form of capacity that helps ensure there are sufficient power resources available when needed.
RPS	Renewables Portfolio Standard refers to certain kinds of renewable energy which qualify to meet state requirements, including wind, solar, geothermal.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day

Page intentionally left blank for double-sided printing

Sonoma Clean Power

DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, APRIL 17, 2025
1:00 P.M.

CALL TO ORDER

(1:02 p.m. - Video Time Stamp: 00:02:07)

Chair Lipp called the meeting to order.

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

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Miles Horton, Legislative Policy & Community Engagement Manager; Kate Kelly, Director of Public Relations & Marketing; and Ryan Tracey, Director of Planning and Analytics

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

(1:03 p.m. - Video Time Stamp: 00:03:43)

1. Approve March 20, 2025, Draft Community Advisory Committee Meeting Minutes
2. Receive Monthly Financial Report
3. Recommend the Board of Directors Approve the Proposed Annual Budget for Fiscal Year 2025-2026

Member Dowd requested a change to Item 1 the March 20, 2025, to show that Chair Lipp called the meeting to order.

Public Comment: None

Motion to approve the April 17, 2025, Community Advisory Committee Consent Calendar by Member Nicholls

Second: Vice Chair Kelly

Motion passed by roll call vote.

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

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

   (1:07 p.m. – Video Time Stamp: 00:07:14)

   Stephanie Reynolds, Director of Internal Operations, gave an update on SCP's new building. She discussed SCP's marketing outreach and local food bank needs. Director Reynolds then announced that SCP contracted with local radio station KZST for studio naming rights, which will increase SCP's local presence. Geof Syphers, CEO, then gave an update on Lakeport's request to become a member of SCP's service territory and he stated that on May 8th the Board of Directors (Board) would be asked to formally request a review.

   Chair Lipp stated that brand awareness is great, but he would encourage SCP to streamline incentives on the website because it can be difficult to navigate. Member Hollinshead asked why there were still holdouts joining SCP in Sonoma and Marin County and CEO Syphers explained that this is to be expected but there has also been a slow and steady increase in those counties. Vice Chair Kelly asked if there is collaboration with other CCAs in the geothermal industry and CEO Syphers discussed CCPower which is the CalCCAs joint procurement entity. Member Wang asked how long marketing contracts are for, and Kate Kelly, Director of Public Relations & Marketing answered that they generally are for one year. Member Hollinshead mentioned that staff had met with him and Sonoma's Climate Action Committee.

   Public Comment: Tom Coddington discussed wanting SCP to provide energy to Lake County and his comment is attached to these minutes.

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

   (1:35 p.m. - Video Time Stamp: 00:35:07)

Neal Reardon, Director of Regulatory Affairs, discussed the CPUC's proposal regarding affordability and he explained that it goes to Governor Newsom's order to improve energy affordability. Director Reardon then explained that there are several proposals to support net energy metering (NEM).

Member Hollinshead stated that NEM 3.0 shows that solar is a good producer and Director Reardon agreed. CEO Syphers stated that the goal for SCP is that solar customers capture the maximum value for their system. Vice Chair Kelly asked if new rate payers were on a different schedule and Director Reardon said that they were. Member Morris asked if the Governor's order was to review programs and Director Reardon said it was.

Miles Horton, Legislative Policy & Community Engagement Manager, discussed 3 bills that SCP is sponsoring in California's legislature: Assembly Bills 526 (Papan), 527 (Papan), and 531 (Rogers). Mr. Horton then discussed a trip to Utah he took with Director and Supervisor Lynda Hopkins and Supervisor Gore to visit the FORGE geothermal project, and he discussed the legislative opportunities that the trip to Utah opened for SCP.

Public Comment: None

6. Receive Geothermal Opportunity Zone Update

(2:20 P.M. – Video Time Stamp: 01:20:04)

CEO Syphers introduced both the item and Ryan Tracey, Director of Planning and Analytics. Director Tracey provided an update on the GeoZone project, stating that SCP's GeoZone partners will not meet the milestone deadlines in their contracts, prompting SCP to request a mutually agreed upon termination of the Cyrq contract and to set the expectation for some extensions on the other two. Director Tracey said SCP is now focusing on making geothermal development more attractive to future potential partners.

Member Heffler asked if SCP was seeking new partners. CEO Syphers said the current focus is on legislative and regulatory changes to support geothermal development. Vice Chair Kelly asked how momentum for geothermal energy would be maintained. CEO Syphers said the setback with losing Cyrq has been minor, key lessons learned, and SCP will be ready when regulations are updated. He emphasized GeoZone as a long-term, generational project. Member Hollinshead asked if more learning was needed. CEO Syphers and Director Tracey said the main challenge is learning techniques for drilling in local rock and de-risking the investment by shortening timelines for exploration. Vice Chair Kelly asked how California's high land and labor costs might affect geothermal development. CEO Syphers responded that de-risking early exploration through grants, subsidies, or low-cost loans would be essential.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(2:37 p.m. - Video Time Stamp: 01:37:37)

None

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(2:37 p.m. - Video Time Stamp: 01:37:45)

Public Comment: None

ADJOURN

(2:38 p.m. - Video Time Stamp: 01:38:00)

The meeting was adjourned by unanimous consent.

Dear Sonoma Clean Power,

I would be very interested in joining Sonoma Clean Power.

I live in Lake County, and I see from your website that you

have budgeted to boost participation. I have solar panels and storage batteries. And I'm interested in 100% renewable power. Could a future meeting include the possibility of including Lake County in your strategic

action plan?

Thank you very much,

Tom Coddington

Page intentionally left blank for double-sided printing

Staff Report – Item 02

To: Sonoma Clean Power Authority Community Advisory Committee

From: Garth Salisbury, Chief Financial Officer & Treasurer
Chris Golik, Senior Finance Manager

Issue: Receive Monthly Financial Report

Date: May 15, 2025

Monthly Financial Report

The Financial Report is to inform the Community Advisory Committee (Committee) of monthly financial results and investment activity. Additionally, the Monthly Financial Report will include an Investment Report which is a summary of investments and investment activity in SCP's portfolio. The Investment Report and associated attachments are to inform the Committee pursuant to the requirements of SCP's Financial Policy B.5 Investments and Government Code Section 53607. This is an informational item only.

Monthly Compiled Financial Statements (February 28, 2025)

Relative to the amended budget, the year-to-date change in net position is more than projections by approximately $7,330,000. Year-to-date revenue from electricity sales is 100% of projections and the cost of energy is under projections by approximately 3%. Year-to-date electricity sales reached $186,338,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $291,128,000. Approximately $231,889,000 is set aside for operating reserves as of June 30, 2024.

Budgetary Comparison Schedule (February 28, 2025)

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 Amended Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration of 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 was 100% of the amended budget at the end of the reporting period.

Interest earnings continue to trend higher than budget due to the persistence of higher interest rates and because of an investment strategy focused on locking in higher interest earnings over the near to intermediate term (3-5 year) investment horizon.

The cost of electricity was less than the budget-to-date by approximately 3%. 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.

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

Monthly Investment Report

This report is to verify and report in writing to the Committee and Board regarding the responsibilities designated to the SCP Treasurer pursuant to SCP Financial Policy B.5 Investments. The Investment Policy was amended in 2024 expanding the definition of Permitted Investments, adding several investment diversification requirements, best practices and requiring additional reporting requirements to the Board and stakeholders as follows.

<u>Monthly Obligation to Report on New Investment Transactions</u>

Government Code Section 53607 and SCP's Investment Policy require SCP to report to the Board and stakeholders any investment transactions (defined as purchases, sales or exchanges of securities) made during the month as soon as is practicable after the end of the month. Given the scheduling of the SCP's Committee meetings during the third week of the month, the investment report will indicate investment transactions that occurred the prior month (April 2025). SCP currently maintains bank accounts and investments at River City Bank (RCB), Summit State Bank, the State of California Local Agency Investment Fund (LAIF) and USBank. Active individual securities are held at both

RCB and USBank. Staff will provide Statements of Investments as required throughout the year.

Reportable Activities

USBank

In November of 2024, the Board approved amendments to SCP Investment Policy as recommended by SCP's investment advisor, Chandler Asset Management (CAM). As of April 30th, CAM managed about $60 million of SCP's reserves. All investments directed by CAM are held at SCP's custodian, USBank. All investments held as of April 30, 2025, at USBank appear as Attachment 3 with new holdings purchased in April highlighted. USBank transaction details for the month of April, including sales and maturities of securities, are in Attachment 4.

River City Bank

A detailed statement of the investments held at River City Bank as of April 30, 2025, appears as Attachment 5. There were no investment transactions in the month of April at River City Bank.

State of California Local Agency Investment Fund

The LAIF investment balance as of April 30, 2025, appears as Attachment 6.

Attachments

- Attachment 1 – February 2025 Financial Statements
- Attachment 2 – February 2025 Budgetary Statement
- Attachment 3 - Statement of Investments Held at USBank
- Attachment 4 – Statement of Transactions at USBank
- Attachment 5 – Statement of Investments Held at River City Bank
- Attachment 6 – Statement of Investments Held at the Local Agency Investment Fund

ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of February 28, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the eight months 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
April 8, 2025

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of February 28, 2025

ASSETS	
Current assets	
Cash and cash equivalents - unrestricted	$ 119,206,722
Cash and cash equivalents - restricted for grant purposes	2,046,643
Accounts receivable, net of allowance	18,694,588
Other receivables	2,272,492
Accrued revenue	11,229,500
Prepaid expenses	921,364
Deposits	6,127,896
Investments	69,090,667
Total current assets	229,589,872
Noncurrent assets	
Cash and cash equivalents - unrestricted	56,000,000
Investments	68,629,358
Other receivables	961,821
Deposits	16,000
Capital assets, net of depreciation	17,895,177
Total noncurrent assets	143,502,356
Total assets	373,092,228
LIABILITIES	
Current liabilities	
Accrued cost of electricity	18,158,820
Accounts payable	935,004
Advances from grantors	2,046,643
Other accrued liabilities	2,080,624
User taxes and energy surcharges due to other governments	697,076
Supplier security deposits	666,000
Total current liabilities	24,584,167
Noncurrent liabilities	
Supplier security deposits	1,380,121
Total liabilities	25,964,288
DEFERRED INFLOWS OF RESOURCES	
Rate Stabilization Fund	56,000,000
NET POSITION	
Investment in capital assets	17,895,177
Unrestricted	273,232,763
Total net position	$ 291,127,940

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Eight Months Ended February 28, 2025

OPERATING REVENUES	
Electricity sales, net	$ 186,337,926
Evergreen electricity premium	2,176,428
Miscellaneous income	2,296,915
Grant revenue	335,733
Total operating revenues	191,147,002
OPERATING EXPENSES	
Cost of electricity	122,316,365
Contract services	6,123,617
Staff compensation	7,149,434
Program rebates and incentives	1,637,735
Other operating expenses	1,530,589
Depreciation	956,200
Total operating expenses	139,713,940
Operating income	51,433,062
NONOPERATING REVENUES (EXPENSES)	
Investment income	10,176,262
Nonoperating revenues (expenses), net	10,176,262
CHANGE IN NET POSITION	61,609,323
Net position at beginning of year	229,518,617
Net position at end of period	$ 291,127,940

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
Eight Months Ended February 28, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 198,194,018
Receipts of security deposits	3,792,000
Other operating receipts	2,765,244
Payments to electricity suppliers	(127,328,551)
Payments for other goods and services	(7,725,123)
Payments for staff compensation	(7,064,255)
Payments for program rebates and incentives	(1,609,702)
Payments of taxes and surcharges to other governments	(2,460,861)
Net cash provided (used) by operating activities	58,562,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(243,582)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	8,569,959
Proceeds from sales and maturities of investments	148,547,134
Purchase of investments	(107,866,040)
Net cash provided (used) by investing activities	49,251,053
Net change in cash and cash equivalents	107,570,241
Cash and cash equivalents at beginning of year	69,683,125
Cash and cash equivalents at end of period	$ 177,253,366
Reconciliation to the Statement of Net Position	
Cash and cash equivalents - unrestricted (current)	119,206,722
Cash and cash equivalents - restricted (current)	2,046,643
Cash and cash equivalents - unrestricted (noncurrent)	56,000,000
Cash and cash equivalents	177,253,366
NONCASH INVESTING ACTIVITES	
Unrealized appreciation and timing differences in investment income	$ 1,606,303

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
(Continued)
Eight Months Ended February 28, 2025

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

Operating income (loss)	$ 51,433,062
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	956,200
(Increase) decrease in:	
Accounts receivable, net	3,475,959
Other receivables	96,863
Accrued revenue	3,745,119
Prepaid expenses	(29,358)
Deposits	(3,472,280)
Increase (decrease) in:	
Accrued cost of electricity	1,144,063
Accounts payable	(152,407)
Advances from grantors	(335,733)
Accrued liabilities	1,241,557
User taxes due to other governments	(2,275)
Supplier security deposits	462,000
Net cash provided (used) by operating activities	$ 58,562,770

MAHER ACCOUNTANCY

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 eight months ended February 28, 2025, 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
April 8, 2025

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND -
Eight Months Ended February 28, 2025 -

	2024/25 YTD Amended Budget	2024/25 YTD Actual	2024/25 YTD Amended Budget Variance (Under) Over	2024/25 YTD Actual / Amended Budget %	2024/25 Amended Budget	2024/25 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 186,689,725	$ 186,337,926	$ (351,799)	100%	$ 258,001,000	$ 71,663,074
Evergreen Premium (net of allowance)	1,951,340	2,176,428	225,088	112%	2,700,000	523,572
Investment returns	9,721,803	10,176,262	454,459	105%	13,853,000	3,676,738
Miscellaneous Income	519,919	399,233	(120,686)	77%	1,000,000	600,767
Total revenue and other sources	198,882,787	199,089,849	207,062	100%	275,554,000	76,464,151
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	123,986,209	120,082,949	(3,903,260)	97%	183,989,000	63,906,051
Data management	2,350,589	2,352,925	2,336	100%	3,670,000	1,317,075
Service fees- PG&E	656,400	649,601	(6,799)	99%	990,000	340,399
Personnel	7,322,725	7,149,434	(173,291)	98%	11,490,000	4,340,566
Marketing & communications	1,938,648	1,573,613	(365,035)	81%	3,379,000	1,805,387
Customer service	103,636	77,185	(26,451)	74%	220,000	142,815
General and administration	1,100,124	1,096,290	(3,834)	100%	1,832,000	735,710
Legal	309,083	111,627	(197,456)	36%	475,000	363,373
Regulatory and compliance	177,764	253,828	76,064	143%	460,000	206,172
Accounting	227,200	228,900	1,700	101%	312,000	83,100
Legislative	132,000	122,000	(10,000)	92%	220,000	98,000
Other consultants	316,735	200,375	(116,360)	63%	535,000	334,625
Industry memberships and dues	529,678	434,299	(95,379)	82%	888,000	453,701
Program implementation	4,386,726	2,191,297	(2,195,429)	50%	10,135,964	7,944,667
Total current expenditures	143,537,517	136,524,323	(7,013,194)	95%	218,595,964	82,071,641
OTHER USES						
Capital outlay	279,676	169,513	(110,163)	61%	500,000	330,487
Total expenditures, other uses	143,817,193	136,693,836	(7,123,357)	95%	219,095,964	82,402,128
Net increase (decrease) in available fund balance	$ 55,065,594	$ 62,396,013	$ 7,330,419		$ 56,458,036	$ (5,937,977)

** Represents sales of approximately 1,472,000 MWh for 2024/25 YTD actual.*

RESERVES	Balance - as of June 30, 2024	Long-Term Targeted	% of Long-Term Target
Operating Reserve	$ 231,889,000	$ 255,203,000	91%

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY -

BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED) - RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE - TO CHANGE IN NET POSITION -

Eight Months Ended February 28, 2025 -

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$ 62,396,013
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(956,200)
Add back capital asset acquisitions	169,510
Change in net position	$ 61,609,323

See accountants' compilation report.

Sonoma Clean Power
Statement of Investments Held at USBank
As of April 30, 2025

Investment Description	Issue	Purchase Date	Maturity Date	Par Value $	Market Value $	Purchase Price $	Purchase Yield in %
Bank of America Credit Card Trust	ABS	10/28/2024	5/15/2029	$ 325,000	$ 330,370	$ 328,644	4.5
Mercedes-Benz Auto Lease Trust	ABS	10/28/2024	1/18/2028	300,000	303,391	304,383	4.5
BMW Vehicle Owner Trust	ABS	10/29/2024	2/26/2029	235,000	237,981	237,882	4.6
GM Financial Securitized Term	ABS	10/30/2024	12/18/2028	300,000	301,757	301,406	4.6
Honda Auto Receivables Owner Trust	ABS	10/31/2024	8/15/2028	300,000	303,442	303,434	4.6
Toyota Auto Receivables Owner Trust	ABS	10/31/2024	10/16/2028	300,000	301,566	301,559	4.6
Ford Credit Auto Owner Trust	ABS	11/19/2024	8/15/2029	240,000	242,359	239,992	4.7
John Deere Owner Trust	ABS	---	6/15/2029	619,000	618,623	611,120	4.7
GM Financial Securitized Term	ABS	1/9/2025	12/17/2029	160,000	161,651	159,988	5.0
Mercedes-Benz Auto Receivables Trust	ABS	1/14/2025	12/17/2029	235,000	238,333	234,950	4.8
Toyota Auto Receivables Owner Trust	ABS	1/22/2025	8/15/2029	240,000	242,467	239,990	4.7
WF Card Issuance Trust	ABS	3/11/2025	10/15/2029	300,000	301,294	300,867	4.2
GM Financial Automobile Leasing Trus	ABS	3/11/2025	2/21/2028	300,000	302,143	301,887	4.3
Honda Auto Receivables Owner Trust	ABS	3/12/2025	9/21/2029	800,000	808,012	802,656	4.4
American Express Credit Master Trust	ABS	3/14/2025	7/15/2027	400,000	405,416	403,031	4.3
John Deere Owner Trust	ABS	3/14/2025	3/15/2029	400,000	407,701	405,531	4.5
Toyota Auto Receivables 2025-B Owner	ABS	4/24/2025	11/15/2029	185,000	186,069	184,989	4.8
FHLMC	Agency CMBS	10/25/2024	6/25/2028	400,000	397,861	393,480	4.3
FHLMC	Agency CMBS	---	9/25/2028	800,000	799,706	788,161	4.4
FHLMC	Agency CMBS	---	3/25/2029	1,136,000	1,113,134	1,095,974	4.4
FHLMC	Agency CMBS	10/25/2024	7/25/2028	400,000	398,481	394,000	4.3
FHLMC	Agency CMBS	---	9/25/2029	800,000	767,009	751,094	4.5
FHLMC	Agency CMBS	11/20/2024	8/25/2028	800,000	796,206	781,563	4.5
FHLMC	Agency CMBS	---	12/25/2028	1,385,000	1,371,242	1,355,555	4.3
FHLMC	Agency CMBS	3/13/2025	10/25/2029	1,000,000	936,164	922,578	4.4
Cash	Cash	---	4/30/2025	637	637	637	-
Prologis, Inc.	Corporate	10/24/2024	2/1/2029	300,000	301,650	298,323	4.5
Bank of America Corporation	Corporate	---	7/23/2029	500,000	496,761	490,483	4.8
Morgan Stanley	Corporate	---	1/24/2029	500,000	490,966	485,111	4.8
Toyota Motor Corporation	Corporate	---	8/9/2029	800,000	804,830	797,439	4.6
JPMorgan Chase & Co.	Corporate	---	7/23/2029	500,000	495,869	489,899	4.8
Realty Income Corporation	Corporate	---	12/15/2028	500,000	504,727	500,591	4.7
Royal Bank of Canada	Corporate	---	10/18/2027	500,000	500,553	498,673	4.6
Bank of Montreal	Corporate	---	9/10/2027	500,000	500,423	499,493	4.6
Honda Motor Co., Ltd.	Corporate	---	10/22/2027	500,000	501,892	498,034	4.6
Deere & Company	Corporate	10/29/2024	9/15/2027	300,000	300,918	297,975	4.4
UnitedHealth Group Incorporated	Corporate	10/29/2024	10/15/2027	300,000	292,529	288,213	4.4
The Home Depot, Inc.	Corporate	10/29/2024	6/15/2029	300,000	285,691	280,077	4.6
PACCAR Inc	Corporate	10/29/2024	9/26/2029	300,000	297,055	292,719	4.6
State Street Corporation	Corporate	10/31/2024	10/22/2027	300,000	301,707	298,212	4.5
Caterpillar Inc.	Corporate	10/31/2024	10/15/2027	300,000	302,135	299,919	4.4
U.S. Bancorp	Corporate	---	7/22/2028	500,000	501,395	497,086	4.8

Investment Description	Issue	Purchase Date	Maturity Date	Par Value $	Market Value $	Purchase Price $	Purchase Yield in %
The PNC Financial Services Group, In	Corporate	---	7/23/2027	500,000	502,695	503,401	4.7
Caterpillar Inc.	Corporate	11/14/2024	11/15/2029	300,000	305,499	299,523	4.7
The Toronto-Dominion Bank	Corporate	12/10/2024	12/17/2026	500,000	502,074	499,990	4.6
Deere & Company	Corporate	1/6/2025	1/7/2028	340,000	345,944	339,898	4.7
UnitedHealth Group Incorporated	Corporate	1/10/2025	1/15/2030	250,000	254,215	246,965	5.1
Wells Fargo & Company	Corporate	1/16/2025	1/24/2028	400,000	402,663	400,000	4.9
Morgan Stanley	Corporate	1/16/2025	1/12/2029	250,000	253,765	250,215	5.0
Wells Fargo & Company	Corporate	1/22/2025	1/23/2030	300,000	306,012	300,741	5.1
PepsiCo, Inc.	Corporate	2/7/2025	2/7/2030	550,000	559,767	547,091	4.7
Realty Income Corporation	Corporate	3/10/2025	1/15/2030	300,000	285,164	282,867	4.7
Eli Lilly and Company	Corporate	3/10/2025	8/14/2029	700,000	703,378	695,464	4.4
Marsh & McLennan Companies, Inc.	Corporate	3/11/2025	3/15/2030	500,000	504,226	499,050	4.7
Bank of America Corporation	Corporate	3/12/2025	2/7/2030	500,000	489,389	483,395	4.9
JPMorgan Chase & Co.	Corporate	3/12/2025	1/23/2030	500,000	508,340	502,615	4.9
AbbVie Inc.	Corporate	3/20/2025	3/15/2028	600,000	608,917	604,788	4.4
State Street Corporation	Corporate	3/20/2025	2/28/2030	500,000	505,937	502,065	4.6
American Express Company	Corporate	4/23/2025	4/25/2029	500,000	504,611	500,781	4.7
First American Govt Oblig fund	Money Market Fund	4/24/2025	4/30/2025	313,042	313,042	313,042	4.0
State of California	Municipal Bonds	---	8/1/2029	400,000	406,851	402,083	4.4
International Bank for Recon and Dev	Supranational	12/12/2024	10/16/2029	400,000	401,778	393,488	4.2
International Bank for Recon and Dev	Supranational	3/14/2025	3/20/2030	600,000	609,136	597,960	4.2
Government of The United States	US Treasury	---	4/30/2027	1,000,000	983,633	972,754	4.0
Government of The United States	US Treasury	---	11/15/2028	1,000,000	983,320	962,734	4.1
Government of The United States	US Treasury	---	10/2/2025	1,000,000	982,495	969,545	4.2
Government of The United States	US Treasury	10/24/2024	4/30/2029	500,000	485,508	476,172	4.0
Government of The United States	US Treasury	---	10/15/2027	1,350,000	1,358,912	1,342,332	4.1
Government of The United States	US Treasury	---	9/30/2026	1,000,000	996,680	991,035	4.0
Government of The United States	US Treasury	---	4/30/2028	1,500,000	1,495,898	1,476,641	4.0
Government of The United States	US Treasury	---	9/30/2029	1,000,000	992,305	976,250	4.1
Government of The United States	US Treasury	---	6/15/2026	1,500,000	1,504,512	1,498,496	4.2
Government of The United States	US Treasury	---	6/30/2029	1,000,000	983,828	960,449	4.2
Government of The United States	US Treasury	---	6/30/2027	1,500,000	1,489,453	1,469,492	4.1
Government of The United States	US Treasury	---	6/30/2028	1,000,000	1,012,227	994,473	4.2
Government of The United States	US Treasury	---	10/31/2026	1,000,000	1,005,703	998,711	4.2
Government of The United States	US Treasury	---	2/15/2027	1,800,000	1,814,344	1,803,996	4.0
Government of The United States	US Treasury	---	8/31/2028	1,000,000	1,023,477	1,009,863	4.1
Government of The United States	US Treasury	---	1/15/2027	1,500,000	1,508,203	1,498,262	4.1
Government of The United States	US Treasury	---	10/31/2029	1,000,000	1,017,695	997,285	4.2
Government of The United States	US Treasury	---	2/28/2029	1,000,000	1,021,250	1,005,039	4.1
Government of The United States	US Treasury	---	8/15/2027	1,000,000	1,003,359	992,813	4.0
Government of The United States	US Treasury	11/12/2024	11/15/2027	1,000,000	1,012,773	995,000	4.3
Government of The United States	US Treasury	12/18/2024	12/15/2027	1,000,000	1,010,664	990,156	4.4
Government of The United States	US Treasury	12/30/2024	12/31/2026	1,000,000	1,009,063	999,844	4.3
Government of The United States	US Treasury	1/7/2025	1/15/2028	1,000,000	1,016,758	996,719	4.4
Government of The United States	US Treasury	---	12/31/2029	1,500,000	1,542,657	1,500,762	4.4
Government of The United States	US Treasury	1/23/2025	11/30/2029	1,000,000	1,018,164	985,664	4.5
Government of The United States	US Treasury	---	1/31/2026	1,000,000	1,001,547	1,000,547	4.2
Government of The United States	US Treasury	3/20/2025	3/15/2028	1,500,000	1,512,305	1,497,480	3.9

Investment Description	Issue	Purchase Date	Maturity Date	Par Value $	Market Value $	Purchase Price $	Purchase Yield in %
Government of The United States	US Treasury	4/8/2025	3/31/2030	1,000,000	1,012,422	1,003,203	3.9
Government of The United States	US Treasury	---	4/15/2026	1,000,000	998,545	995,645	4.1
Total and Weighted Average Yield				**$ 61,113,680**	**$ 61,223,221**	**$ 60,484,381**	**4.3**

Sonoma Clean Power
Statement of Transactions at USBank
April 2025

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq./Disp. Yield	Amount	Purchased/Sold Interest	Total Amount	Net Realized Gain/Loss
Buy	4/25/2025	025816ED7	500,000	AMERICAN EXPRESS CO 4.731 04/25/2029	100	4.67	$ (500,781)	$ -	$ (500,781)	$ -
Buy	4/23/2025	31846V203	842,647	FIRST AMER:GVT OBLG Y		3.92	(842,647)		(842,647)	
Buy	4/30/2025	89231HAD8	185,000	TAOT 2025-B A3 4.34 11/15/2029	100	4.82	(184,989)		(184,989)	
Buy	4/9/2025	91282CMU2	1,000,000	UNITED STATES TREASURY 4.0 03/31/2030	100	3.93	(1,003,203)		(1,004,187)	
Maturity	4/24/2025	912797NC7	(700,000)	UNITED STATES TREASURY 04/24/2025	100	4.32	700,000		700,000	
Sell	4/26/2025	31846V203	(597,595)	FIRST AMER:GVT OBLG Y		3.93	597,595		597,595	
Sell	4/9/2025	912797ND5	(1,000,000)	UNITED STATES TREASURY 05/01/2025	100	4.38	997,412		997,412	16.07

Sonoma Clean Power
Statement of Investments Held at River City Bank
As of April 30, 2025

Investment Description	Purchase Date	Maturity Date	Interest Rate	Purchase Price	Yield to Maturity	Most Recent Price (MTM)	% Total Portfolio
River City Bank CDARS, 52 weeks	8/22/2024	8/21/2025	4.53%	$7,000,000	4.63%	$7,000,000	10%
River City Bank CD, 2 years	9/1/2024	9/1/2026	4.25%	10,000,000	4.40%	10,215,967	14%
River City Bank CD, 2 years	9/10/2024	9/10/2026	3.75%	20,000,000	3.88%	20,380,641	29%
River City Bank CDARS, 52 weeks	9/26/2024	9/25/2025	3.59%	12,000,000	3.66%	12,000,000	17%
River City Bank CDARS, 52 weeks	10/17/2024	10/16/2025	4.28%	7,000,000	4.37%	7,000,000	10%
River City Bank CDARS, 52 weeks	2/13/2025	2/12/2026	4.39%	10,000,000	4.49%	10,000,000	14%
River City Bank CDARS, 52 weeks	3/27/2025	3/26/2026	4.19%	3,000,000	4.28%	3,000,000	4%
Total				**$69,000,000**		**$69,596,608**	**100%**
Weighted Average Interest and Yield			**4.04%**		**4.15%**		

**Most Recent Price (MTM) does not include accrued interest for CDARS*

Attachment 6: Statement of Investments Held at the Local Agency Investment Fund

Sonoma Clean Power
Statement of Investments Held at the Local Agency Investment Fund
As of April 30, 2025

Investment Description	Ending Balance	Yield	Market Value
Local Agency Investment Fund	$28,931,933	4.28%	$28,956,502

Page intentionally left blank for double-sided printing

Sonoma Clean Power

Staff Report – Item 03

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: **May 15, 2025**

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

California Public Utilities Commission Judge Issues Ruling Seeking Comments on Potential Changes to Power Charge Indifference Adjustment

On February 20, 2025, the Commission issued an Order Instituting Rulemaking (OIR), Rulemaking (R.) 25-02-005, to Update and Reform the Power Charge Indifference Adjustment (PCIA) Calculation. As background, this is the fee which for-profit utilities in California are allowed to charge all customers within their distribution service territory, regardless of which entity they receive generation service from (e.g., IOU, CCA, or Energy Service Provider). The charge is to prevent the utility from suffering any unavoidable losses on long-term contracts they signed which are now out of market. The degree to which they are out of market is re-calculated every year based on observed costs for energy, Renewable Energy Credits, and Resource Adequacy. This creates significant rate volatility for all customers.

The OIR established a two-track schedule for consideration of the Rulemaking. In Track One, the Commission will consider changes to the financial credit which CCA customers receive in exchange for their contribution to for-profit utilities' Resource Adequacy (RA). Staff developed 5 concepts for consideration. These are not mutually exclusive, and any combination of the 5 could be adopted. Most would improve the accuracy and granularity of the credit. However, one proposal would deviate from using current market prices to calculate the value of Resource Adequacy. Instead, current and historical market prices would be used to derive the value in a given year. As Resource Adequacy prices were at extreme levels last year, including these historical transactions from earlier, cheaper years would reduce the credit granted to CCA customers.

The Commission intends to make modifications to the RA credit on an expedited basis. Most concerning, though, is that they are considering implementing changes *retroactively*. Thus, the financial credit due to CCA customers based on current prices would not be fully granted to them. On April 21st, SCP Staff working in conjunction with CalCCA, submitted an opening brief. That brief highlighted that retroactive ratemaking is not merely a poor policy but legally vulnerable.

The assigned judge intends to issue a Proposed Decision for comment in May. SCP staff will continue to advocate for transparent policy making which supports stable rates for all customers in Sonoma and Mendocino Counties.

Legislative Updates

Sonoma Clean Power is sponsoring three geothermal bills in the California Legislature this year, in partnership with Fervo Energy, the International Union of Operating Engineers, and others: Assembly Bills 526 (Papan), which would direct the state to develop a strategic plan to drive the development of new geothermal resources; AB 527 (Papan), which would mirror federal policy by exempting geothermal exploration wells meeting a high standard of environmental stewardship from review under the California Environmental Quality Act; and AB 531 (Rogers), which would allow proposed geothermal power plants to be approved through an existing "one-stop shop" process at the California Energy Commission. AB 526 & 531 recently passed both the Assembly Utilities and Energy Committee and the Natural Resources Committee with unanimous, bipartisan support. At the time of writing, AB 527 is pending hearing in the Assembly Natural Resources Committee. SCP staff are engaging with a wide variety of stakeholders and potential supporters and opponents to try and move this legislation forward. After passing the policy committees of jurisdiction, all three bills will be heard in the Assembly Appropriations Committee.

Sonoma Clean Power

Staff Report – Item 04

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

From: **Kate Kelly, Director of Public Relations & Marketing**

Issue: **Recommend the Board of Directors Delegate Authority to the Chief Executive Officer or his Designee to Execute a Professional Services Agreement with S2 Advertising for Comprehensive Media Consulting Services with a Not-to-Exceed Amount of $2,100,000 over a Three-Year Term**

Date: **May 15, 2025**

Requested Action

Request the Community Advisory Committee recommend the Board of Directors delegate authority to the Chief Executive Officer to execute a professional services agreement with S2 Advertising for comprehensive media consulting services with a not-to-exceed amount of $2,100,000 over a three-year term (7/1/25 – 6/30/28).

Background

The Board of Directors approved a three-year agreement with S2 Advertising on July 1, 2022, following the Community Advisory Committee's recommendation on May 19, 2022.

Discussion

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

Fiscal Impact

The full one-year cost of this contract is already accounted for the in FY 2025-2026 Outreach and Communications budget, and subsequent years will also be proposed to incorporate this amount in each budget. In addition to actual costs of media placement, Consultant receives a commission, or agency fee, per media placement at a cost of 15% (maximum of $315,000).

Attachments

- Attachment 1 – Draft Agreement with S2 Advertising outlining Scope of Services which includes media placement and pricing negotiations, various media production billing and tracking, available at this link or by request to the Clerk of the Board

Staff Report – Item 05

To: Sonoma Clean Power Authority Community Advisory Committee

From: Sean Dalton, Events Manager

Issue: Recommend the Board of Directors Approve and Authorize the Chief Executive Officer or his Designee to Execute a New Contract with Sonoma Water for the Continuation of the Energy and Environment Education Program through June 30, 2027, with an Annual Not-to-Exceed Amount of $300,000 and Aggregate Contract Value of $600,000

Date: May 15, 2025

Recommendation

Recommend that the Community Advisory Committee recommend that the Board of Directors approve and authorize the CEO to execute a new contract (Attachment 1) with Sonoma Water for the continuation of the Energy and Environment Education program through June 30, 2027, with an annual not-to-exceed amount of $300,000 and aggregate contract value of $600,000.

Background

The Board of Directors approved a two-year agreement with Sonoma Water on June 1, 2023, following the Community Advisory Committee's recommendation on May 11, 2023. This agreement funded Energy Education programs at $300,000 per year for fiscal years 2023/2024 and 2024/2025 and expires on June 30, 2025.

Discussion

Sonoma Clean Power (SCP) has partnered with Sonoma Water since 2017 to deliver comprehensive energy and environment education programming throughout Sonoma and Mendocino counties. This partnership leverages Sonoma Water's established expertise, educational staff, curriculum, and strong relationships with local schools, enabling SCP to achieve greater educational impact.

Key program highlights include:

- Reaches more than 15,000 K-12 students annually across Sonoma and Mendocino Counties
- Delivers diverse educational formats including musical assemblies, hands-on classroom lessons, and field trips
- Provides specialized programs for elementary, middle, and high school students
- Offers teacher workshops and small grants program supporting climate action projects
- Distributes school supplies with SCP branding and educational messaging
- Supports extracurricular STEM events and activities

Fiscal Impact

The proposed agreement maintains the current funding level of $300,000 per fiscal year for a total contract value of $600,000 over two years. The FY 2025/2026 budget includes the first year of funding. The second year ($300,000 for FY 2026/2027) will remain contingent upon Board approval of the FY 2026/2027 budget.

Attachments

- Attachment 1 – Draft Agreement with Sonoma Water for Energy and Environment Education Program available at this link or by request to the Clerk of the Board

Staff Report – Item 06

To: Sonoma Clean Power Authority Board of Directors

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

Issue: Receive Internal Operations Report and Provide Direction as Appropriate

Date: May 8, 2025

PROGRAMS UPDATES

Board Approves Grant-Funded Demonstration Project Contract with ProspectSV to Advance Equitable Electrification and Grid Flexibility

At the May 8, 2025, meeting, the Sonoma Clean Power Authority Board of Directors approved and delegated authority to the CEO to execute a $393,001 contract with Prospect Silicon Valley (ProspectSV) for a four-year demonstration project. Due to time constraints, the contract was brought directly to the Board for approval.

This demonstration project is a component of Sonoma Clean Power's Virtual Power Plant (VPP-FLEX) initiative, funded through a $6 million grant awarded by the California Energy Commission in October 2024, which includes match funds. The initiative emphasizes equity by expanding access for customers in low-income and disadvantaged communities to participate in automated smart device enrollment through GridSavvy Rewards. A key element of this specific contract is the installation of smart electrical panels paired with modular battery storage at a multifamily affordable housing site. This demonstration will evaluate how such technology can support electrification without the need for expensive electrical service upgrades.

ProspectSV was selected to lead the demonstration based on their technical expertise and extensive experience with EPIC grant implementation. Their responsibilities include project coordination, technical development, construction oversight, and reporting. The project is designed to lower energy costs for residents, improve grid flexibility, and support building electrification while avoiding costly service upgrades. There is no net fiscal impact, as the project is fully funded through the grant.

UPCOMING MEETINGS

- Board of Directors – June 5, 2025
- Community Advisory Committee – June 12, 2025 (off cycle due to Juneteenth holiday closure)
- Board of Directors – July 3, 2025
- Community Advisory Committee – July 17, 2025

Staff Report – Item 07

To: **Sonoma Clean Power 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 and Recommend the Board Approve the Delegated Authority to the Chief Executive Officer or his Designee to Execute Amendment #1 to the Geothermal Opportunity Zone Cooperation Agreement with Eavor Inc.**

Date: **May 15, 2025**

Recommended Action

Review and recommend that the Board delegate authority to the Chief Executive Officer or his designee to execute an amendment extending the term of the Geothermal Opportunity Zone Agreement with Eavor Inc and making certain other amendments enumerated in this staff report.

Background

The Eavor agreement proposed for amendment was approved by the Board of Directors in their March 2, 2023, meeting. The agreement allows for amendment by mutual agreement in writing. The text of the proposed amendment is included as Attachment 1.

The cooperation agreement with Eavor required the completion of several project milestones by June 30, 2025. Eavor has satisfied many of their original obligations, including completing an assessment of development potential, evaluating leasing strategies, and identifying required permits and agreements. In completing these tasks, Eavor has made meaningful investments towards progressing development in the GeoZone and has maintained the GeoZone as one of their key strategic initiatives. However, Eavor has thus far been unable to satisfy its obligations due this June including obtaining site control for a pilot project, submitting an interconnection application, and permitting a calibration well.

While progressing its GeoZone project, Eavor has also been constructing its first commercial project in Geretsried, Germany. Eavor's Geretsried project has already passed all its key technological milestones and is expected to begin generating electricity for the first time this year. Although the project's cost exceeds initial targets, the project will successfully demonstrate the operation of a closed-loop system and will meet the initial power generation target of 8.2 MW electrical and 64 MW thermal. In executing the Geretsried project, Eavor has captured numerous learnings that are feeding-back into their long-term technological roadmap.

In evaluating the future design of an Eavor deployment in the GeoZone and building on learnings from Geretsried, Eavor has identified an opportunity to deploy a new technology they are developing called Eavor-Jules™. This new proprietary technology, which SCP staff have been briefed on in detail, will provide significant reductions in drilling time. Drilling cost reductions will improve the commerciality of closed-loop and allow projects to be sited in lower geothermal gradients. Targeting areas with lower geothermal gradients will allow Eavor to look over a much wider area for site control opportunities—which has been a key challenge for their GeoZone project thus far. Increased locational flexibility will also allow for unique opportunities such as sitting in industrial or pre-disturbed locations, behind-the-meter configurations, or projects that provide direct resiliency benefits. Eavor-Jules™ is expected to first be demonstrated in Canada, but Eavor is interested in rapidly deploying the technology in the GeoZone.

The amendment replaces the June 30, 2025, completion date in the original agreement with a series of new milestone-specific deadlines through December 31, 2028. The amendment extends the term of the agreement to last through negotiation of offtake agreements for subsequent projects—which strengthens the non-compete and right of first refusal terms for SCP. The agreement also contemplates the application of Eavor's forthcoming Eavor-Jules™ Technology in the GeoZone.

The Eavor agreement was one of three public-private cooperation agreements approved by SCP's Board of Directors in 2023 to progress the GeoZone. Earlier this year, the GeoZone agreement with Cyrq Energy was terminated after it was determined they were unable to meet their May 31, 2025, milestones. Factors specific to the Cyrq project, along with organizational changes at Cyrq that reduced their interest in GeoZone partnership, made it advisable to terminate. Unlike Cyrq, Eavor has a strong strategic interest in continuing to partner on the GeoZone. Staff will address the next steps with the third GeoZone agreement with Chevron New Energies later this year, which is still active but has project milestones that are due in March 2026 that Chevron will be unable to meet.

Discussion

Staff's top priority with the GeoZone is maintaining momentum with the initiative's stated objective of building 600 MW of new local geothermal capacity. As such, the proposed amendment extending Eavor's agreement must be weighed against opening a larger role for new public-private partnerships or focusing staff time on political and regulatory opportunities rather than managing a public-private partnership with Eavor.

Although Eavor has not yet secured site control or started interconnection and permitting as contemplated in the original agreement, Eavor's investment in the GeoZone thus far has been significant and staff are confident that an extended cooperation agreement will lead to more investment in identifying the opportunities and challenges in deploying next-generation geothermal development in the GeoZone. Eavor's technology continues to offer characteristics that are desirable in the GeoZone: minimal water usage, negligeable seismicity risk, and highly scalable. Meanwhile, the advances expected through Eavor-Jules™ should significantly de-risk finding a suitable site—which has been the primary challenge thus far. Importantly, staff's established relationship with Eavor and understanding of the technology will minimize the burden on SCP staff in managing the commercial relationship, allowing staff to continue to pursue regulatory and political opportunities and new public-private partnerships in parallel without losing focus.

Instead of working towards a single extended deadline in December 2028, Eavor and SCP have agreed to intermediary milestones in the proposed amendment with activity-specific deadlines. This approach will give SCP the ability to ensure progress is being made, as opposed to offering a blanket extension. The intermediary deadlines include:

- Updated assessment of development potential, including the application of Eavor-Jules™ by **June 30, 2026**
- Comprehensive assessment of site control opportunities, including high-value opportunities, by **December 31, 2026**
- Commitment from a Third-Party Project Investor by **March 31, 2027** (in order to finance the project, Eavor expects to engage a strategic partner that leads project development and inherits responsibilities of agreement)
- Site control for an initial pilot project by **December 31, 2027**

- Interconnection application for pilot project by **October 31, 2028**
- Permit for calibration well for pilot project by **December 31, 2028**

Staff continue to see public-private partnerships as a critical component of the GeoZone. By partnering with industry, SCP is able to get firsthand knowledge of the challenges and opportunities for local geothermal development. Public-private partnership also enables a mechanism for SCP ratepayers to recoup their investment in the GeoZone through favorable commercial terms for scale-up. These commercial terms are preserved in the amendment with Eavor, and strengthened by extending the term of the agreement, which includes a non-compete and right of first refusal, until negotiations of offtake agreements with scale-up projects is complete.

Other GeoZone Updates

SCP is still waiting to hear from the California Energy Commission on the status of Sonoma County's application for funding to support the Sonoma-Mendocino-Lake region with proactive planning for geothermal development. Funding notices were originally scheduled to be released in March but have been delayed.

There are no substantive updates on the Chevron New Energies project. Chevron has been very helpful in working through trade-offs in amendments under consideration for the geothermal legislative package being progressed this year. After the Cyrq termination and Eavor amendment, staff will turn attention towards next steps with Chevron New Energies.

Staff have begun outreach in earnest to the larger geothermal industry as the first step in structuring a future solicitation for new GeoZone partners. SCP is also working with California Community Power, the joint procurement entity comprised of SCP and eight other CCAs, on a regional initiative to partner with geothermal developers on project development.

Attachments

- Attachment 1 – Draft Amendment No. 1 to the GeoZone Cooperation Agreement Between Sonoma Clean Power Authority and Eavor Inc., available at this link or by request to the Clerk of the Board

Staff Report – Item 08

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

From: **Ryan Tracey, Director of Planning & Analytics**
Geof Syphers, Chief Executive Officer
Deb Emerson, Managing Director of Procurement
Hannah Rennie, Portfolio Manager

Issue: **Recommend the Board of Directors Approve Revised Environmental Performance Targets for the Sonoma Clean Power Portfolio to Improve Rate Competitiveness**

Date: **May 15, 2025**

Recommendation

Recommend that the Board approve a revised environmental performance target of mitigating 85% of SCP's hourly marginal emissions by 2026 and utilize expected cost savings to improve rate competitiveness. This target will supersede the environmental targets approved by the Board in October 2022 in approving the 2022 Integrated Resource Plan (IRP).

Background

Current Voluntary Environmental Performance Targets

SCP is required by law to comply with state minimum requirements for the environmental performance of its portfolio, including a minimum contribution of eligible renewable energy (46.7% in 2025 reaching 60% by 2030), a minimum contribution of eligible renewable or zero-carbon resources (90% by 2035 reaching 100% by 2045), and portfolio submissions to the IRP that demonstrate emissions below SCP's load share of the state's electric system target. Like most CCAs, SCP's Board has adopted more aggressive voluntary environmental performance targets for its portfolio to accelerate climate progress. SCP fulfills environmental targets with both long-term power purchase agreements for new or existing resources and shorter-term contracts that purchase the renewable or carbon-free attribute of a resource. Staff optimize SCP's portfolio to meet environmental performance targets while managing risk, fulfilling SCP's other compliance obligations (resource adequacy, procurement orders), and minimizing cost.

In October 2022, the Board adopted two voluntary environmental targets as part of approving the 2022 IRP:

1. 100% Hourly Carbon Mitigation by 2026: contract a supply portfolio that mitigates all the hourly marginal emissions associated with SCP's load within the next four years
2. 80% Winter Evening Reliability by 2030: build a portfolio that provides at least 80% of the required energy from clean resources in winter evenings by 2030

The 2022 targets superseded annual emissions targets that had previously driven SCP's portfolio mix. Staff recommended a change to hourly and seasonal targets to better align SCP's procurement with the types of resources needed to reduce emissions and ultimately retire natural gas capacity. Staff estimated that the cost of the two voluntary targets would increase SCP's procurement costs by 7% compared to a scenario with no voluntary targets and cost $6.5 million in the first year of implementation in 2026.

Progress on 2022 IRP Targets

The 2022 IRP targets guided staff in procuring a more diverse portfolio of resources than might have been driven by annual targets alone. Since establishing the targets, SCP has signed long-term power purchase agreements for: extended offtake of the Geysers (the original 50 MW contract ends in 2026; SCP will have 9 MW in 2027 and 20 MW for 2028-2036), 100 MW of wind from the SunZia project in New Mexico, 60 MW of solar paired with storage in the Central Valley, contracted offtake from two small hydro projects in the Sierra Nevada, and 4 MW solar and storage project in Mendocino County.

SCP has also procured short-term renewable and carbon-free resources, with a focus on technology profiles that deliver higher hourly emissions benefits, towards meeting the 2026, 100% hourly mitigation goal. SCP already has the resources under contract to deliver 94% hourly mitigation in 2026 and 91% hourly mitigation in 2027. The approved budget includes the incremental costs required to complete procurement to meet the 100% hourly mitigation target, which can be done with additional short-term contracts. To meet a 100% hourly mitigation target, SCP needs to over-procure on an annual basis and currently has over 104% of its expected 2026 annual load covered by renewable or carbon-free sources and over 98% of 2027.

Regulatory and Market Dynamics

SCP's hourly mitigation targets in 2022 were forward-thinking but also aligned with emerging trends in the market at the time. Peninsula Clean Energy, the CCA serving San Mateo County, adopted a 99% hourly matching goal by 2025 in 2022. Google set a 100% hourly matching goal for their operations by 2030 and was working on developing a time-based renewable energy certificate program to improve market liquidity and transparency at an hourly level. Meanwhile, SCP worked closely with Senator Josh Becker to pass Senate Bill 1158 in 2022 which directed the California Energy Commission to develop requirements for hourly greenhouse gas reporting by 2028 that would clearly distinguish utilities that were procuring resources with more hourly carbon mitigation impact.

The progress on hourly environmental targets has hit roadblocks since 2022. In 2024, Peninsula Clean Energy shifted back to an annual goal for its environmental performance (100% annual renewable or carbon-free by 2030). Time-based renewable energy certificates have also not been implemented in the Western Interconnection, making time-dependent carbon targets much more difficult to achieve. Although Senate Bill 1158 reporting will create a dataset allowing for a comparison of performance between power providers, the more prominent reporting on the power source disclosure and power content label will show annual metrics. The annual reporting also does not allow SCP to take credit for the over-procurement of clean resources it completes to meet hourly targets and even leads to scenarios where its contribution of renewables is understated due to counting rules.

Meanwhile, increased clean energy demand from data centers, electrification, and the ramp-up of compliance targets coupled with procurement mandates amidst a scarcity of transmission and interconnection capacity have significantly increased the cost of short-term contracts for clean energy relative to 2022 estimates.

Interconnection scarcity has also significantly reduced the climate benefits associated with additionality impact of clean energy procurement—buying more short-term clean energy is driving the price up rather than leading to more resource construction. This is an important consideration in evaluating the merit of voluntary targets, given SCP's motivation is to provide incremental climate benefits.

Rate Competitiveness

SCP is anticipating a large increase in the Power Charge Indifference Adjustment (PCIA) in 2026. The current price of energy, resource adequacy, and renewable energy is trending measurably lower than the benchmarks set in establishing the 2025 PCIA. If market prices continue at their current levels, the 2026 PCIA will include both the impact of lower 2026 market conditions and a true-up for the "forecast error" in setting the 2025 benchmarks—both of which apply upward pressure on PG&E's PCIA fee. Although SCP is seeing reduced power costs, the benefits are limited given much of SCP's energy portfolio is secured through long-term fixed-price contracts. The increase in PCIA will require SCP to decrease rates and utilize the rate stabilization fund its built-up to retain rate competitiveness. SCP is taking the appropriate steps to prepare for 2026, but given the economic conditions and limited climate value it is prudent to adjust SCP's voluntary environmental targets.

Discussion

Given the regulatory and market dynamics and rate competitiveness concerns described above, staff determined it was prudent to revisit the voluntary environmental targets. Staff evaluated four alternatives in developing a recommendation:

1. Compliance Only: eliminate voluntary environmental targets and sell any excess clean energy above compliance requirements[1]
2. Status Quo: maintain the existing 100% hourly emissions mitigation target by 2026 voluntary target
3. 90% Annual: set a 90% renewable or carbon-free target, but determined on an annual basis
4. 85% Hourly: maintain the existing hourly emissions target methodology for 2026, but reduce the target to 85%

Below are three tables comparing key metrics between the four alternatives. Given the "status quo" target is incorporated into the recently approved budget, the

[1] This scenario retains SCP's allocation of clean energy from PG&E's hydropower fleet and Diablo Canyon that SCP receives at no direct cost. SCP is not allowed to resell its Diablo Canyon allocation and although it could sell the PG&E hydropower energy, staff are assuming that would not happen in this scenario.

financial impact of other alternatives is represented as savings relative to executing the status quo. These savings would be realized by selling excess energy that is already under contract or reducing the amount of energy that SCP has still needs to purchase to meet current targets (and is already included in the budget).

Table 1. Financial Savings by Environmental Target Alternative ($ million)

	2026	2027	2028
Compliance Only	17.9	16.0	12.8
Status Quo	0	0	0
90% Annual	9.4	8.5	6.8
85% Hourly	7.7	6.3	6.0

Table 2. Estimated Annual CleanStart % Eligible Renewable or Carbon Free

	2026	2027	2028
Compliance Only	69.3%	71.8%	74.2%
Status Quo	111.9%	109.4%	107.7%
90% Annual	90.0%	90.0%	90.0%
85% Hourly	94.0%	95.2%	92.0%

Table 3. Estimated Portfolio Hourly Emissions Mitigation %

	2026	2027	2028
Compliance Only	62.2%	63.1%	68.8%
Status Quo	100.0%	100.0%	100.0%
90% Annual	81.6%	80.1%	83.5%
85% Hourly	85.0%	85.0%	85.0%

The potential savings from adjusting SCP's environmental targets are measurable. The potential $17.9 million savings in 2026 from adopting the "compliance only" alternative implies the current voluntary targets cost ratepayers 0.7 cents extra per kWh. Due to market conditions, this implied cost is also significantly higher than the $6.5 million estimated when the Board adopted the IRP targets in 2022.

Staff are recommending the 85% hourly alternative as a reasonable compromise between affordability concerns, demonstrating incremental progress in decarbonizing SCP's portfolio, and sustaining SCP's conviction in the merits of hourly emissions accounting. The $7.7 million in savings in 2026 will provide 0.35 cents per kWh of flexibility for maintaining competitive rates in a rising PCIA environment. The

85% hourly alternative also avoids a situation where SCP is over-procuring energy on an annual basis that it is unable to claim on its annual power source disclosure. The incremental cost of the 85% hourly mitigation scenario versus a compliance only scenario is $10.2 million in 2026, which is still greater than the $6.5 million cost estimated when establishing the 2022 IRP targets—but much closer than the status quo.

For the time being, staff is recommending that the 85% hourly mitigation target by 2026 become the sole voluntary environmental performance target. Although the 2022 IRP's second target (80% clean winter reliability by 2030) has been informing long-term power purchase agreement decisions, it is not yet driving short-term procurement. Understanding the cost of the 80% winter target will be better accomplished through a long-term portfolio analysis, which staff will perform as part of the 2025 IRP later this year. Staff will evaluate the need to reinstitute a winter reliability target as part of its 2025 IRP development.

Fiscal Impact

If approved, the 85% hourly emissions target will provide an estimated $7.7 million in savings in calendar year 2026, $6.3 million savings in calendar year 2027, and $6.0 million savings in calendar year 2028. These savings are incremental to what has been included in the recently approved budget. Staff propose to use the savings to enable rate reductions to sustain competitiveness through a rising PCIA environment. These savings are based on staff's view of current market conditions and may fluctuate depending on the timing of transactions and market dynamics.

Staff Report – Item 09

To: Sonoma Clean Power Community Advisory Committee

From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer
Miles Horton, Legislative Policy & Community Engagement Manager
Chris Golik, Senior Finance Manager

Issue: Recommend the Board of Directors Determine that Expansion to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport is Consistent with Policy D-4 and Begin Consideration of Proposed Expansion with an Intent to Offer Service After 60-Day Waiting Period

Date: May 15, 2025

Recommended Action

Review the attached feasibility study (Attachment 1) on SCP expansion and recommend that the Board make a determination that expansion to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport (collectively all of Lake County) is consistent with Policy D-4 (Attachment 2). In making that determination, the Board will be starting a 60-day waiting period to allow SCP member cities and counties to individually review and socialize the feasibility study's findings with their own jurisdictions with the intent of voting in the August 2025 Board meeting on a resolution to make a formal offer of service.

Background

The City of Clearlake, City of Lakeport, and Lake County Board of Supervisors (Attachment 3) submitted written requests earlier this year requesting SCP complete a feasibility study on expanding SCP service to their jurisdictions. Lake County jurisdictions are interested in the potential for CCA service to create an opportunity for Lake County to use some of the locally generated geothermal power, provide new economic opportunities, manage and seek to reduce energy costs, and augment Lake

County's voice in energy-related advocacy. The SCP Board accepted these requests and directed staff to move forward with completing a feasibility study.

SCP Administrative and General Policy D-4 provides a set of seven criteria to guide whether applications to serve new communities deserve consideration. These criteria are as follows:

1. The community is relatively close to existing SCPA service territory, so that regular meeting attendance and community engagement is practical.
2. The community agrees to abide by the SCPA Joint Powers Agreement, all existing SCPA adopted policies, and any conditions of service proscribed by SCPA's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the SCP program, with governance representation determined by the existing SCPA Board of Directors.
3. The SCPA Board of Directors finds that service to the new region:
    a. will decrease greenhouse gas emissions;
    b. will not increase costs or financial risks to existing SCP customers;
    c. will be consistent with SCPA's purposes of promoting renewable energy, energy efficiency and conservation
4. There should be significant political and public alignment of values between existing and proposed participants, so that fundamental conflicts over key underlying issues are less likely. This would be important, for example, in determining the balance of environmental and economic goals.
5. The addition of the new community is likely to increase the voice of SCPA in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and other relevant venues.
6. The addition of the new community will not harm SCPA's autonomy over its portfolio of power sources, customer programs, and its ability to serve local, community interests.
7. The addition of the new community will not harm the quality of service to existing SCPA customers and will not give rise to operational risks that could significantly harm SCPA's existing functions.

Staff prepared a feasibility study (Attachment 1) to evaluate these criteria, as well as provide both Lake County and the SCP Board of Directors with a comprehensive understanding of the financial impacts, benefits, and risks of expanding SCP service.

In addition to establishing evaluation criteria, Policy D-4 also specifies the approval and enrollment process for a new candidate community. Following the presentation of the feasibility study to the SCP Board of Directors, SCP Board members have a 60-day period to consider the proposed expansion with their own governing bodies and city and county staff. After the 60-day waiting period, the SCP Board of Directors will vote on whether to extend a formal offer of service. If the SCP Board votes to extend an offer to Lake County, the next step would be for each Lake County jurisdictions to approve its own ordinance authorizing CCA service through SCP. The SCP Board would then adopt a final resolution authorizing membership and SCP staff would then submit an updated Implementation Plan to the CPUC. In order to start service in the year 2027, the Implementation Plan must be filed no later than January 1, 2026 and ideally sometime in November 2025.

Discussion

Staff's feasibility study finds that expansion to Lake County is expected to be mutually beneficial for SCP and Lake County. Those benefits include:

- Efficiencies of scale: Lake County would add a 15.4% increase on SCP sales but only increase SCP power costs by an expected 14% and administrative costs by about 4%--providing measurable cost savings to existing SCP customers.
- Competitive Lake County rates: More favorable PCIA for newer vintages enables SCP to offer Lake County competitive rates, including rate savings across a range of future market scenarios. Note that SCP cannot promise rate savings due to uncertainty in future regulations, PG&E fees and energy market conditions.
- Expanded GeoZone: If Lake County joins SCP service and the GeoZone, it will create more opportunities for deployment of next-generation geothermal technologies and provide regional long-term economic development benefits.
- Accelerated building electrification: The inaccessibility of natural gas in Lake County makes building electrification more cost-effective, which could accelerate adoption of the programs and incentives.

The feasibility study finds that in addition to the above enumerated benefits, the proposed expansion appears to meet the Policy D-4 criteria to warrant further consideration, while leaving all the political considerations to the SCP Board and the acceptance of SCP's Joint Powers Agreement to the Lake County jurisdictions. In evaluating compatibility of Lake County load with SCP's existing portfolio, as well as considering revenue and customer service impacts, the feasibility study recommends a start of service date of sometime between April and June 2027, with the exact date to be selected by early 2026. Staff make a recommendation that the SCP Board of Directors be expanded by two seats as part of the expansion: one seat for a representative of the Lake County Board of Supervisors and one seat shared between the City of Clearlake and City of Lakeport, in a manner that mirrors representation in Mendocino County.

Importantly, the study also discusses several important considerations for the SCP Board and Lake County jurisdictions in determining whether to move forward. These include:

- Startup costs: The feasibility study estimates startup costs amounting to $578,000 in expanding service to Lake County. These costs would fund outreach, noticing requirements, marketing, and other administrative costs associated with rolling-out service.
- Reserves implications: SCP's financial policy requires a minimum reserves balance of 180 days of operating costs. Expanding to Lake County will increase this minimum by $21.4 million. SCP's financial policy also sets a target reserves balance of 365 days of operating costs with rates that are set to reach that target within 5 years. Adding Lake County would increase the target reserves balance by $42.7 million, which would require adding 0.28 cents per kWh for all SCP customers through 2032 to achieve. This would mostly offset the savings associated with the expansion of service to existing SCP customers in the short-term.
- Financial risk to Lake County jurisdictions: There is no direct financial risk to Lake County jurisdictions joining SCP, given that the JPA shields participating jurisdictions from SCP's financial liabilities and allows cities and counties to opt out their own accounts when rates are higher. However, if any jurisdiction in Lake County chose to exit from participating in SCP altogether at some time in the future, they would either have to wait a very long time – potentially as long as 20 years – to exit without any additional cost obligation, or be held liable for costs associated with long-term contracts SCP signed on their behalf (generally an amount that is too great to pay, in the tens of millions for Lake County).

Accordingly, Lake County jurisdictions should only consider SCP participation if they intend on making a very long-term commitment that will weather different rate and political environments.

- SCP credit rating: Expanding to Lake County could have adverse impacts to SCP's investment-grade credit rating due to the impact to its reserves target and lower household income observed in Lake County. SCP will seek to mitigate this issue by socializing the financial merits with rating agencies.
- Market and regulatory uncertainty: The power market and regulatory environment are dynamic, and it is very likely that conditions in 2027 will vary from the assumptions used in this study. This means that the potential for customer savings and financial benefits will vary from the assumptions in the feasibility study.

Staff request the Committee review the feasibility report in detail and provide input to the Board on the tradeoffs between the costs, benefits and considerations and ultimately provide a recommendation on whether the Board should initiate the 60-day waiting period with the intent of voting to offer service to Lake County later this year.

Attachments

- Attachment 1 - Feasibility Study: Sonoma Clean Power Expansion to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport
- Attachment 2 – Policy D.4 New Customer Communities
- Attachment 3 – Lake County Membership Analysis Request Letter

Feasibility Study

Sonoma Clean Power Expansion to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport

Sonoma Clean Power

May 2025

Table of Contents

Chapter 1. Executive Summary

Staff recommend the SCP Board consider extending service to all of Lake County.

This feasibility study provides a comprehensive review of the requirements to expand Sonoma Clean Power (SCP) service to unincorporated Lake County, the City of Clearlake, and the City of Lakeport (referred to as "Lake County"). The study characterizes the load of Lake County and performs an economic evaluation to assess the financial feasibility of expansion. This report also provides background on Community Choice Aggregation (CCA) and SCP's current electric service, and discusses resource development opportunities, benefits of expansion, potential risks, and outlines implementation steps. The main findings of this study and considerations are as follows:

- Expanding service to all of Lake County appears to be financially beneficial to both Lake County customers and existing SCP customers in a majority of years.
- Key considerations for the SCP Board of Directors are:
  - Should an offer of service to Lake County and the Cities of Clearlake and Lakeport be made at this time?
  - Does the Board agree to staff's recommendation for starting service between April and June 2027?
  - Does the Board wish to use the same practice as in Mendocino County by offering one Board seat to the County of Lake Supervisors and one shared seat for the two incorporated cities of Clearlake and Lakeport?
  - Does the Board wish to condition expanding service on the Lake County joining the GeoZone effort to construct favorable geothermal resources?
- Expansion to Lake County appears to be well aligned with the criteria established in SCP's Policy for New Customer Communities D.4.
- SCP's current portfolio of long-term renewable contracts is sufficient to accommodate expansion to Lake County without requiring additional long-term procurement to maintain compliance.
- Startup costs for an expansion to Lake County are estimated to be $578,000, which forecasts indicate would be recouped through rates in the first year of service.
- In the base market scenario used for evaluation, Lake County customers see total bill savings of 4% or more, however, it is important to note that there is a clear possibility that total bills will be higher with SCP some of the time due to changing PG&E fees outside SCP's control and energy market conditions.

- An expansion to Lake County will increase SCP's target for reserves by $42.7 million (using 2030 costs), which would have the effect of reducing SCP's ability to subsidize rates until that higher balance is achieved. The time estimated to accumulate the additional reserves while sustaining competitive rates is difficult to estimate, but likely could be completed by 2032.
- Lake County's participation in the GeoZone is mutually beneficial and it is strongly recommended that Lake County join the GeoZone concurrently with SCP's electric service.
- Expansion to Lake County offers additional benefits such as more cost-effective building electrification opportunities, increased portfolio flexibility, improved advocacy, and additional phone and web support for customers in Lake County.
- Risks that should be considered before proceeding with an expansion include the impacts of a jurisdiction withdrawing from SCP service, high customer opt-outs, impacts SCP's credit rating, and the inability to guarantee rates that are lower than PG&E.
- The feasibility plan outlines steps leading up to an April to June 2027 start date, including approvals from SCP's Board and Lake County jurisdictions, as well as filings with the CPUC, customer noticing, and outreach.

Chapter 2. Background

Community Choice Aggregation (CCA)

CCAs were created in response to California's 2000-2001 energy crisis through Assembly Bill 117 in 2002. CCAs enable local governments to purchase electricity generation for their residents and businesses that is delivered to customers by an investor-owned utility (IOU). In Northern California, the IOU is Pacific Gas & Electric (PG&E). The first CCA, Marin Clean Energy (now MCE), started service in 2010. Sonoma Clean Power (SCP) started service as the state's second CCA in 2014. There are now 25 CCAs in the state serving over 14 million customers and participation continues to grow. Figure 1 shows the expected footprint of CCA service in California by 2027.

Figure 1. Map of areas expected to be served by CCAs by 2027.

CCAs are governed by elected officials from participating jurisdictions and operate as government agencies that are not-for-profit and return all revenues to ratepayers in the form of competitive electric rates and customer education and incentives.

Figure 2. Roles of SCP and PG&E in delivering electric service to customers.

The role of CCAs, including SCP, is primarily to buy or build power generation resources on behalf of all customers, while PG&E continues to maintain and operate all of the poles, wires and substations of the grid. Figure 2 illustrates the roles of SCP and PG&E in delivering electric service to customers.

When a CCA is formed or expands, new customers must be automatically enrolled as a CCA customer unless they choose to opt-out and continue relying on PG&E to procure electricity for their home or business. If a customer opts-out after 60 days of starting service with a CCA, they must remain on PG&E service for one year before being eligible to enroll in CCA service.

SCP Cannot Promise Lower Rates

CCA customers receive a consolidated bill from PG&E including generation charges from the CCA as well as transmission and distribution charges from PG&E. The bill for CCA customers includes a charge called the Power Charge Indifference Adjustment (PCIA) that covers costs for energy that was procured by the IOU prior to a customer's departure from IOU service. The PCIA changes annually depending on market conditions - if the IOU's energy portfolio that was procured for CCA customers performs well (due to high market prices), the PCIA is lower; if the portfolio performs poorly, the PCIA is higher. This fee ensures that PG&E cannot lose any money as a result of CCA formation. To limit opt-outs, CCAs generally seek to offer rates that are competitive and lead to total bills (including the impact of PCIA) that are at or below the total bill for IOU customers – as often as possible. Figure 3 shows SCP's history of total bill savings relative to PG&E, which shows a strong historical record of providing savings to customers. Importantly, SCP cannot guarantee future rate savings—and did go through a period of two years where its customers paid higher bills than opt-out customers.

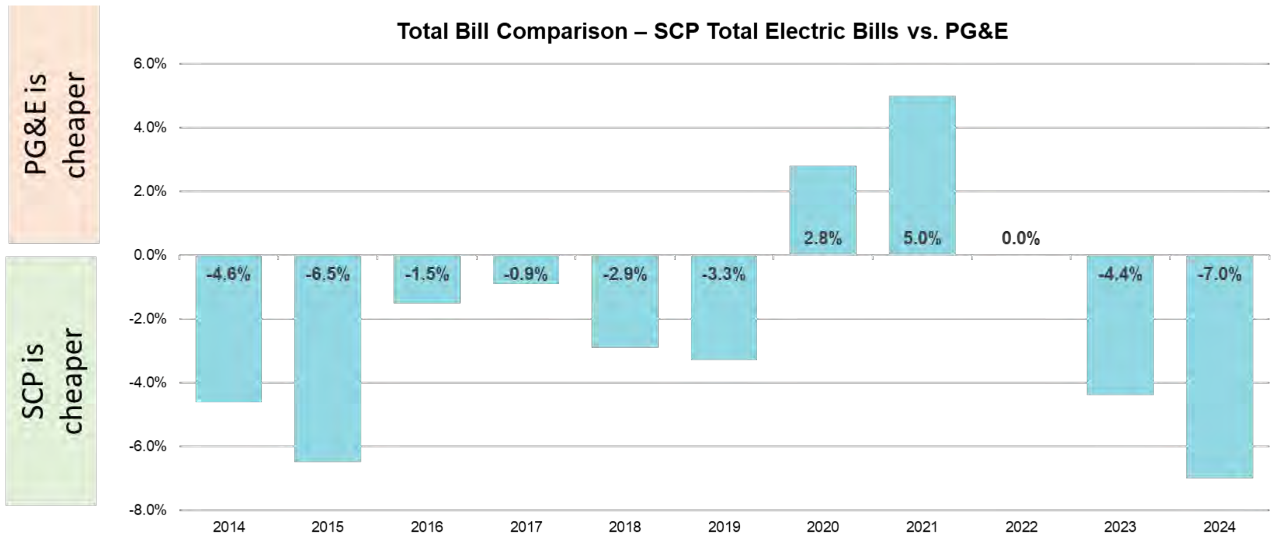


Figure 3. Historical bill comparison between SCP and PG&E.

CCA customers retain eligibility for ratepayer-funded programs through the California Public Utilities Commission (CPUC), such as income qualified assistance programs, energy efficiency rebates, and medical baseline discounts. CCA customers also gain access to incremental programs offered by the CCA which are not otherwise available from PG&E. SCP offers incremental equipment rebates, incentives for participation in its demand response program, and a variety of other programs for energy efficiency and electrification. SCP, like other CCAs, also offers a net energy metering (NEM) program that compensates solar customers.

In addition to CCAs, California law also created a program called Direct Access (DA) that allows customers to purchase electricity from a competitive third-party. DA has an annual load cap that is currently fully subscribed. The vast majority of DA customers are non-residential. There are currently around 70 meters in Lake County with service from DA, representing 7.4 gigawatt-hours (GWh) of annual load (which is less than 2% of Lake County's total). Unlike PG&E customers, DA customers will not be automatically enrolled in CCA service. Although if SCP expands to Lake County DA customers would have the option of CCA service, this study evaluates service to only non-DA customers.

Lake County Interest in CCA Service

The Lake County Board of Supervisors unanimously passed Ordinance 3206 on June 23, 2015, to authorize implementation of a CCA program, with the goal of reducing energy costs for Lake County residents. Lake County explored various options to implement CCA service on its own at the time, but ultimately did not proceed. Lake County re-evaluated CCA service in 2019, when it requested SCP to study the feasibility of expanding service to Lake County. SCP's study, which was released in March 2020, found that it would be unable to offer competitive service to Lake County residents at the time due to the expected cost of PG&E's PCIA fee on Lake County relative to the PCIA fee on SCP's existing customers.

Market and regulatory dynamics following the feasibility study in 2020 have greatly improved the economic prospects for new CCA service. As described in detail in Chapter 5, PG&E's PCIA fee is now lower for new CCA jurisdictions relative to the PCIA for SCP's customers. These conditions led to Sonoma Clean Power reengaging with Lake County, the City of Clearlake, and City of Lakeport in early 2025. After preliminary discussions with SCP, the city managers of City of Clearlake and City of Lakeport made a written request to the Sonoma Clean Power Board of Directors to complete a new feasibility study. Likewise, the Lake County Board of Supervisors authorized staff to submit a written request for a feasibility study after discussion during the April 15, 2025 meeting. The Sonoma Clean Power Board of Directors directed SCP staff to respond to Lake County interest by completing the requested feasibility study.

In the 2025 discussions between SCP and the Lake County jurisdictions, SCP staff captured several factors that are driving interest in CCA expansion: the opportunity to reduce energy costs for Lake County residents, increased economic development opportunities (through geothermal and other types of local project development), improved customer service, and better representation in energy-related advocacy.

Sonoma Clean Power Policy for New Customer Communities

In December 2015, the Sonoma Clean Power Board of Directors adopted Policy D.4 that guides the procedure for evaluating and facilitating expansion to new jurisdictions. The policy includes a set of criteria that must be met to proceed with an expansion that are summarized in Table 1 below, along with SCP staff's recommended determination and if applicable, a reference to the applicable chapter of this study.

In addition to the evaluation criteria, Policy D-4 also establishes the series of steps SCP shall follow in expanding participation to a new region. After completing a feasibility study and presenting the results to the candidate community and SCP Board of Directors, the current SCP Board members have a 60-day period to evaluate expansion and discuss the opportunity with their own city councils or Board of Supervisors. The SCP Board of Directors will then vote on whether to extend a formal offer for service. The timing of this process, along with the required steps to formally enroll Lake County in SCP service, are further detailed in Chapter 9.

Table 1. Policy D-4 New Community Evaluation Criteria

Criteria	SCP Staff's Recommended Determination
Community is close to SCP service territory to make meeting attendance and community engagement practical (Criteria 1).	**Pass** – Lake County jurisdictions directly border SCP territory. The commute to Santa Rosa is not quick but is comparable to many parts of SCP's existing territory in Mendocino County.
Community agrees to abide by SCP Joint Powers Agreement (JPA), policies, and conditions of service (Criteria 2).	**TBD** - This is subject to the careful review and determination by Lake County and the Cities of Clearlake and Lakeport.
Service to new region will decrease greenhouse gas emissions and be consistent with purpose of promoting renewable energy, energy efficiency, and conservation (Criteria 3a and 3c).	**Pass** – Expansion would provide additional room for expansion in SCP's renewable portfolio, improve opportunities for local clean energy development, and enable more cost-competitive electrification. **See Chapters 6 and 7**.
Service to new region will not increase cost or financial risks to existing customers (Criteria 3b).	**Pass** – Expansion to Lake County would leverage efficiencies of scale and increases flexibility in SCP's power portfolio with the effect of generally decreasing cost and risk to existing customers. The additional load would come with additional procurement obligations and a potential increase in meeting those additional obligations. However, the overall expectation is that, on average, costs would remain or decline due to serving Lake County. **See Chapter 5 and 7**.
Significant political and public alignment between new community and proposed participants and addition of new community will increase voice of SCP in relevant venues (Criteria 4 and 5).	**TBD** – Staff note that Lake County shares many of the same regional priorities as Sonoma and Mendocino County: wildfire mitigation, energy affordability, water scarcity, sustainability of small businesses and the agricultural industry. California's 4th Congressional District and the 2nd State Senate District span both SCP and Lake County. Expansion would add the 4th State Assembly District to SCP's territory, currently represented by Assembly Majority Leader Aguiar-Curry. Ultimately, however, this determination must be made by the SCP Board of Directors, the County of Lake Board of Supervisors, and the City Councils of Clearlake and Lakeport.
Addition of the new community will not harm SCP's autonomy (Criteria 6).	**Pass** – Expansion to Lake County is expected to involve two new seats on the current eleven-seat Board of Directors (one for the County and one shared seat between the two incorporated cities). Staff do not see how the scale of the expansion would threaten the autonomy of SCP's power sources and priorities. However, staff urge SCP and all of the jurisdictions in Lake County to consider the political alignment of objectives carefully.
Addition of the new community will not harm the quality of service or give rise to operational risks (Criteria 7).	**Pass** – The economic study includes budgeted costs to expand staff and SCP's investments to serve Lake County without impacting existing customers. **See Chapter 5**.

Chapter 3. Lake County Electricity Demand

Lake County Load

In order to facilitate a feasibility study, Sonoma Clean Power obtained customer data and hourly load for all customers in Lake County from PG&E for the years 2022, 2023, and 2024. Like Sonoma Clean Power's current load, Lake County's load is fairly stable and most year-to-year fluctuations are driven by weather. For the purposes of this study, staff have decided to use Lake County's 2024 load and customer composition as the basis for evaluating feasibility—even though some modest growth is expected due to electrification. Table 2 below shows a breakdown of meter count and annual load by jurisdiction and residential and non-residential meters using the 2024 data. This table excludes the DA meters discussed in Chapter 2 which would not be automatically enrolled but could opt-in to CCA service in the future.

Table 2. Lake County Load and Customer Breakdown by Jurisdiction

	City of Clearlake	City of Lakeport	Unincorporated Lake County	Total
Residential Meters	7,216	2,418	22,361	31,995
Non-residential Meters	610	671	3,067	4,348
Total Meters	7,826	3,089	25.428	36,343
Residential Annual Load	61.5 GWh	18.6 GWh	174.8 GWh	254.8 GWh
Non-residential Annual Load	23.2 GWh	17.6 GWh	95.9 GWh	136.7 GWh
Total Annual Load	84.7 GWh	36.2 GWh	270.7 GWh	391.5 GWh

Lake County's load has two peak seasons—with increased usage in the summer due to hot temperatures driving air conditioning demand and is similarly high in the winter due to electric heating needs. Figure 4 shows the monthly load for Lake County. Lake County does not have access to PG&E's natural gas system and accordingly has more electric heating[1]. Due to more extreme summer heat, air conditioning ownership is also more prevalent in Lake County, which increases summer energy needs.

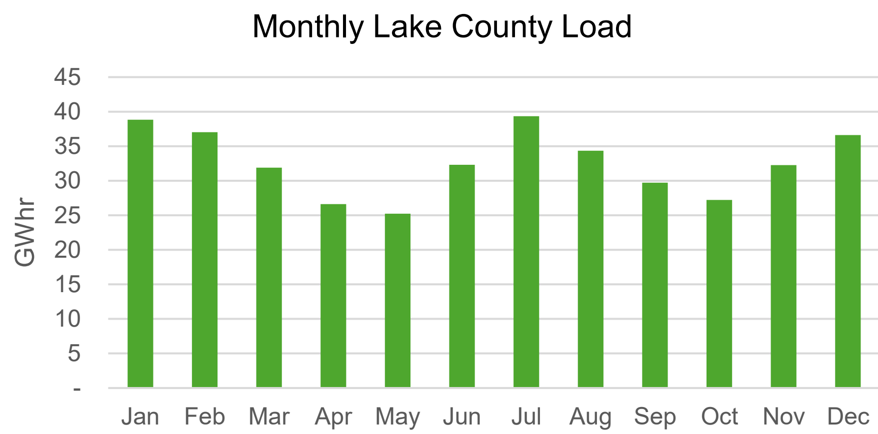


Figure 4. Monthly load for Lake County.

The average hourly load profile for Lake County is shown in Figure 5. Hourly load is low in the middle of the day due to generation from behind-the-meter solar. Customer data suggests 15% of Lake County's meters have Net Energy Metering (NEM) solar. Increased load in the evening is driven by cooling and heating needs as residents return home. Figure 5 shows an average across the year, but for context Lake County's load varied in 2024 from as low as 7 MW midday on a sunny day in May to 96 MW on a hot July evening.

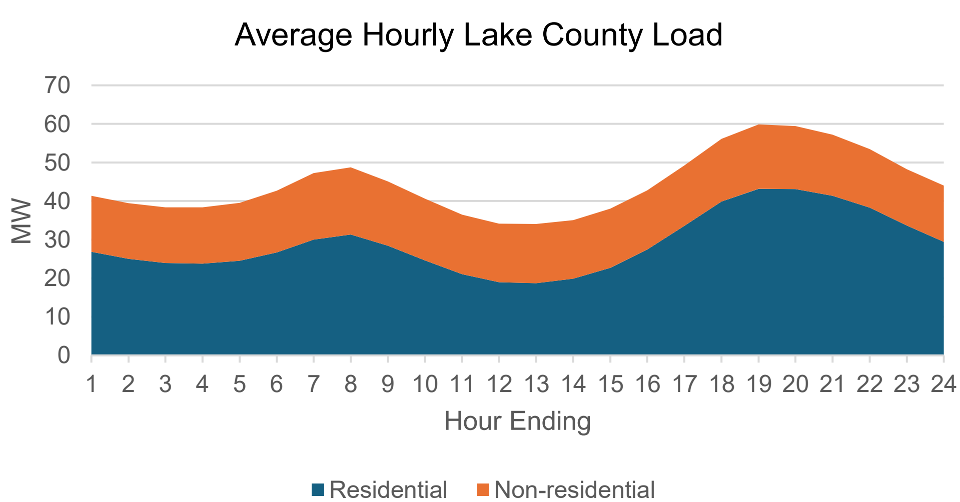


Figure 5. Hourly load profile for Lake County.

[1] Data from the American Community Survey from the U.S. Census Bureau estimates 42.7% of Lake County residences use electricity as their main heating source, compared to 24.4% in Sonoma and 19.1% in Mendocino counties.

Comparison to Existing Customers of Sonoma Clean Power

The addition of Lake County could increase the number of meters served by Sonoma Clean Power by 15.6% and Sonoma Clean Power's load by 18.5%. Table 3 shows a breakdown of how Lake County's meter count and load compares to Sonoma Clean Power. The annual electric usage per residential meter is over 56% higher in Lake County (8.0 MWh/year in Lake County versus 5.1 MWh in SCP)—which leads to a disproportionate increase in load compared to meter count. Lake County's meter count and load is also more residential (less commercial) than SCP. The figures for Lake County in Table 3 include 100% of eligible customers and do not reflect the effect of customers who choose to opt-out—which are assumed to be 10% in the evaluation in Chapter 5. The conclusions of this analysis are not sensitive to the actual opt-out rate.

Table 3. Lake County Load vs. Sonoma Clean Power

	Sonoma Clean Power	Lake County	Total	% Potential Increase
Residential Meters	200,824	31,995	232,819	15.9%
Non-residential Meters	31,862	4,348	36,210	13.6%
Total Meters	232,686	36,343	269,029	15.6%
Residential Annual Load	1,022.6 GWh	254.8 GWh	1,277.5 GWh	24.9%
Non-residential Annual Load	1,090.0 GWh	136.7 GWh	1,226.6 GWh	12.5%
Total Annual Load	2,112.6 GWh	391.5 GWh	2,504.1 GWh	18.5%

Figure 6 shows the monthly load per meter for Lake County compared to SCP. Like Lake County, SCP has high usage in the summer and winter—although the Lake County fluctuations are amplified. Figure 7 shows an average hourly load comparison. The hourly load shapes are also very similar given similar penetrations of NEM solar and increased energy needs in the evening. In looking at 2024 data, the hourly load for Sonoma Clean Power and Lake County together would have fluctuated between 99 MW to 567 MW. The peak load of 567 MW is 17.5% higher than Sonoma Clean Power's standalone peak of 483 MW—and would occur at the same hour on a hot July evening. Understanding the impact of Lake County to SCP's load shape and peak are critical to evaluating the cost of service that is detailed in Chapter 5.

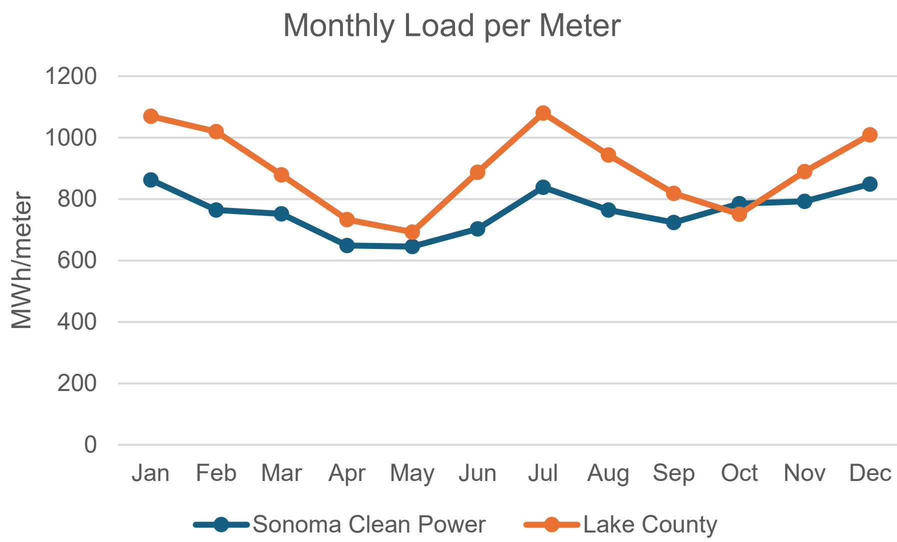


Figure 6. Monthly load comparison for Sonoma Clean Power and Lake County.

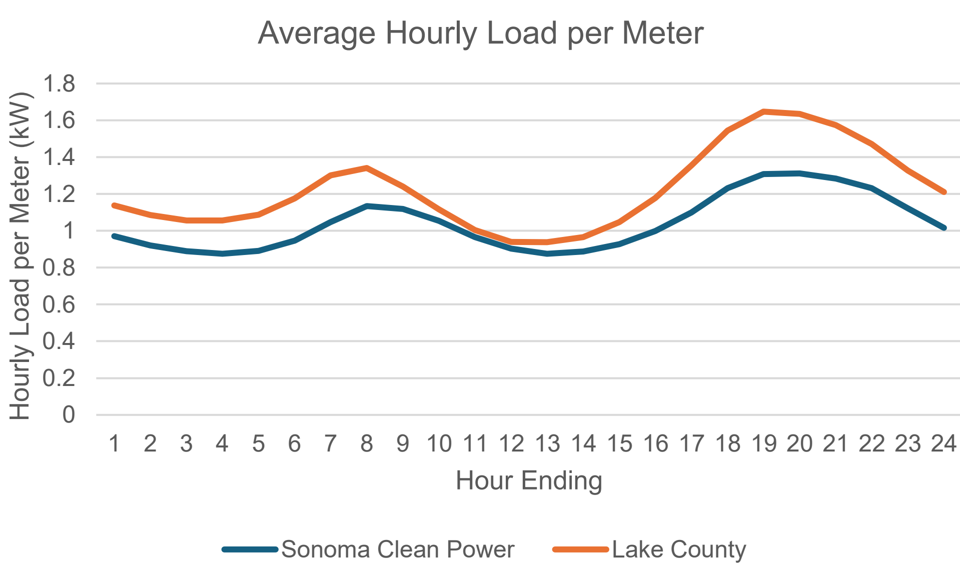


Figure 7. Hourly load comparison for Sonoma Clean Power and Lake County.

Chapter 4. Sonoma Clean Power Electric Service

Products & Resource Portfolio

SCP offers customers a choice between two products: CleanStart and EverGreen. CleanStart is SCP's standard offering and the default product for new customers.

Power from CleanStart is sourced from renewable and carbon-free resources across the Western Interconnection. A small portion, approximately ten to twelve percent, of CleanStart is provided by unspecified resources—which are primarily natural gas.

EverGreen is SCP's premium product that customers can opt-in to for an additional cost of 2.5 cents per kilowatt-hour. This premium translates to between $15 and $30 extra per month for a typical household. EverGreen is completely sourced from local renewable resources within SCP's territory. Unlike products offered by other power providers, EverGreen is unique in that it is backed by resources that deliver clean energy for every hour—rather than relying on natural gas power to back up variable resources like solar and wind power. If Lake County were to join SCP, resources within Lake County would become eligible to provide EverGreen-eligible generation.

SCP contracts for power from long-term power purchase agreements (PPAs), short-term contracts that give SCP claim to the bundled renewable or carbon-free attribute of energy, and purchases from the spot market. Table 4 is a list of long-term PPAs expected to be in SCP's portfolio in 2027. If Lake County were to join SCP, incremental energy needs would be first filled with new short-term contracts and spot market purchases, but long-term SCP would seek additional PPAs to optimize costs. Importantly, the resources in Table 4 provide 1,271 GWh of renewable annual energy, which is sufficient to meet the long-term contract compliance minimum for Sonoma Clean Power after an expansion to Lake County[2].

Table 4. Long-term Power Purchase Agreements

Facility	Technology	Capacity	Annual Energy
Geysers Sonoma County, CA	Geothermal	20 MW[3]	175.2 GWh
Mustang Kings County, CA	Solar	70 MW	156.2 GWh
Golden Hills Alameda County, CA	Wind	46 MW	124.6 GWh
Proxima Stanislaus County, CA	Solar	70 MW	169.1 GWh

[2] State law requires 65% of SCP's renewable energy for meeting compliance requirements is sourced from long-term contracts. The renewable compliance requirement for renewable energy maxes out at 60% in 2030—which means SCP would need 39% of its total energy in long-term renewable contracts .
[3] Contract includes 9 MW in 2027 that ramps-up to 20 MW in 2028-2037; table shows ramp-up values

Facility	Technology	Capacity	Annual Energy
Azalea Kern County, CA	Solar	60 MW	150.9 GWh
SunZia New Mexico	Wind	100 MW	328.1 GWh
Ormat Portfolio Imperial County, CA & Nevada	Geothermal	14 MW	122.6 GWh
Fish Lake Nevada	Geothermal	1.5 MW	13.3 GWh
Redemeyer Mendocino County, CA	Solar	4 MW	10.1 GWh
ProFIT Sonoma & Mendocino County, CA	Solar	6 MW (6 projects x 1 MW)	13.8 GWh
Montgomery Creek Shasta County, CA	Small Hydro	2.6 MW	7.4 GWh
		Total:	1, 271 GWh

Credit & Financial Resources

In 2022, SCP received an 'A' issuer credit rating from S&P Global Ratings that was reaffirmed in 2024. SCP's investor-grade credit rating is important in negotiating favorable power contract terms and reflects the agency's fiscal strength. SCP has no outstanding debt. Although SCP issued $775.6 million in pre-pay bonds in 2024 that provide its customers with significant cost reductions on energy costs, those bonds are underwritten by Goldman Sachs and do not impact SCP's borrowing capacity.

SCP's latest financial statement from January 2025 shows $373 million in total assets. SCP is targeting an end-of-year reserve balance of $265 million which reaches the Board of Directors' target reserves of 365 days of annual budgeted operating expenses. SCP's financial policy dictates a minimum reserves balance of 180 days of operating expenses. In addition to reserves, SCP has funded a rate stabilization fund with a current balance of $56 million. The rate stabilization fund is meant to provide flexibility in setting competitive rates in future years with a high PG&E PCIA fee. Conditions warranting the use of the rate stabilization fund are expected in 2026, but not necessarily in 2027 when service to Lake County would begin, though forecasting the PCIA fee is difficult due to frequent regulatory changes and energy market price movement. The fee on SCP customers has varied by over $100 million in a single year, so the scale of this fee is important to consider.

Customer Programs and Customer Service

SCP offers programs and incentives to customers and the community to improve energy affordability, encourage electrification, and increase energy efficiency. These programs are incremental to programs offered by PG&E. A list of currently offered programs is included below. Note that these are subject to change at any time, including before Lake County would begin service in 2027, but are indicative of the types and scale of programs to expect.

- **GridSavvy Rewards:** GridSavvy is a demand response program that invites customers to sign-up to receive alerts for energy conservation or connect a smart thermostat or EV charger to be dispatched during energy-savings events in the summer. Customers receive a sign-up cash bonus and a modest payment for their performance in reducing energy during periods of grid stress.
- **Electric Appliance Rebates:** SCP offers rebates that can be added to state and local incentives for heat pump HVAC, induction cooking, and heat pump water heaters. The rebates are higher for low-income customers - providing up to $10,000 toward equipment and installation.
- **Energy Savings Box:** A free energy savings box packed with easy-to-use tools to conserve energy including things like LED lightbulbs, smart plugs, and weather stripping. The box contains over $100 of useful equipment and shipped directly to customers.
- **Commercial Energy Assistance Program:** An internal energy expert will identify energy savings opportunities for interested businesses and conduct an onsite visit with a detailed follow-up report.
- **Non-profit EV Incentives:** Up to $22,500 for non-profits to assist non-profits with the purchase of an electric vehicle.

Solar: SCP compensates customers with solar by applying credits toward a future bill or as part of an annual cash-out. SCP staffs a customer call center and the Sonoma Clean Power Customer Center in downtown Santa Rosa to assist customers with utility bills, electrification questions, customer programs, and other needs. SCP staff can assist residential and commercial customers with selecting an optimal rate plan and have a strong track record of identifying opportunities for cost savings.

SCP also supports the community through partnerships and funding. As examples, SCP currently partners with the Career Technical Education Foundation and the LIME Foundation for training and curriculum for careers in clean energy and sustainability. SCP also offers scholarships at local colleges, sponsors many key community events, and raises donations for food banks in Sonoma and Mendocino Counties.

Chapter 5. Economic Evaluation

In assessing the viability of SCP expansion to Lake County, results must both provide Lake County a reasonable expectation of competitive electric rates and the SCP Board of Directors with confidence that the expansion is not disadvantageous to SCP's current customers. The power market is very dynamic and conditions are certain to vary from the forecasts used as the basis for this evaluation. Accordingly, this chapter also includes several sensitivities to test the robustness of the results.

Power Costs

In assessing the cost of power for Lake County, this feasibility study assumes a 90% opt-in rate - which is slightly higher than SCP's current opt-in rate of 87% but a reasonable expectation given the experience of recent CCA expansion elsewhere in the state[4]. This feasibility study also assumes a start date of April 2027, which appears optimal from a monthly review of cost and compatibility with SCP's portfolio but may occur as late as June. Costs are forecasted through 2030, when the price forecast SCP uses begins to stabilize. The projections for 2030 are a reasonable proxy for future years. SCP's direct costs of power for Lake County are driven by four components: the cost of wholesale power, the cost of energy attributes, grid charges from the California Independent System Operator (CAISO), and the cost of resource adequacy (RA). These are considered together with PG&E's charges for transmission, distribution and numerous fees and surcharges, including the PCIA in evaluating total bill impacts.

The cost of wholesale power for Lake County is highly dependent on its hourly load profile. Power costs directly correlate to the availability of renewable and hydro resources. Power is often cheaper in the spring and midday and more expensive in the evening and winter months when solar, wind and battery storage are less available. To assess the cost of power for Lake County, SCP developed an hourly load profile using smart meter data from 2024 and leveraged future hourly price forecasts available through its Ascend PowerSIMM platform as of April 12, 2025. The feasibility study assumes that the early years of power for Lake County will be procured entirely from the

[4] Pioneer Community Energy achieved 99% opt-in rates in their 2024 expansion to Grass Valley and Nevada City. Peninsula Clean Energy achieved 89% opt-in rate in their 2022 expansion to Los Banos.

spot market, although in practice SCP would likely seek to optimize costs through signing additional long-term PPAs. SCP needs to procure sufficient power to cover metered sales plus losses on the distribution system, which adds an additional 6%. Table 5 shows the unit cost, volume, and total dollars needed to provide wholesale energy to Lake County with a 90% participation rate (equal to 10% opt out). Note that the per unit results are not very sensitive to the actual participation rate.

In expanding to Lake County, SCP would need to maintain compliance with state-mandated renewable energy requirements while also seeking to maintain its Board-adopted voluntary environmental performance targets. As with wholesale power, SCP would seek to optimize the cost of its portfolio long-term through signing PPAs with resources that provide renewable or carbon-free energy. In the short-term, the volume of renewables needed for Lake County is estimated by applying the state's compliance minimum by year against the metered load. The volume of carbon-free energy needed to meet SCP's voluntary targets is calculated to reach a portfolio that is 93.5% renewable or carbon-free[5]. The required procurement of resources for Lake County is reduced by allocations SCP would expect to receive for Lake County's portion of carbon-free power from the Diablo Canyon Nuclear Power Plant and PG&E's hydropower fleet that is included in PCIA. Table 5 shows the resulting need for renewable and carbon-free to serve Lake County, along with the expected procurement cost based on current market prices.

CAISO charges SCP grid charges in addition to wholesale power costs to cover its costs of operation. These grid charges are expected to grow proportional to load. For this evaluation, SCP is assuming grid charges add an additional $1.50 per MWh of wholesale load.

SCP is required to procure resource adequacy (RA) for its load. RA is a contract with power plants to provide standby capacity to respond to peak grid conditions and is California's regulatory solution for ensuring system reliability. Recent revisions to RA rules require SCP to prove it has a resource fleet, battery storage, and short-term RA contracts sufficient to provide capacity across 24 hours for a peak load day each month. This new structure is known as "slice of day" and differs from the past approach of planning for a single peak hour. The incremental RA cost for serving Lake County is related to how Lake County's load profile interfaces with SCP's existing resource fleet and load shape. The cost of RA included in the table below is based on an assessment of how much additional RA, either firm capacity from natural gas plants or battery storage capacity, SCP needs to maintain compliance with its RA obligation when adding Lake County's load to its portfolio.

---

[5] A 93.5% renewable or carbon-free annual metric is consistent with a recent staff recommendation to adopt an 85% hourly renewable or carbon-free target for 2026 and beyond

The total power cost for Lake County is forecasted to grow from $25.6 million in the 9 months of participation and grow to $40.2 million per year in 2030, which represents around a 14% increase relative to SCP's power cost forecast in outer years without Lake County participation. This increase is lower than the anticipated 15.4% growth in sales, which importantly indicates that Lake County participation is expected to reduce power costs borne by SCP's current customers.

Table 5. Power Cost Forecast

	2027 (Apr-Dec)	2028	2029	2030
90% Opt-in Metered Sales MWh	255,342	351,182	351,182	351,182
Wholesale Power $/MWh	59.01	63.36	70.59	77.65
Wholesale MWh	270,663	372,253	372,253	372,253
Wholesale $ thousands	**15,970**	**23,585**	**26,278**	**28,906**
Renewable Need %	52.0%	54.7%	57.3%	60.0%
Carbon Free Allocation %	18.6%	18.3%	17.3%	13.0%
Carbon Free Need %	22.9%	20.5%	18.8%	20.5%
Renewable Need MWh	132,778	191,991	201,333	210,709
Carbon Free Need MWh	58,513	72,008	66,141	71,845
Clean Energy $ thousands	**4,490**	**5,136**	**5,217**	**5,507**
CAISO Grid Charges $ thousands	**402**	**553**	**553**	**553**
Resource Adequacy $ thousands	**4,823**	**5,274**	**5,274**	**5,274**
Total Power Cost $ thousands	**25,690**	**34,554**	**37,327**	**40,246**
Total Power Cost ¢/kWh	**10.06**	**9.84**	**10.63**	**11.46**

Administrative Costs

Adding Lake County to SCP would introduce some efficiencies of scale, but there are costs associated with data management and PG&E service fees that directly scale with meter count. SCP also anticipates growing customer service staff to maintain its high level of service, and expanding the budget for marketing, communications, and programs incentives for Lake County. Program participation for Lake County is forecasted to grow to the level of adoption SCP currently sees in Mendocino County.

Overall, expansion to Lake County is expected to increase SCP's administrative costs by around 4%--which is lower than the anticipated 15.4% growth in sales. A breakdown of the administrative cost forecast is included in Table 6.

Table 6. Administrative Cost Forecast, $ Thousands

Category	2027 (Apr-Dec)	2028	2029	2030
Data Management	337.5	450.0	450.0	450.0
PG&E Service Fees	11.3	15.0	15.0	15.0
Personnel	250.0	270.0	280.0	290.0
Marketing & Communications	570.0	400.0	410.0	420.0
Customer Service	50.0	50.0	50.0	50.0
Programs Incentives	120.0	240.0	330.0	350.0
Total Administrative Cost	**1,338.8**	**1,425.0**	**1,535.0**	**1,575.0**
Total Administrative Cost ¢/kWh	**0.52**	**0.41**	**0.44**	**0.45**

Uncollectible Revenue

A consideration in determining the revenue requirement for a utility is the amount of revenue that is uncollectible. SCP's collectible rate on its current customers is 98.6%, which means rates need to be set to recover 101.4% of projected costs. Lake County is expected to have a lower collectible rate due to lower average household incomes than SCP territory. Whereas 16.5% of SCP meters are enrolled in the California Alternative Rates for Energy (CARE) income-assistance program, 43.1% of Lake County meters are enrolled. This feasibility study applies SCP's observed CARE-specific collection rate of 96.6% and non-CARE collection rate of 98.7% using the 43.1% weighting of CARE meters in Lake County to estimate an overall 97.8% collection rate. In evaluating the revenue requirement for Lake County, rates are therefore set at 102.2% of projected costs.

Revenue Requirement

Table 7 below incorporates the incremental load, power costs, administrative costs, and uncollectible rates associated with an expansion to Lake County alongside the SCP financials for the status quo to evaluate the impact of expansion to SCP's revenue requirement. Importantly, the results show that due to efficiencies of scale and compatibility with SCP's portfolio, an expansion is expected to provide a reduction in the per-kilowatt-hour revenue requirement for SCP. These results suggest that an expansion to Lake County would not create an additional financial burden on existing SCP ratepayers and are an indication of the generation rates SCP could offer given the assumed market conditions. The revenue requirement does not include any contributions to reserves, which is discussed in a later section.

Table 7. Revenue Requirement Comparison, ¢/kWh

Scope	2027 (Apr-Dec)	2028	2029	2030
SCP (Status Quo)	11.79	12.55	13.12	13.62
SCP + Lake County Expansion	11.66	12.27	12.88	13.43
Change	-0.13	-0.28	-0.24	-0.19

Startup Costs

The power and administrative costs above reflect ongoing expenses pertinent to evaluating the long-term viability of a Lake County expansion. There are also one-time costs that SCP would incur in expanding to Lake County. These costs cover enrollment notices, staff outreach, travel expenses, preparation of this feasibility report, and marketing. The SCP Board will want to take these costs into consideration while establishing its offer for service to Lake County. For context, the revenue requirement reduction detailed in Table 7 generates $238,000 of reduced costs for SCP ratepayers per month in 2027, implying that the payout for SCP's investments in startup costs will likely occur within three months.

Table 8. Startup Costs

Category	Startup Cost, $ Thousands
Feasibility Report Staff Time	15
Implementation Plan Update	10
Outreach Staff Time	236
Enrollment Notices	150
Travel Expenses	24
Marketing & Communication	143
Total Startup Costs	**578**

Customer Type and Usage Pattern Impacts to Unit Revenue

SCP currently sets rates by making adjustments to PG&E's rate schedules—all of which fluctuate with season and customer type and many that also vary based on time of day. Because Lake County's load profile and customer mix is different than SCP's existing customers, a potentially important consideration is whether the different customer mix will impact revenue. To approximate the impact of these dynamics, the average rate for a given month, hour, and residential or non-residential customer was determined from SCP's current rates. These implied rates were then applied to the hourly residential and non-residential load profiles for Lake County. The results imply Lake County would provide 0.6% more revenue per kilowatt-hour. The results of this analysis were close enough to treat the revenue contribution of Lake County and SCP the same when assessing the revenue contribution of an overall generation rate.

PG&E Generation Rates, PCIA, and Rate Competitiveness

A key priority for Lake County in exploring SCP service is the potential for delivering lower cost electricity to its residents. To evaluate the potential for rate savings compared to PG&E service, the revenue requirement estimated for the expansion in Table 7 should compare favorably to generation rates expected to be offered by PG&E, net of the effects of PG&E's PCIA fee. Both PG&E's competing generation rate and PCIA depend on market conditions. If market prices of energy are lower, PG&E is able to reduce its generation rates and yet the PCIA paid by CCA customers increases due to poorer market performance of the portfolio PG&E procured for departing customers. Although a CCA's cost of service also decreases in a low-price market, the lower PG&E generation rate and higher PCIA make it difficult to maintain cost competitiveness.

Conversely, in a high-price market scenario PG&E's generation rates increase to cover costs and the PCIA is reduced, making CCA competitiveness generally easier.

PCIA rates vary by the date customers depart PG&E service (called "vintage" by PG&E). Most SCP customers are on the 2014 vintage with a PCIA based on the portfolio of resources PG&E procured before 2014. If Lake County were to join SCP service in April through June 2027, they would be assigned vintage year 2026[6]. Their 2026 vintage portfolio would include the resources in SCP's PCIA portfolio but also resources procured between 2014 and 2026. The resources PG&E has procured in that timeframe have by and large been more cost-competitive than their older vintage portfolio—which has had the impact of significantly reducing PG&E's PCIA fee for newer vintages of CCA customers. To offer savings, SCP must offer rates that are at or below the PG&E generation rate minus the PCIA - a term referred to as "competitive differential". Table 9 shows the 2025 generation rate paid by PG&E customers, PCIA credit, and resulting competitive differential for three different vintages to illustrate how PCIA has reduced over time. The table shows that 2025 vintage customers pay 3.25 cents less per kWh for PCIA than SCP's 2014 vintage customers. At SCP's current generation rate of 11.5 cents per kWh, SCP's current customers enjoy a discount of 2.4 cents per kWh versus service with PG&E. At that same rate, as an example, a 2025 vintage customer would enjoy a discount of 5.7 cents per kWh. A 2.4 cent per kWh discount is a 16% decrease from PG&E for generation and reduces total bills (which include 20 cents per kWh of additional costs paid to PG&E for transmission and distribution) around 7%.

Table 9. PG&E Gen Rate, PCIA, and Competitive Differential by Vintage, ¢/kWh

	2014 Vintage	2020 Vintage	2025 Vintage
2025 PG&E Generation Rate	14.99		
2025 PCIA	1.06	0.31	-2.19
2025 Competitive Differential	13.93	14.68	17.17

PG&E's generation rate, PCIA, and resulting headroom are expected to change before 2027. The PCIA is currently lower due to high-price market conditions in 2024 that were used as the basis for setting 2025 rates. Market prices have since fallen and the forecast model SCP used to estimate the power costs for this feasibility study provide conditions in 2027 for a lower PG&E generation rate and higher PCIA. SCP has access

[6] PG&E assigns vintage based on a fiscal year that runs from July 1st through June 30th. April 2027 through June 2027 is thus in the 2026 vintage year.

to a model that can provide an estimate for future generation rates and PCIA by vintage using market assumptions and has leveraged that model to predict competitive differential for the same market conditions underpinning the power cost estimates. However, it is important to note that actual PG&E rates and fees have historically varied significantly from estimates – both estimates made by SCP and estimates made by PG&E. Table 10 shows the anticipated PG&E competitive differential for a 2026 vintage (Lake County) and 2014 vintage (SCP) compared to the revenue requirement estimate for an expansion from Table 7.

Table 10. Competitive Differential Forecast vs. Revenue Requirement, ¢/kWh

	2027 (Apr-Dec)	2028	2029	2030
SCP Expansion Revenue Requirement	11.66	12.27	12.88	13.43
PG&E 2026 Vintage Competitive Differential (Lake County)	16.35	15.55	15.22	14.89
PG&E 2014 Vintage Competitive Differential (SCP)	12.95	12.69	12.74	12.78

SCP currently sets the same generation rates for its customers, regardless of PCIA vintage. If SCP continues that practice in expanding to Lake County and sets rates at its revenue requirement, Table 10 indicates Lake County with its 2026 vintage PCIA would enjoy higher savings that SCP customers in Mendocino and Sonoma Counties (1.46 cents per kWh to 4.69 cents per kWh of savings relative to PG&E service, which represents 9.8% to 28.7% savings on generation or 4.2% to 12.9% savings on a total bill basis). In this same scenario, current SCP customers would be seeing comparatively smaller discounts (or a slight premium) due to their 2014 vintage, but with increased savings relative to the status quo without expansion. In 2027, SCP would need to add some costs to its revenue requirement to build reserves up to the new higher target balance beyond the amounts reflected in Table 10.

Sensitivity Analysis

Changes in regulations are a key uncertainty in predicting the future but are difficult to model and forecast. As a result, staff have completed this analysis assuming the existing regulatory conditions. In contrast, power market conditions are the other key uncertainty in determining the economic feasibility of expanding SCP service to Lake County and are possible to model. Power prices not only drive the costs for serving Lake County’s load, but also directly influence PG&E’s generation rate, PCIA, and competitive differential that determines whether SCP service offers cost savings. In order to understand the robustness of the feasibility study's findings, scenarios have been evaluated for both a high and low market price scenario. Figure 8 shows the power price assumptions used in the low and high price scenarios compared to the base case described above.

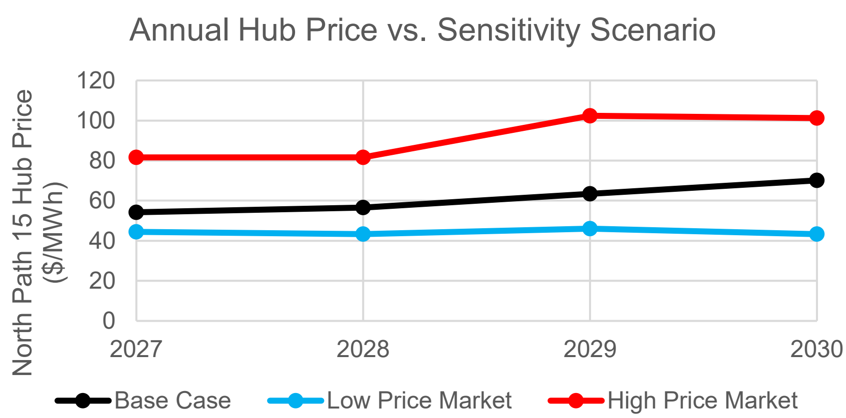


Figure 8. Power price assumptions for low and high price sensitivities vs. base case.

Table 11 shows the expected total power costs in the low price and high price scenarios compared to the base case. Whereas the base case represents a scenario with an average power cost of 10.5 cents per kWh, the low case averages 8.45 cents per kWh and the high scenario averages 14.23 cents per kWh. Because this feasibility study assumes power for the expansion to Lake County will be first procured on the spot market, the overall power costs are very sensitive to market price assumptions.

Table 11. Power Costs for Lake County by Sensitivity Scenario, ¢/kWh

Scenario	2027 (Apr-Dec)	2028	2029	2030
Base Case	**10.06**	**9.84**	**10.63**	**11.46**
Low Price Market	9.01	8.17	8.49	8.11
High Price Market	13.36	12.89	15.28	15.39

In order to understand whether the changes in power costs impact the determination that a Lake County expansion lowers the revenue requirement to existing SCP ratepayers, SCP's existing load profile and power portfolio were tested using the same scenarios with and without a Lake County expansion. The results of this analysis are shown in Table 12.

Table 12. Revenue Requirement Comparison by Sensitivity Scenario, ¢/kWh

Scenario	Scope	2027 (Apr-Dec)	2028	2029	2030
Low Price Market	SCP (Status Quo)	11.29	11.61	11.89	11.77
	SCP + Lake County Expansion	11.08	11.23	11.53	11.37
	Change	-0.21	-0.38	-0.37	-0.40
High Price Market	SCP (Status Quo)	13.65	14.69	16.26	16.27
	SCP + Lake County Expansion	13.72	14.54	16.24	16.26
	Change	+0.07	-0.15	-0.02	-0.01

Unlike Lake County's power costs, a large portion of SCP's power is contracted through long-term power purchase agreements at fixed prices. These contracts reduce the sensitivity of SCP's revenue requirement to variations in market price. Accordingly, the revenue requirement benefits for an expansion to Lake County are amplified in the low market scenario compared to base case results in Table 7 because an expanded portfolio can realize more benefits from reduced power costs. Conversely, the revenue requirement benefits in a high price scenario are muted because SCP's portfolio becomes more exposed to high market prices with an expansion. However, even in the high price scenario, the revenue requirement with an expansion is either similar or lower than the status quo—indicating that expansion is likely advantageous to SCP across a range of market conditions.

The low price and high price market scenarios were also tested in the PCIA and competitive differential model—as different market conditions will impact the competitiveness of the rates SCP is able to offer. Table 13 shows the revenue requirement results from Table 12 alongside the PG&E competitive differential model outputs for the low and high price scenarios. In the low price scenario, the competitive differential is reduced due to higher PCIA and reduced PG&E generation rates. The results show that the revenue requirement reductions, however, are likely sufficient to continue providing discounts to the 2026 vintage for Lake County. The low scenario for 2014 vintage customers shows reduced discounts in 2027 and 2028 and increased premiums in 2029 and 2030—but the amplified revenue requirements benefits in the low scenario improve their outcome relative to service without Lake County. In the high market scenario, the differential increases disproportionately to the revenue, allowing greater potential for savings for the 2026 vintage. These results demonstrate that the feasibility study's finding that SCP could likely deliver competitive rates for Lake County is applicable across a range of market conditions.

Table 13. Competitive Differential Forecast by Scenario, ¢/kWh

Scenario	Scope	2027 (Apr-Dec)	2028	2029	2030
Low Price Market	SCP Expansion Revenue Requirement	11.06	11.22	11.52	11.36
	2026 Vintage Competitive Differential (Lake County)	15.31	14.16	13.39	12.04
	2014 Vintage Competitive Differential (SCP)	11.92	11.31	10.92	9.95
High Price Market	SCP Expansion Revenue Requirement	13.70	14.54	16.23	16.25
	2026 Vintage Competitive Differential (Lake County)	19.25	18.21	19.35	18.18
	2014 Vintage Competitive Differential (SCP)	15.84	15.33	16.85	16.05

Reserves and Rate Stabilization Fund Considerations

The results above assume the rates are set at SCP's revenue requirement and no contribution is made to reserves or a rate stabilization fund. In practice, SCP will need to budget for contributions to reserves and the rate stabilization fund in years with sufficient competitive differential. Conversely, in years where the revenue requirement is above the competitive differential, SCP would likely draw from its stabilization fund or reserves to provide competitive electric bills to customers.

Expanding to Lake County equates to a $21.4 million increase in SCP's minimum reserves requirement using 2030 costs (the reserves minimum equates is 180 days of operating costs). Given its current assets and budget for the next year, SCP expects to have a sufficient reserves balance to accommodate the increased requirement without supplemental revenue requirements before or after the start of service.

SCP's current financial policy sets a target reserve balance of 365 days and stipulates that during periods where SCP is below its target, rates should be set to meet it within 5 years while still protecting customers from unreasonable rates. Adding Lake County increases SCP's target reserves balance by $42.7 million using 2030 costs. In order to build $42.7 million in additional reserves by the end of 2032, rates would need to be set at 0.28 cents per kWh above the revenue requirement (on average). Depending on the market scenario, this would likely offset the cost reductions for expanding service projected for existing SCP ratepayers in the short term but still allow for discounts to Lake County customers.

An important consideration in expanding to Lake County is that the reserves and rate stabilization fund built-up from SCP's existing participants will be spread out over 15.6% more load.

Chapter 6. Local Resource Development Opportunities

Since inception, a core value of SCP has been supporting the construction of local energy resources that provide economic development opportunities to the communities it serves. SCP has contracted with the Geysers, built six 1 MW local solar projects, and is currently building a 4 MW solar with storage project in Mendocino County. SCP has created the Geothermal Opportunity Zone (GeoZone) in partnership with Sonoma and Mendocino counties with the aim of building 600 MW of new geothermal capacity. SCP has also recently created a capital projects department specifically focused on building local energy resources. In expanding to Lake County, SCP may find new opportunities for partnership in resource development and use its leverage as a large power customer and regulatory advocate to steer development towards positive outcomes for the region.

Geothermal Opportunity Zone (GeoZone)

SCP's GeoZone is structured as a public-private partnership to promote local geothermal development. SCP sees clean firm resources such as geothermal as key components of the future grid. The motivation of GeoZone is to leverage SCP's community relationships, power offtake, and political and regulatory advocacy to build geothermal capacity that is cost-competitive at scale-up and that generates significant local economic benefits. GeoZone partners commit to offering SCP a first right-of-refusal on all future capacity—locking-in long-term ratepayer benefits if a scale-up is successful.

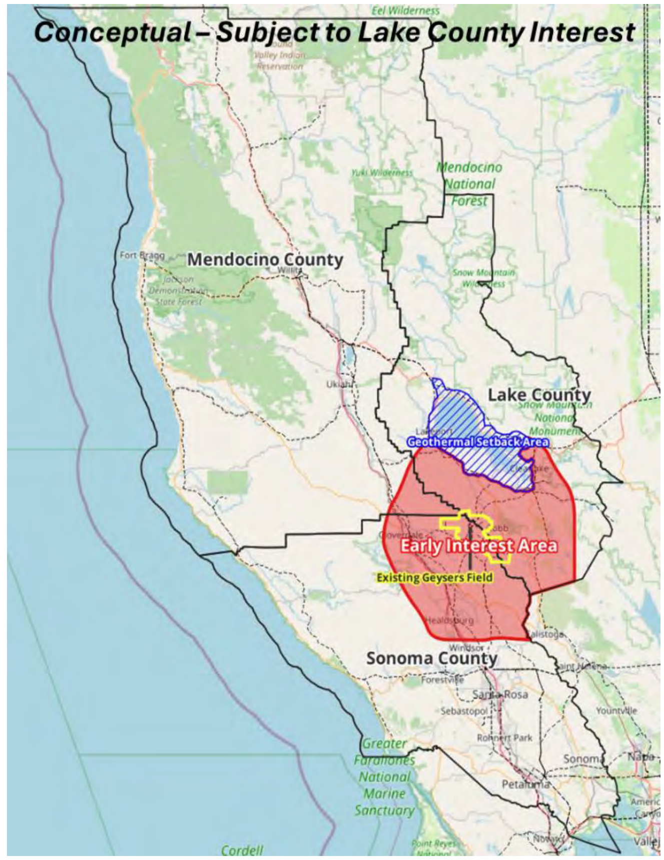


Figure 9. Early interest area for an expanded GeoZone with Lake County.

The Clear Lake Volcanic Field that underlies the Geysers creates a regional temperature anomaly that provides favorable conditions for both conventional geothermal development—such as the existing operation at the Geysers—as well as deployment of next-generation geothermal technologies. Although next-generation technologies such as Enhanced Geothermal Systems (EGS) and advanced closed loop (ACL) are technically viable far beyond the reaches of existing geothermal fields, the elevated temperatures in that area allow for them to be tested at shallower depths and lower cost. SCP has identified an "Early Interest Area" in the GeoZone where elevated temperatures and transmission availability are likely to attract near-term development interest. Figure 9 shows how SCP expects the "Early Interest Area" could expand should Lake County join the GeoZone. Figure 9 also shows the Geothermal Setback Area where Lake County has passed a moratorium on geothermal development that would be left unchanged.

Adding Lake County to the GeoZone would be mutually beneficial. By expanding the total land area of opportunities, SCP and GeoZone partners are more likely to identify viable projects. Lake County offers high rock temperatures, lower land costs, and significant transmission infrastructure that are likely to attract development interest. Through participation in the GeoZone, Lake County would have increased influence on guiding project development and selecting project partners and importantly would retain its existing jurisdiction over projects proposed within its borders. It would also benefit from SCP's investment in community engagement and through long-term cost savings from commercial commitments in the GeoZone cooperation agreements. Although Lake County is likely to see geothermal development regardless of participation in the GeoZone, participation in the GeoZone will attract additional interest from industry—accelerating and increasing the scale of investment.

Given the strategic nature of the GeoZone and potential long-term ratepayer benefits, it is strongly recommended that Lake County join the GeoZone concurrently with SCP's electric service. The SCP Board may want to establish expectations or a requirement on Lake County's participation in the GeoZone in its offer for service.

Other Clean Energy Opportunities

Lake County has excellent conditions for clean energy development beyond geothermal power as well. In 2024, Calpine installed two utility-scale battery storage systems totaling 38 MW at the Geysers. AES is in the early stages of developing a 70 MW wind project in Morgan Valley (see Figure 10). Lake County and the Hidden Valley Lake Community Services District have been exploring the development of closed-loop pumped hydropower systems. Lake County has high solar irradiance, high wind power density, relatively affordable land, and access to transmission.

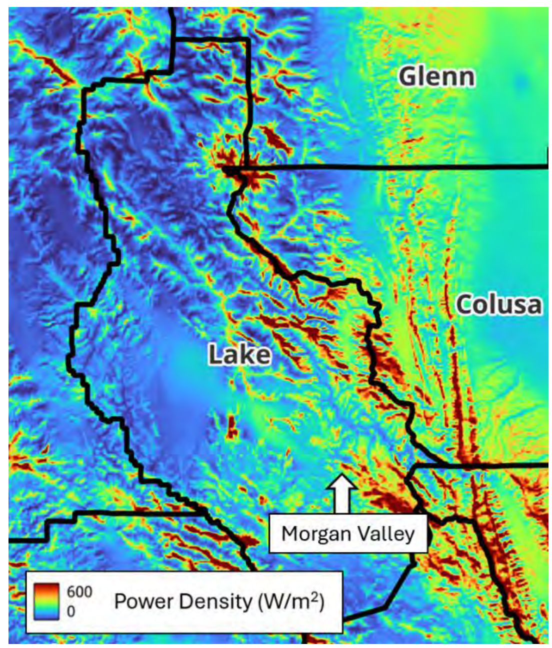


Figure 10. Wind power density map for Lake County with location of Morgan Valley project.

Lake County's participation in SCP would support clean energy development that maximizes local benefits. As a potential buyer of local projects, SCP can increase the importance of local considerations in siting and constructing projects. SCP offtake of local projects also allows Lake County residents to directly benefit from electricity generation. SCP is also very active in advocacy at the CPUC, California Energy Commission (CEC), and CAISO and can advocate for infrastructure and grants to support local project development for Lake County. Importantly, SCP's new capital projects team provides an avenue for SCP to directly invest and build resources in Lake County.

Chapter 7. Additional Benefits

SCP expansion to Lake County offers potential benefits beyond ratepayer savings and increased opportunities for partnership in local resource development. These additional benefits include:

- **Cost-effective building electrification:** SCP has invested heavily in building programs, incentives, and expertise to promote building electrification. However, electrification in Sonoma and Mendocino Counties is challenging because it is not clearly cost-effective due to the relatively low cost of natural gas compared to electricity. Lake County does not have access to natural gas and instead relies on higher-cost propane for heating. SCP thus expects the cost-effectiveness of electrification to be significantly better in Lake County which will result in higher adoption rates and allow faster and larger impact.
- **Increased portfolio flexibility:** As shown in Table 4, over half of SCP's existing load is served by long-term contracts, which limit SCP's flexibility to optimize its portfolio if costs decline or new resources or technologies become available. Adding additional load increases opportunities for SCP to optimize its portfolio. Adding load also increases utilization of SCP's existing resources, including its large battery storage fleet. Although the revenue requirement estimates in Chapter 5 assume spot market purchases for incremental load, SCP will look for new long-term contract opportunities that provide supplemental savings.
- **Improved advocacy:** Adding Lake County would expand SCP's voice to be representative of energy-related issues across a broader region and a more diverse set of experiences. Partnering with Lake County would give SCP more direct experience in understanding the concerns of tribes, low-income communities, and regions that are net exporters of electricity. Lake County would gain access to SCP's expertise in engaging in energy-related issues with the CPUC, CEC, CAISO, and PG&E to address local priorities.
- **Improved customer service:** SCP staffs a call center and a Customer Center in Santa Rosa that provides very responsive customer service. SCP is able to answer questions on both its own charges and PG&E bill overall. SCP staff also has a long-track record of delivering savings to customers by identifying optimal rate plans, low cost or no cost tips for energy savings, and information on energy efficient appliances.

Customer choice: An intrinsic benefit of a jurisdiction participating in CCA service is that it provides customers with a choice for two options for their electric provider, where before they had only PG&E. Providing choice to Lake County gives customers greater control over their electricity sources and costs, and creates competition that encourages better service and lower costs.

Chapter 8. Risks

The economic evaluation and benefits listed in Chapter 6 and Chapter 7 provide support for moving forward with expansion of SCP service to Lake County. However, in evaluating whether to proceed it is important to understand the following risks:

- **Financial risk to Lake County jurisdictions:** Section 3.3 of the JPA governing SCP stipulates that the debts, liabilities, and obligations of SCP shall not be the debts, liabilities, or obligations, of participating jurisdictions. Accordingly, participation in SCP should not have any impact on the credit rating or books of Lake County jurisdictions. This also means that member cities and counties of SCP have absolutely no access to the funds or other assets of SCP. In addition, if a jurisdiction decides to completely withdraw from SCP service, Section 7.3 of the JPA give that jurisdiction a choice: (A) they may withdraw on a date of SCP's choosing without cost obligation, noting that date may be as far in the future as the length of SCP's longest energy contract (typically 20 or 25 years); or (B) the withdrawing jurisdiction must pay SCP for the financial liability for costs related to the jurisdiction's participation in SCP service—including losses from the resale of power contracts entered to serve load (an amount that will generally exceed $40 million for a region the size of Lake County). Given the practical difficulty of withdrawal, Lake County jurisdictions should only consider SCP participation if they intend on making a very long-term commitment that will weather different rate and political environments.
- **Customer opt-outs:** This study assumes a 90% participation rate. However, given the flexibility allowed to individual customers in switching power providers, the participation rate could be higher or lower. High opt-outs could lead to a situation where SCP has excess energy procured in long-term contracts that is not offset by customer revenues. SCP seeks to mitigate customer opt-out risk by investing heavily in marketing and community engagement leading up to start of service and make procurement decisions for the expansion with the flexibility to adapt to lower or higher opt-out rates.
- **SCP credit rating:** SCP's current investor-grade credit rating is based on its financial assets, portfolio position, industry conditions, and the demographics of its customers among other conditions. Although this study demonstrates that expansion is financially prudent, credit rating agencies may see it as adding

risk—particularly given the impact to the reserves target and the lower average household income observed in Lake County. SCP will seek to mitigate this issue by socializing the financial merits of the expansion with rating agencies and building up reserves to the new higher target balance.

- **PG&E Generation Rates & PCIA:** As demonstrated in Chapter 5, the ability of SCP to offer competitive rates is very sensitive to the generation rate and PCIA PG&E charges. SCP's estimates of PG&E's rates and fees are based on a model calibrated to long sets of historical data, but regulatory changes or changes in PG&E's procurement practices could cause future generation rates and PCIA to diverge from SCP's forecasts in Chapter 5. Although this analysis provides strong evidence that SCP will be able to offer competitive rates to Lake County, discounts cannot be guaranteed.
- **Legislative and regulatory risk:** SCP is subject to many different compliance requirements, which can be changed through new legislation or rulemaking. Compliance requirements can challenge the ability of SCP to compete or can devalue its existing resources. SCP seeks to mitigate this risk by investing heavily in its own legislative and regulatory capacity and working through its trade association CalCCA.

Chapter 9. Implementation

Enrollment Process

The steps for Lake County joining SCP service are established in SCP's Policy D-4, CPUC Resolution 4907, and guided by best practices by other CCA expansions. The steps below include the activities SCP anticipates in working towards a start of service date between April and June 2027 (exact date to be determined following CPUC approval of an updated Implementation Plan).

Table 14. Enrollment Activities and Expected Timing

Expected Timing	Activity
June 2025	**Socialize Feasibility Study:** Feasibility Study presented to SCP Board and Lake County jurisdictions. Starts 60-day clock for SCP jurisdictions to review.
July 2025	**Tribal Engagement:** SCP, with support from Lake County, begins engaging Lake County tribes to build awareness of CCA service and address concerns.
August to September 2025 (depending on meeting schedule)	**SCP Board Invitation:** SCP Board of Directors votes on whether to extend a formal offer of service **Lake County Ordinance Approval:** Lake County jurisdictions approve resolution requesting SCP membership and ordinance authorizing CCA service through SCP. Note: this requires two consecutive meetings.
October 2025	**SCP Resolution:** SCP Board of Directors adopts resolution authorizing participation of Lake County jurisdictions. **Drafting:** SCP staff write an updated Implementation Plan and circulate to the SCP Community Advisory Committee for review.
November 2025	**Implementation Plan:** SCP Board certifies the updated Implementation Plan and SCP staff submits updated Implementation Plan to CPUC with Lake County expansion
February 2026	**Implementation Plan Certified:** CPUC must certify it has received the Implementation Plan within 90 days of filing.
April 2026	**RA:** SCP submits its load forecast for 2027 RA requirements including Lake County.
Sep 2026	**Customer Outreach:** SCP hires necessary staff and begins community outreach in Lake County in earnest including participation in community events, advertising/marketing, and dedicated townhall meetings.
July 2026	**Procurement:** SCP is assigned RA obligation for Lake County and begins supplemental procuring resources to serve load in earnest.
February 2027	**First Notice:** SCP will mail notices to all prospective customers describing terms of service and customer's opt-out opportunity before service.
March 2027	**Second Notice:** SCP will mail second notice to all prospective customers describing terms of service and customer's opt-out opportunity before service.
Between April and June 2027 (TBD)	**Start of Service:** PG&E will transfer eligible accounts to SCP service based on billing period.

Governance

SCP is governed by a Board of Directors composed of elected members from participating jurisdictions. The early Board included one appointee from Sonoma County and one from each of the participating municipalities in Sonoma County. When SCP expanded to Mendocino County in 2017, one seat was assigned to Mendocino County and one seat was shared by the three participating cities: Fort Bragg, Point Arena, and Willits. The SCP Board currently has eleven total board members. Decisions of the Board of Directors are generally made by a majority of directors present at the meeting, but a director can request approval of any matter also require the majority of voting shares. Voting shares are allocated between participants proportional to annual load.

It is the staff's recommendation that the Board consider following the approach used in expanding to Mendocino County. Adding one seat from Lake County's Board of Supervisors and a shared seat between the City of Clearlake and City of Lakeport would expand the SCP Board of Directors to thirteen seats. The three Lake County jurisdictions are expected to represent 13.5% of SCP's load after expansion. Two seats on a 13-member board closely approximates their load share (15.4% vs. 13.5%), which will still be used as the basis for allocating voting shares.

Administrative and General Policy D.4

New Customer Communities

Whereas, the Sonoma Clean Power Authority's (SCPA) purposes include:

- Reducing greenhouse gas emissions related to the use of power in Sonoma County and neighboring regions;
- Providing electric power and other forms of energy to customers at a competitive cost;
- Carrying out programs to reduce energy consumption;
- Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
- Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources; and

Whereas, creating opportunities for new communities to benefit from community choice aggregation programs may allow SCPA to further progress towards these purposes; and

Whereas, SCPA's default CleanStart service reduces greenhouse gas emissions when compared to the incumbent utility's default service; and

Whereas, the addition of new communities to SCPA's service territory will accelerate progress toward SCPA's and the State of California's goals on renewable energy and greenhouse gas reductions;

Therefore, in light of these considerations, it is SCPA's policy to consider providing electric service in new communities to further SCPA's goals, consistent with the criteria set forth below.

Applications to serve new communities will be considered if all of the following criteria are met:

1. The community is relatively close to existing SCPA service territory, so that regular meeting attendance and community engagement is practical.

2. The community agrees to abide by the SCPA Joint Powers Agreement, all existing SCPA adopted policies, and any conditions of service proscribed by SCPA's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the SCP program, with governance representation determined by the existing SCPA Board of Directors.

3. The SCPA Board of Directors finds that service to the new region:
    a. will decrease greenhouse gas emissions;
    b. will not increase costs or financial risks to existing SCP customers;
    c. will be consistent with SCPA's purposes of promoting renewable energy, energy efficiency and conservation

Adopted: December 3, 2015

4. There should be significant political and public alignment of values between existing and proposed participants, so that fundamental conflicts over key underlying issues are less likely. This would be important, for example, in determining the balance of environmental and economic goals.

5. The addition of the new community is likely to increase the voice of SCPA in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and other relevant venues.

6. The addition of the new community will not harm SCPA's autonomy over its portfolio of power sources, customer programs, and its ability to serve local, community interests.

7. The addition of the new community will not harm the quality of service to existing SCPA customers and will not give rise to operational risks that could significantly harm SCPA's existing functions.

An applicant community that initially appears to meet the above criteria may be referred by the SCPA Board of Directors to SCPA staff for a more detailed analysis of the applicability of above criteria, and any other relevant issues, following the New Customer Community Application Procedure set forth below.

Sonoma Clean Power
New Customer Community Application Procedure

Step 1	Governing body of applicant community submits letter to SCP requesting consideration for service.
Step 2	Staff evaluates timing of request to determine if internal resources are available to consider request, and to ensure no impact to core agency functions.
Step 3	Staff submits request to SCPA Board of Directors along with staff's initial opinion, and the Board determines whether a full analysis is warranted. If so, staff sends a letter of acknowledgement to the applicant region.
Step 4	Staff executes contract with governing body of new community to fund costs of membership analysis and other SCPA costs relating to adding community (e.g., cost of updating Implementation Plan). These costs would be deducted from program funding that normally would flow to the new territory until startup costs are reimbursed to SCPA's operating fund. Staff undertakes and completes a full analysis.
Step 5	Results of membership analysis presented to governing body of new community and to SCPA Board of Directors. SCPA Board determines whether providing service to new community is consistent with Policy D-4, whether new community will be offered representation on the Board, and what other conditions will apply to new service.
Step 6	A 60-day period will be provided for SCPA Board members to request a presentation by SCPA staff before their city or town councils or county board of supervisors, and to allow adequate time for city/town and county staff to evaluate the proposed extension of service.
Step 7	SCPA Board of Directors votes on whether to extend a formal offer for service.
Step 8	Governing body of new community approves resolution requesting membership and ordinance authorizing community choice aggregation service through SCPA, and takes any other actions required by the SCPA Board of Directors as a condition of service.
Step 9	SCPA Board of Directors adopts resolution authorizing membership of the additional community, and staff submits updated Implementation Plan to CPUC.

Adopted: December 3, 2015

Step 10 SCPA Staff develops service plan and schedule, begins buying additional energy, and starts community outreach.

COUNTY OF LAKE
Administrative Office
Courthouse - 255 North Forbes Street
Lakeport, California 95453
Telephone: (707) 263-2580
Fax: (707) 263-1012
E-mail: Susan.Parker@lakecountyca.gov

SUSAN PARKER
County Administrative Officer

April 17, 2025

Sonoma Clean Power
Attn: Chair Brian Barnacle
431 E. Street
Santa Rosa, CA 95404
[VIA EMAIL]

Dear Chair Barnacle,

On behalf of the County of Lake, I am requesting that Sonoma Clean Power conduct a membership analysis to assess the feasibility of expanding service to our community. The findings from this analysis will help inform the Board of Supervisors as we consider the potential benefits of joining Sonoma Clean Power.

Lake County is interested in the potential for CCA service to address economic and environmental challenges for the county. We are eager to explore how partnering with Sonoma Clean Power could help us address these challenges by offering our residents access to a non-profit energy provider, expanding participation in customer programs, exploring capital projects in partnerships with Tribal Nations and main street communities, and strengthening our representation in energy policy discussions.

We recognize Sonoma Clean Power's Administrative and General Policy 0.4 on New Customer Communities and understand that any decision regarding expansion would require approval from both the County of Lake Board of Supervisors and the Sonoma Clean Power Board of Directors following a review of the membership analysis. Additionally, we acknowledge that while Sonoma Clean Power would initially cover the costs of the analysis, these costs would be reimbursed through temporary deductions to program funding should expansion move forward, unless the Sonoma Clean Power Board of Directors takes action to waive those costs.

We appreciate your time and consideration and look forward to the opportunity to discuss this further.

Regards,

COUNTY OF LAKE

Susan Parker,
County Administrative Officer

Staff Report – Item 10

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

From: **Adam Jorge, Senior Decarbonization Policy Manager**

Issue: **Receive a Presentation on Energy Sector Regulatory Agencies**

Date: **May 15, 2025**

Recommendation

Receive a presentation on key regulatory agencies operating in California's energy sector and Sonoma Clean Power Authority's work in agency venues.

Background

California has more than 200 agencies, bureaus, departments, commissions, and authorities with the ability to develop and enforce regulations. The process of developing a regulation – known as "rulemaking" – is a complex and variable process. Sonoma Clean Power works to lead strategic engagements and advocacy in several of the key regulatory and administrative bodies that oversee the energy sector. This presentation intends to demystify the rulemaking process and provide useful insight into Sonoma Clean Power staff actions to protect ratepayers and foster effective climate and energy policy.

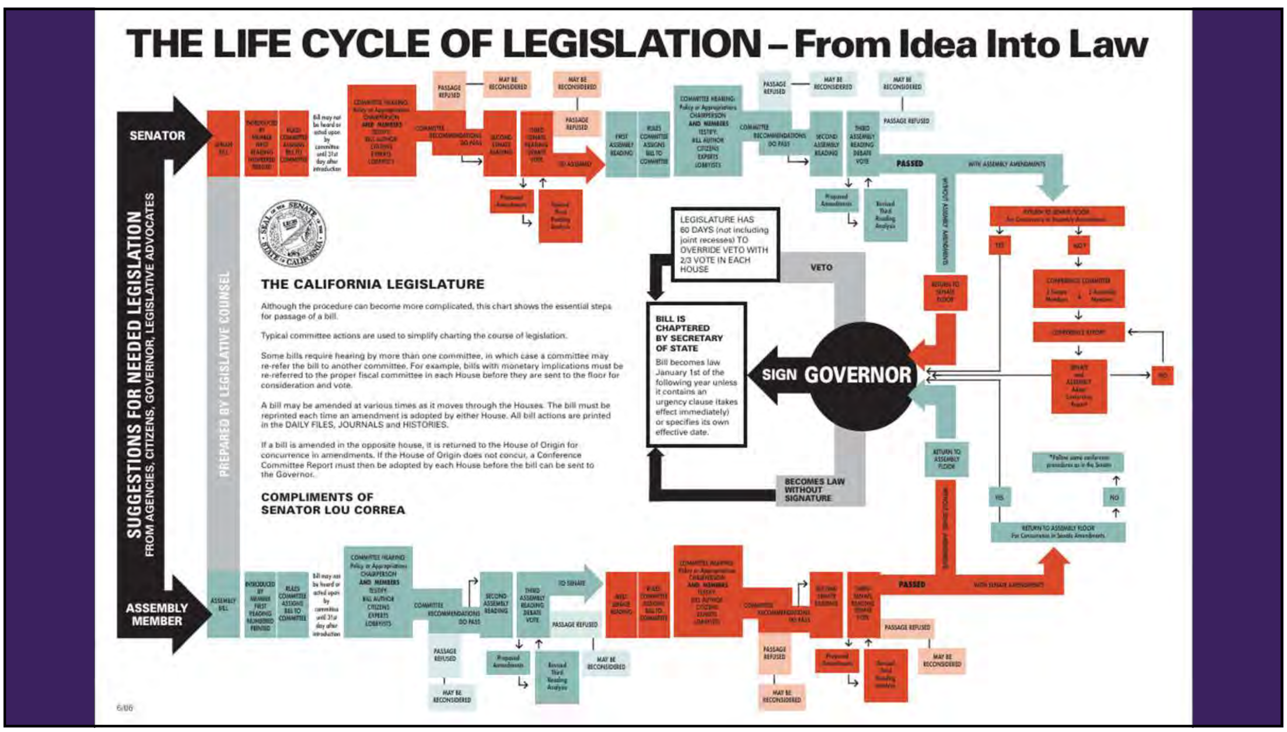
Attachments

- Attachment 1– Regulatory Ecosystems in the Energy Sector PowerPoint Presentation

Regulatory Ecosystems in the Energy Sector

Senior Decarbonization Policy Manager & Regulatory Affairs

1



2

Lifecycle of a Rulemaking

Statutory Requirement → Pre rulemaking → Formal Rulemaking Starts

Initial Public Comment (45 Day) → Agency Responses to Comments → Secondary Comment Window
- 15 Day Comments (Minor)
- 45 Day Comments (Major)

Submission to OAL → OAL Reviews

3

California Energy Commission (CEC)

Established: 1974

Parent Agency: California Natural Resources Agency (CNRA)

Governance: 5 Commissioners (Chair: David Hochschild)

Staff: 700 - 900

Regulates approval and development of new energy generation facilities in the state. Authority to plan, manage, research, fund, inform and administer state energy resources and policies.

Core Functions:
- Advancing State Energy Policy
- Achieving Energy Efficiency
- Investing in Energy Innovation
- Developing Renewable Energy
- Transforming Transportation
- Overseeing Energy Infrastructure
- Preparing for Energy Emergencies

4

California Air Resources Board (CARB)

Established: 1967

Parent Agency: California Environmental Protection Agency

Governance: 16 Board Members (Chair: Liane Randolph)

Staff: ~1,800

Primary state agency responsible for reducing air pollutants and greenhouse gas emissions, with authority to regulate mobile sources, oversee air quality standards, and implement climate programs.

Core Functions:

- Protecting Public Health through Clean Air
- Reducing Greenhouse Gas Emissions
- Advancing Clean Transportation
- Regulating Air Toxics and Criteria Pollutants
- Supporting Environmental Justice
- Conducting Air Quality and Emissions Research

CALIFORNIA
AIR RESOURCES BOARD

5

California Public Utilities Commission (CPUC)

Established: 1911

Independent Commission

Governance: 5 Commissioners (President: Alice Reynolds)

Staff: ~1,400

Regulates essential utility services provided by investor-owned entities across the energy, water, telecommunications, and transportation sectors.

Core Functions:

- Ensuring Safe and Reliable Utility Service
- Protecting Consumers
- Advancing Clean Energy Goals
- Fostering Equity and Access
- Overseeing Utility Rates and Infrastructure Planning

6

CAISO

Established: 1998 (fully functional ISO in 2008)

Nonprofit Public Benefit Corporation

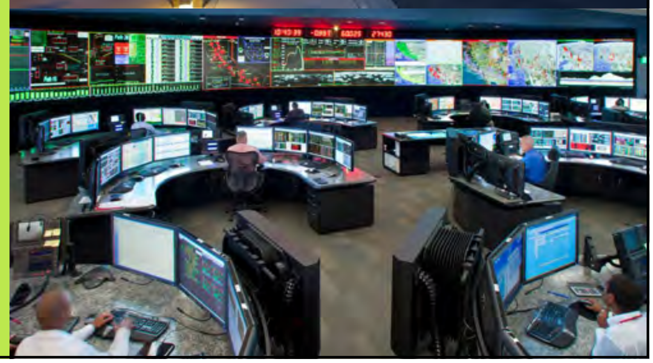
Governance: Board of Governors. 5 Members (Chair: Severin Borenstein)

Staff: ~900

Responsible for managing the flow of electricity across high-voltage transmission lines, ensures reliability, operates competitive wholesale energy markets, and oversees transmission planning.

Core Functions:

- Grid Management
- Wholesale Energy Market Operations
- Transmission Planning
- Renewable Integration



7

Joint Agency Efforts

1. Senate Bill 100 Implementation
2. Joint Agency Reliability Planning Assessment
3. Vehicle-Grid Integration (VGI) Working Group
4. Gas Transition Planning
5. Joint Agency IEPR Workshops

STATE OF CALIFORNIA ENERGY COMMISSION

CALIFORNIA AIR RESOURCES BOARD

PUBLIC UTILITIES COMMISSION STATE OF CALIFORNIA EUREKA

California ISO

8

5 Reasons to Engage

- Strategic Alignment with Statewide Climate Goals
- Access to Funding & Incentives
- Influence in Policy Development and Planning Efforts
- Program Design & Alignment
- Regulatory Foresight and Risk Management

9

In the Past Year…

ENGAGEMENT:

- Zero Emission Space and Water Heating Regulation (CA
- Non-Energy Impacts OIIP (CEC)
- SB 253, 261, and 219 RFI (CARB)
- Cap-and-Trade, MRR, and GGRF (CARB)
- RPS Guidebook Updates (CEC)
- IEPR and CED forecast (CEC)
- Demand Response and Load Flexibility engagement (C

SUCCESSES:

- Recognition in CARB and CEC venues
- Inclusion in rulemaking comment processes
- We were contacted multiple times *by* CARB and CEC staff for preliminary feedback
- Became the first CCA sponsor of CEC's Building Electrification Summit
- Hosted CEC grant workshop in our Customer Center

10

Thank You!

Questions?

11