



**AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, JULY 17, 2025
1:00 P.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE JULY 17, 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 June 12, 2025, Draft Community Advisory Committee Meeting Minutes (Staff Recommendation: Approve) **pg. 5**
2. Receive Monthly Financial Report (Staff Recommendation: Receive and File) **pg. 9**
3. Receive Geothermal Opportunity Zone Update (Staff Recommendation: Receive and File) **pg. 21**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

4. Receive Internal Operations Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 25**
5. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 29**
6. Receive Update on Sponsored Research at Princeton University for Transmission Planning Under Uncertainty (Staff Recommendation: Receive and File) **pg. 33**
7. Recommend the Board of Directors Adopt a Resolution Offering Participation in Sonoma Clean Power to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport (Staff Recommendation: Approve) **pg. 41**

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



**DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, JUNE 12, 2025
1:00 P.M.**

CALL TO ORDER

(1:01 p.m. - Video Time Stamp: 00:01:00)

Chair Lipp called the meeting to order.

Committee Members present: Chair Lipp, Members Hollinshead, Soto, Dowd, Wang, Heffler, and Nicholls. Vice Chair Kelly and Members Hagen and Morris were absent without prior notice.

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

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

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

1. Approve May 15, 2025, Draft Community Advisory Committee Meeting Minutes
2. Receive Monthly Financial Report
3. Recommend that the Board of Directors Approve Proposed Amendment to Customer Service Policy A.3 Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections and A.6 Emergency Consumer Protection Policy
4. Recommend that the Board of Directors Approve and Authorize the Chief Executive Officer or his Designee to Execute Task Order #2 of the Foundational Professional Agreement with the Sacramento Municipal Utility District for Debt Collection Services Effective through December 31, 2029
5. Receive Geothermal Opportunity Zone Update

Public Comment: None

Motion to approve the June 12, 2025, Community Advisory Committee Consent Calendar by Member Dowd

Second: Member Nicholls

Motion passed by roll call vote.

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

ABSENT: Kelly, Hagen, Morris

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

6. Receive Internal Operations Report and Provide Feedback as Appropriate

(1:03 p.m. – Video Time Stamp: 00:03:12)

Stephanie Reynolds, Director of Internal Operations, introduced Sarah Smith, Administrative Assistant, Laura Liberty, Human Resources Manager, and Patrick Le, Capital Projects Engineer – Electrical, SCP's new staff to the Community Advisory Committee (Committee).

1:06 p.m. Member Hagen entered the meeting.

Director Reynolds introduced Kate Kelly, Director of Public Outreach & Marketing who announced that SCP had won the North Bay Leadership Council's Paint Community Green Award and the North Bay Biz Magazine Reader's Poll, "Best Public Agency."

Public Comment: None

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

(1:10 p.m. – Video Time Stamp: 00:10:24)

Neal Reardon, Director of Regulatory Affairs, stated that the California Public Utilities Commission (CPUC) issued a proposal to modify how CCA customers are granted financial credit for how the Resource Adequacy (RA) credit is calculated and the goal of the modifications was to increase the number of transactions included and to increase the accuracy of the RA. However, it would use historical RA prices instead of the current prices to determine market value

and it would do so retroactively, which would be a detriment to SCP's customers. Geof Syphers, CEO, added that this is creating a fee that changes with the market.

Member Hollinshead stated that a good option would be to require a stated time for fees. Member Heffler asked if the CPUC was political and Director Reardon responded that the CPUC are concerned about residential bundled customers when they make their rulings.

Miles Horton, Legislative Policy & Community Engagement Manager, discussed the geothermal bills that SCP has sponsored. Mr. Horton stated that AB 526 (Papan) had died in committee, but AB 527 (Papan) and AB 531 (Rogers) had moved to the Senate and SCP would know by mid-September. Member Heffler asked why AB 526 failed, and Mr. Horton responded that it was a cost issue because California is currently running a deficit.

Public Comment: None

8. Receive Update on Tribal Engagement Efforts

(1:33 p.m. – Video Time Stamp: 00:33:08)

Claudia Sisomphou, Public Affairs and Advocacy Manager, gave an update and presentation on SCP's tribal engagement efforts. CEO Syphers discussed his experiences meeting with local tribal governments and attempts to establish relationships with local tribes.

Member Wang asked what feedback SCP was receiving from the tribes. CEO Syphers stated that there had been a wide range of comments including issues such as business readiness, income inequality, local projects, and rate payer issues. Member Hollinshead asked if the local tribes were pushing for power resilience. CEO Syphers explained that tribes permit differently, but SCP is learning from the discussions. Member Hagen asked if the tribes are interested in working towards geothermal and CEO Syphers replied that SCP was gauging their interest.

Public Comment: None

9. Receive Overview of Emerging Technologies for Potential Consideration in the 2025 Integrated Resource Plan and Provide Feedback as Appropriate

(1:59 p.m. – Video Time Stamp: 00:59:31)

Ryan Tracey, Director of Planning and Analytics, challenged the Committee to start thinking about new technologies to potentially be added to SCP's Integrated resource plan. Director Tracey then introduced Spandan Gandhi, Senior Energy Analyst, who gave a presentation on emerging green technologies.

Member Hollinshead asked why SCP was not using Fervo. CEO Syphers explained that SCP is focusing on legislation and is waiting for conditions to change before contracting. CEO Syphers gave a brief explanation on why nuclear is an option in the recommendations. Chair Lipp asked why pumped hydro was not included as an option and Director Tracey explained that it wasn't scalable, but it would be kept on the watchlist. Member Heffler asked what the time frame was for the Geothermal Opportunity Zone and Director Tracey explained that there has been a lot of progress in Utah with next generation geothermal energy production possible by 2030.

Member Hollinshead stated that SCP should focus on seasonal storage. Chair Lipp stated that nuclear power would require SCP do a lot of public relations and education in the community. Member Soto asked if SCP could compare different ecosystems and Director Tracey explained that emerging technology can be subjective.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(3:02 p.m. - Video Time Stamp: 02:01:18)

Member Hollinshead mentioned that a 4MW solar array was being built in Ukiah.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(3:02 p.m. - Video Time Stamp: 02:02:07)

Public Comment: None

ADJOURN

(3:03 p.m. - Video Time Stamp: 02:03:09)

The meeting was adjourned by unanimous consent.



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: July 17, 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 Board 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 (March 31, 2025)

Relative to the amended budget, the year-to-date change in net position is more than projections by approximately \$11,755,000. Year-to-date revenue from electricity sales is below projections by less than 1% and the cost of energy is under projections by approximately 5%. Year-to-date electricity sales reached \$206,869,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$294,808,000. Approximately \$231,889,000 is set aside for operating reserves as of June 30, 2024.

Budgetary Comparison Schedule (March 31, 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 under the amended budget by less than 1% 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 5%. 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.

SCP \$100,000,000 Revolving Credit Agreement (Information Item)

We're pleased to share an update on our efforts to enhance SCP's financial strength and resiliency. We recently completed an RFP process to secure a revolving credit facility from highly rated banks. Following this process, we received four strong proposals and ultimately secured a \$100,000,000 Revolving Credit Agreement from Royal Bank of Canada (RBC). RBC's proposal stood out for offering SCP the lowest cost and the most flexible financial covenants and terms.

Staff, in collaboration with our financial advisors and legal counsel, have been diligently negotiating the terms of this credit facility over the past five months, with negotiations finalizing earlier this month. The facility has an initial three-year term, with an additional three-year "term out" period to amortize any loans or draws.

This agreement significantly increases our liquidity and provides access to Letters of Credit and short to intermediate-term loans, which will further facilitate our operations. Additionally, the undrawn balance of this facility will be counted as part of our "liquidity on hand" by rating agencies, a key metric in evaluating the credit strength of a CCA.

It's important to note that SCP currently has no immediate or near-term need to draw from this credit facility.

On July 10, the SCP Board unanimously approved Resolution 2025-02, authorizing staff to finalize and execute the Credit Agreement. The Revolving Credit Agreement with RBC is expected to close in the next few weeks. Copies of the agreement are available upon request, and a link to the near-final document can be found in the July 10 SCP Board packet on our website.

Monthly Investment Report

This report is to verify and report in writing to the Committee 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.

Monthly Obligation to Report on New Investment Transactions

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 (June 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 June 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 June 30, 2025, at USBank appear as Attachment 3 with new holdings purchased in June highlighted.

USBank transaction details for the month of June, including sales and maturities of securities, are in Attachment 4. Additionally, the June 2025 account statement prepared by CAM can be found at this [link](#).

River City Bank

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

State of California Local Agency Investment Fund

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

Attachments

- Attachment 1 - March 2025 Financial Statements
- Attachment 2 - March 2025 Budgetary Statement
- Attachment 3 - Statement of Investments Held at USBank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 4 - Statement of Transactions at USBank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 5 - Statement of Investments Held at River City Bank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 6 - Statement of Investments Held at the Local Agency Investment Fund, available at [this link](#) or by request to the Clerk of the Board



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 March 31, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the nine 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
June 25, 2025

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of March 31, 2025

ASSETS

Current assets

Cash and cash equivalents - unrestricted	\$ 105,472,713
Cash and cash equivalents - restricted for grant purposes	2,002,255
Accounts receivable, net of allowance	14,720,884
Other receivables	6,877,699
Accrued revenue	11,229,500
Prepaid expenses	895,949
Deposits	6,123,968
Investments	70,119,350

Total current assets	<u>217,442,319</u>
----------------------	--------------------

Noncurrent assets

Cash and cash equivalents - unrestricted	56,000,000
Investments	87,453,173
Other receivables	947,821
Deposits	16,000
Capital assets, net of depreciation	17,776,064

Total noncurrent assets	<u>162,193,059</u>
-------------------------	--------------------

Total assets	<u>379,635,377</u>
--------------	--------------------

LIABILITIES

Current liabilities

Accrued cost of electricity	20,350,183
Accounts payable	1,390,898
Advances from grantors	2,002,255
Other accrued liabilities	2,311,441
User taxes and energy surcharges due to other governments	726,246
Supplier security deposits	666,000

Total current liabilities	<u>27,447,024</u>
---------------------------	-------------------

Noncurrent liabilities

Supplier security deposits	1,380,121
----------------------------	-----------

Total liabilities	<u>28,827,145</u>
-------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

Rate stabilization fund	<u>56,000,000</u>
-------------------------	-------------------

NET POSITION

Investment in capital assets	17,776,064
------------------------------	------------

Unrestricted	<u>277,032,168</u>
--------------	--------------------

Total net position	<u>\$ 294,808,232</u>
--------------------	-----------------------

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Nine Months Ended March 31, 2025

OPERATING REVENUES

Electricity sales, net	\$ 204,487,918
Evergreen electricity premium	2,381,341
Miscellaneous income	2,324,787
Grant revenue	380,121
Total operating revenues	<u>209,574,167</u>

OPERATING EXPENSES

Cost of electricity	135,824,274
Contract services	7,017,323
Staff compensation	8,108,519
Program rebates and incentives	1,893,222
Other operating expenses	1,868,143
Depreciation	1,075,313
Total operating expenses	<u>155,786,795</u>
Operating income	<u>53,787,372</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	11,502,243
Nonoperating revenues (expenses), net	<u>11,502,243</u>

CHANGE IN NET POSITION

	65,289,615
Net position at beginning of year	229,518,617
Net position at end of period	<u><u>\$ 294,808,232</u></u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Nine Months Ended March 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 220,769,903
Receipts of security deposits	3,792,000
Other operating receipts	2,818,634
Payments to electricity suppliers	(142,945,177)
Payments for other goods and services	(8,226,240)
Payments for staff compensation	(7,988,080)
Payments for program rebates and incentives	(1,864,989)
Payments of taxes and surcharges to other governments	(2,678,967)
Net cash provided (used) by operating activities	<u>63,677,084</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	<u>(278,418)</u>
-----------------------------	------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	9,234,587
Proceeds from sales and maturities of investments	148,547,134
Purchase of investments	(127,388,544)
Net cash provided (used) by investing activities	<u>30,393,177</u>

Net change in cash and cash equivalents	93,791,843
Cash and cash equivalents at beginning of year	69,683,125
Cash and cash equivalents at end of period	<u><u>\$ 163,474,968</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents - unrestricted (current)	105,472,713
Cash and cash equivalents - restricted (current)	2,002,255
Cash and cash equivalents - unrestricted (noncurrent)	56,000,000
Cash and cash equivalents	<u><u>163,474,968</u></u>

NONCASH INVESTING ACTIVITIES

Unrealized appreciation and timing differences in investment income	\$ 2,267,656
---	--------------

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

Nine Months Ended March 31, 2025

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

Operating income (loss)	\$ 53,787,372
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,075,313
(Increase) decrease in:	
Accounts receivable, net	7,449,663
Other receivables	(4,162,977)
Accrued revenue	3,745,119
Prepaid expenses	(3,943)
Deposits	(3,468,352)
Increase (decrease) in:	
Accrued cost of electricity	3,701,375
Accounts payable	338,314
Advances from grantors	(380,121)
Accrued liabilities	1,106,426
User taxes due to other governments	26,895
Supplier security deposits	462,000
Net cash provided (used) by operating activities	<u>\$ 63,677,084</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the nine months ended March 31, 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
June 25, 2025

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND -
Nine Months Ended March 31, 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) *	\$ 204,960,484	\$ 204,487,918	\$ (472,566)	100%	\$ 258,001,000	\$ 53,513,082
Evergreen Premium (net of allowance)	2,138,505	2,381,341	242,836	111%	2,700,000	318,659
Investment returns	10,754,602	11,502,243	747,641	107%	13,853,000	2,350,757
Miscellaneous Income	639,939	443,621	(196,318)	69%	1,000,000	556,379
Total revenue and other sources	218,493,530	218,815,123	321,593	100%	275,554,000	56,738,877
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	140,477,633	133,562,986	(6,914,647)	95%	183,989,000	50,426,014
Data management	2,605,801	2,608,865	3,064	100%	3,670,000	1,061,135
Service fees- PG&E	739,800	729,601	(10,199)	99%	990,000	260,399
Personnel	8,364,544	8,108,519	(256,025)	97%	11,490,000	3,381,481
Marketing & communications	2,298,736	2,002,868	(295,868)	87%	3,379,000	1,376,132
Customer service	132,727	79,665	(53,062)	60%	220,000	140,335
General and administration	1,283,093	1,271,861	(11,232)	99%	1,832,000	560,139
Legal	350,562	376,150	25,588	107%	475,000	98,850
Regulatory and compliance	248,323	59,165	(189,158)	24%	460,000	400,835
Accounting	248,400	251,900	3,500	101%	312,000	60,100
Legislative	154,000	139,000	(15,000)	90%	220,000	81,000
Other consultants	371,301	172,159	(199,142)	46%	535,000	362,841
Industry memberships and dues	619,258	596,283	(22,975)	96%	888,000	291,717
Program implementation	5,824,036	2,491,171	(3,332,865)	43%	10,135,964	7,644,793
Total current expenditures	163,718,214	152,450,193	(11,268,021)	93%	218,595,964	66,145,771
OTHER USES						
Capital outlay	334,757	169,513	(165,244)	51%	500,000	330,487
Total expenditures, other uses	164,052,971	152,619,706	(11,433,265)	93%	219,095,964	66,476,258
Net increase (decrease) in available fund balance	\$ 54,440,559	\$ 66,195,417	\$ 11,754,858		\$ 56,458,036	\$ (9,737,381)
<i>* Represents sales of approximately 1,641,000 MWh for 2024/25 YTD actual.</i>						
RESERVES	Balance - as of June 30, 2024	Long-Term Targeted	% of Long-Term Target			
Operating Reserve	\$ 231,889,000	\$ 255,203,000	91%			

**SONOMA CLEAN POWER AUTHORITY -
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED) -
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE -
TO CHANGE IN NET POSITION -
Nine Months Ended March 31, 2025 -**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 66,195,416
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(1,075,313)
Add back capital asset acquisitions	<u>169,513</u>
Change in net position	<u><u>\$ 65,289,616</u></u>



Staff Report - Item 03

To: Sonoma Clean Power Authority Community Advisory Committee

From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer
Miles Horton, Legislative Policy & Community Engagement Manager
Claudia Sisomphou, Public Affairs & Advocacy Manager

Issue: Receive Geothermal Opportunity Zone Update

Date: July 17, 2025

Background

The Geothermal Opportunity Zone (GeoZone) is SCP's initiative to secure affordable, reliable clean energy for our customers by building 600 megawatts of new geothermal power capacity in Sonoma and Mendocino Counties. This will eventually enable SCP to phase out its dependence on natural gas power plants for reliability. The Community Advisory Committee (Committee) meetings are a regularly scheduled public forum for the community to receive updates and provide input on the GeoZone. The updates provided to the Committee each month, and minutes from any discussion are posted on SCP's website at <https://sonomacleanpower.org/geozone-public-updates>. Staff incorporate any feedback received from the Committee presentation into the monthly updates to the Board of Directors. Additional background on the GeoZone can be found on the GeoZone webpage at <https://sonomacleanpower.org/geozone>.

Federal Tax Credits

Congress passed H.R. 1 (the "One Big Beautiful Bill Act") earlier this month, which was signed into law on July 4th, 2025. H.R. 1 significantly rolls back clean energy tax incentives and investments made in the Inflation Reduction Act and Infrastructure Investment and Jobs Act—including a complete phase-out of the investment tax credit ("ITC") and production tax credit ("PTC") for wind and solar for projects that do not start construction within one year of enactment.

Due to more bipartisan support for firm technologies in the United States Senate, tax credits for geothermal, nuclear, and energy storage resources are preserved. Projects will be eligible for 100% of the tax credit if they start construction through 2033, phasing down to 75%, 50%, and 0% in 2034, 2035, and 2036. The continued tax credit eligibility for geothermal projects into the mid-2030s is critically important to managing offtake costs early GeoZone projects.

Energy projects that start construction after January 1, 2026, including geothermal projects, are subject to new Foreign Entity of Concern (FEOC) restrictions for tax credit eligibility. To retain tax credit eligibility, projects must not receive material sourcing, licensing, or make payments to an entity associated with China, Russia, North Korea, or Iran. Although most of the geothermal supply chain can be domestically sourced, it may take some time to understand how the new FEOC requirements impact the cost or tax credit eligibility of GeoZone projects.

Alongside federal tax credit eligibility, passage of SCP's two remaining sponsored bills in the California legislature—AB 527 and AB 531—will also provide cost benefits to the GeoZone by reducing the schedule and cost risk of early project investments.

GeoZone Outreach

In an effort to aid public outreach and education on the GeoZone, SCP staff have developed a short flyer to describe the motivation for GeoZone and direct readers to the GeoZone webpage for more background. The flyer is included as attachment #1, which Committee members are welcome to use in engaging in their own communities and network.

Grant Funding

SCP is expecting the California Energy Commission to announce proposed awards for its Geothermal Grant and Loan Program in early July. The County of Sonoma submitted an application in partnership with Mendocino County and SCP to complete a regional study of geothermal potential and surface constraints in the Sonoma-Lake-Mendocino region. If awarded, SCP expects the project to provide valuable data and experience to both county planning staff and industry to guide geothermal development in the region.

Attachment

- Attachment 1 - GeoZone Informational Flyer

GeoZone: Affordable, Reliable Clean Power

Sonoma Clean Power is investing in local geothermal energy. The goal is to secure affordable, reliable clean power for our customers over the long term.

Through our GeoZone initiative, we're working to build new, next-generation geothermal energy right here in Sonoma and Mendocino counties - using heat from deep underground to create clean electricity.

Why It Matters

Today, 90% of the electricity Sonoma Clean Power provides comes from clean sources. But when the sun isn't shining and the wind isn't blowing, we still rely on natural gas—which is polluting and expensive.

We pay gas power plants to stand by, even if we only use them 10% of the time. That's not good for our climate or our wallets.

A Brighter Future, Locally Built

By building more local geothermal energy, we are charting a better path forward:

- **Lower customer costs**
- **Reliable local energy**
- **Good jobs in our communities**
- **100% clean power, day or night, rain or shine**

That's the power of the GeoZone. For more information, visit sonomacleanpower.org/geozone.



Page intentionally left blank for double-sided printing



Staff Report - Item 04

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Receive Internal Operations Report and Provide Feedback as Appropriate

Date: July 17, 2025

PROGRAMS UPDATES

CEC Grant Application Submitted - Paving the Way for California's Gas Transition

On June 26, SCP—in partnership with See Change Institute (SCI) and Energy + Environmental Economics (E3)—submitted a proposal for the California Energy Commission's "Paving the Way for California's Gas Transition" (GFO-24-501). Titled "A Community-based Assessment of Energy Transition Barriers in Rural and Tribal Areas." The project, if selected, would conduct multidisciplinary research to uncover and address the unique local challenges of electrifying homes and businesses, while minimizing costs to customers, improving grid reliability, and ensuring an equitable transition. The project team would conduct this work in close collaboration with the partner communities of Willits, Hopland and the Hopland Band of Pomo Indians, and Graton.

Mendocino County Site Visits

SCP's Programs team was in Mendocino County throughout June meeting with customers on respective energy programs. Staff conducted Commercial Energy Assistance walkthroughs to identify energy-saving measures, completed an on-site consultation for the Workplace Charging Research Project, met with a non-profit to develop education and outreach opportunities for their clients, and hosted a bike safety launch party with an E-Bike Grant recipient.



E-bike kick-off event with Imagination Station in Willits, CA



Image: SCP staff learning about the Solectrac electric tractor

DOOR-TO-DOOR SCAMS

We are seeing a notable increase in reports from customers regarding door-to-door solicitors falsely claiming to represent Sonoma Clean Power (SCP) or Pacific Gas and Electric Company (PG&E). These reports have come to us via social media, in-person conversations, and phone calls from customers.

Sonoma Clean Power does not do door-to-door solicitations.

Similarly, PG&E does not engage in door-to-door sales. Any individuals claiming to represent SCP or PG&E in this manner should be treated with caution.

In general, door-to-door solicitations of this nature may be attempted scams or present other safety concerns. We encourage residents to exercise caution:

- **Do not share your PG&E bill or account number**
- **Do not sign any documents**
- **Most importantly, do not allow solicitors into your home**

Customers have reported instances of individuals wearing SCP or PG&E-branded shirts and presenting fraudulent badges or credentials. We remind customers that SCP does not provide natural gas services. In addition, anyone offering “discounted” natural gas services should be treated with suspicion and customers are advised to not sign anything before calling PG&E to confirm all claims.

If you hear from constituents about these encounters, please encourage them to remain vigilant and protect their personal information. Reports can be directed to:

- **California Public Utilities Commission (CPUC):** [File a Complaint](https://www.cpuc.ca.gov/consumer-support/file-a-complaint): <https://www.cpuc.ca.gov/consumer-support/file-a-complaint>
- **PG&E Customer Service:** 1-800-743-5000
- **Sonoma Clean Power:** 855-202-2139

We appreciate your support in helping keep our communities informed and safe.

More information can be found in an article provided to PR Newswire by PG&E on June 25, 2025: <https://www.prnewswire.com/news-releases/scammers-are-targeting-pge-customers-at-an-alarming-rate-heres-what-you-need-to-know-to-not-fall-victim-302491214.html>

UPCOMING MEETINGS

- Board of Directors - August 7, 2025
- Community Advisory Committee, August 21, 2025 (TBD)
 - If the September Board meeting is cancelled due to scheduled meetings and work in Sacramento, the August CAC *may* be cancelled.
- Board of Directors - September 4, 2025 (TBD)
- Community Advisory Committee - September 18, 2025



Staff Report - Item 05

To: Sonoma Clean Power Authority Community Advisory Committee

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

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

Date: July 17, 2025

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

California Public Utilities Commission Issues Proposed Decision to Modify Power Charge Indifference Adjustment Calculation

On June 26th, the CPUC adopted a proposal to delay financial credits PG&E owes to CCA customers by up to 4 years. This means that SCP customers will be required to loan millions of dollars to PG&E interest free in 2026. This decision will create more volatility in electric bills, increasing the risk of years with higher total bills.

Specifically, this Decision modified how the Resource Adequacy (RA) – a product required to support grid reliability – credit is calculated. There were five modifications introduced by CPUC staff. The stated goal of the modifications was to increase the number of transactions included and to increase the accuracy of the result. Sonoma Clean Power staff, working in conjunction with CalCCA, supported 4 of these: removing affiliate and sleeve transactions, combining all RA into the calculation, and calculating monthly values. The Decision adopted all four of those except for calculating monthly values.

However, it also adopted the modification CalCCA and SCP were most strongly opposed to using historical RA prices instead of the current prices to determine

market value. Most problematically, it did so retroactively. In practice, this means the elevated RA prices observed in 2024 would not be fully granted to our customers but would instead be blended with transactions from 2021-2024. As the earlier years had lower prices, the blended value is depressed which results in a lower credit for our customers and higher PCIA charge. We still do not have the underlying data from the earlier transactions to calculate the impact on our customers. However, we estimate the impact will be in the tens of millions of dollars.

This rushed, retroactive change to rates without clear data on the impact is troubling. However, blending the higher 2024 RA prices into years 2025-2027 would be beneficial for customers' PCIA credit in the case that future prices do not remain as high. Ultimately, the most significant risk is that there is no guarantee this methodology - using four years instead of one - will stay in place. If the CPUC were to later adjust the credit calculation back to using one year of cost data in the future, the effect would be to transfer costs from one group of customers to another. Such an outcome would violate the CPUC's obligation to maintain cost indifference, so SCP staff will be watching closely for any indication that the CPUC might be considering this type of future action.

The Decision implements these rapid changes to the methodology by this Fall and grants utilities the ability to apply them immediately. SCP staff met with four Commissioner Offices on this topic and submitted opening comments on this proposal. Despite working to educate them on the negative impacts and dangerous precedent this sets, the Decision was adopted. Procedurally, the only remaining avenue at the CPUC is to submit an "Application for Rehearing of the Decision."

Legislative Updates

Sonoma Clean Power is sponsoring two geothermal bills in the California Legislature this year, in partnership with Fervo Energy, the International Union of Operating Engineers, and others:

- Assembly Bill 527 (Papan) would mirror federal policy by exempting geothermal exploration wells meeting a high standard of environmental stewardship from review under the California Environmental Quality Act, so long as the projects use a skilled and trained workforce that is paid at least the prevailing wage. The bill passed out of the Senate Environmental Quality Committee with bipartisan support on a 6-1 vote. Amendments were added to require that the developer conduct an initial survey of the site (to ensure that any significant impacts to

environmental, hydrological, and archaeological or cultural resources are avoided) and improve disclosure of fluid contents. At the time of writing, the bill is pending hearing in the Senate Natural Resources & Water Committee. The bill continues to be opposed by a small group of environmental organizations.

- Assembly Bill 531 (Rogers) would allow proposed geothermal power plants to be approved through an existing “one-stop shop” process at the California Energy Commission, known as the “opt-in” process (because a renewable energy developer can voluntarily opt in to using it). While geothermal power plants can theoretically use this process today, there is a 50 MW minimum project size that functionally excludes most geothermal development (which is typically more like 20, 30, or 40 MW in size). Given the value of geothermal power to the grid and the capital-intensive nature of even “small” geothermal projects, this bill aims to ensure that all proposed geothermal power plants have this option available. The bill has received late opposition from the Rural County Representatives of California, who oppose the opt-in process as a whole on principle for allowing the state to approve projects in their jurisdictions. But AB 531 continues to earn broad, bipartisan support in the Legislature.

Page intentionally left blank for double-sided printing



Staff Report - Item 06

To: Sonoma Clean Power Authority Community Advisory Committee
From: Ryan Tracey, Director of Planning & Analytics
Issue: Receive Update on Sponsored Research at Princeton University for Transmission Planning Under Uncertainty
Date: July 17, 2025

Background

Interconnection capacity is the primary factor limiting the pace at which California's power providers can decarbonize the grid today. Clean energy technologies are increasingly cost-effective thanks to innovation, federal policy support, and significant improvements in supply chains (including new domestic sources). However, limitations in state infrastructure and planning processes mean new clean energy projects face untenable timeframes to interconnect—if they are allowed to interconnect at all. Projects with an interconnect benefit from the high demand for clean resources (reinforced by state procurement mandates) and the scarcity of interconnection that enables them to name their price for prospective buyers. The key advantage of independent power producers competing against each other to deliver the best quality and highest value projects for California ratepayers is not realized when interconnection capacity is so severely limited.

Today's limited interconnection capacity is a result of historic planning processes not foreseeing the current need for transmission capacity. It's important California doesn't make this mistake again; otherwise, the state will continue to see long-lasting infrastructure limitations to growth and competition in its energy market—which could have dire affordability consequences. Although CAISO's recent reforms to the interconnection process address some of the mechanical constraints of studying and allocating capacity (which is needed), they also raise the stakes for getting state grid planning right: the CAISO will now only admit projects to the interconnection queue in areas that have existing or planned capacity in the state's plan.

The state's current electric system planning process is deterministic. Hundreds of

assumptions are made for the cost and availability of different technologies, and an optimization model is used to select a cost-optimal portfolio. The selected portfolio is only cost-optimal if the hundreds of assumptions end up being accurate. But the inputs to these models are impossible to predict with any precision: things like load growth, trajectories of technology cost declines, tax credits, viability of emerging technologies, etc. The current process is not well equipped to study how alternative portfolios might be more robust against uncertainty. The selected portfolio could appear superficially cheaper than a portfolio with more diverse resources or more transmission flexibility, but those alternative portfolios are likely more cost-effective across an array of real-world outcomes that vary from the assumptions used for the deterministic cost optimization.

SCP and Peninsula Clean Energy (PCE) sponsored research from Princeton's ZERO Lab to assess the cost and benefits of energy system planning in California that is responsive to uncertainty, rather than being optimized to a single set of deterministic assumptions. The Princeton ZERO Lab is led by Dr. Jesse Jenkins and is one of the nation's leading energy systems research labs. Princeton led much of the modeling supporting policy in the Inflation Reduction Act and published research on the impact of transmission constraints to realizing its benefits. Dr. Jenkins has also published research on decision-making under uncertainty (DMUU) methods applied to energy system modeling. The primary researcher for the project is PhD Candidate Gabe Mantegna, who previously worked as a Senior Consultant at E3 and ran SB 100 modeling for California.

On the recommendation of the Committee, the SCP Board approved the research partnership agreement with Princeton in June 2024. After investing considerable effort in building a California energy system model with DMUU capabilities over the past year, Princeton has made considerable progress in demonstrating the impact and value of a more robust approach to grid planning. SCP and PCE convened a summit with key decision-makers, stakeholders, and thought leaders in Sacramento on June 25, 2025, to socialize Princeton's research and kick-off regulatory and legislative advocacy. An overview of the results of the research and a description of the summit are included below as updates for the Committee.

Research Results

Princeton has developed a fully functional capacity expansion model for California mirroring the capabilities of E3's RESOLVE model that is currently used by the CPUC. Princeton's model was developed using their open-source GenX platform. Princeton

demonstrated that its GenX model was able to fully reproduce the portfolio and transmission upgrade recommendations as RESOLVE given a deterministic set of assumptions—which gave the project confidence that observations from the research are reliable and that the resulting model could be relied on as the basis for portfolio and transmission decisions California is making today. A key priority for SCP and PCE was that the project was not just an “academic exercise” but something that created a tool that could be immediately used for state planning and regulatory advocacy.

After benchmarking its GenX model, Princeton developed a formulation for applying decision-making under uncertainty to the model’s optimization. Princeton evaluated a number of DMUU methods and ultimately recommended applying a technique called “robust optimization” (RO). RO is a DMUU technique of optimizing a system against varying degrees of downside risk. Unlike other DMUU techniques, RO is not dependent on subjective characterizations of uncertainty distribution—but rather enables decision-makers to tune their risk tolerance for downside scenarios and understand the resulting costs and benefits of that decision.

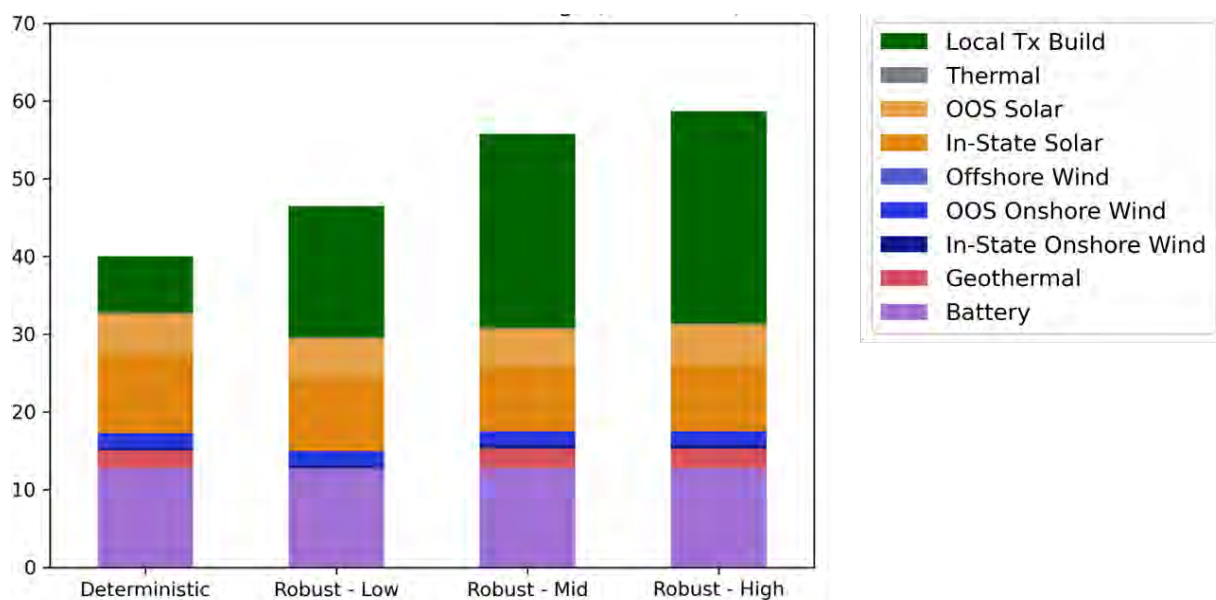
Princeton worked with SCP and PCE on identifying the uncertainties to include in the scope of the optimization. Sensitivity analysis was completed to ultimately inform the uncertainties that were included in the DMUU optimization. Examples include high/low load growth, continuation/expiration of federal tax credits, large range of available out-of-state resources, availability of emerging technologies like next-generation geothermal, range of offshore wind viability (including none), and business-as-usual vs increased costs for maintaining natural gas capacity.

The Princeton DMUU model is set up with two stages: a first stage comprised of portfolio decisions before the end of 2030 and a second stage for portfolio decisions thereafter. Given their lead time and impact on the options available in the second stage, transmission decisions must be made in the first stage. The model is tested against various combinations of downside scenarios, with the goal of selecting first-stage decisions that minimize the cost impacts of the modeled downside scenarios. Princeton studied a “Robust – Low” case where one downside uncertainty is tested at a time, a “Robust – Mid” case where combinations of two downsides are tested, and a “Robust – High” with combinations of three downsides. Moving from a deterministic scenario to a “Robust – High” scenario can be seen as increasing the level of a portfolio’s “robustness”.

Importantly, Princeton found that the main result of adding robustness is an increased investment in transmission. Figure 1 shows how the decisions made in stage 1 evolve

with increased robustness from a deterministic optimization (left) up to a portfolio robust across combinations of three downside risks (right - "Robust - High"). Although there are some changes in the composition of the resource portfolio, the main observed difference is the scale of transmission build-out. Transmission allows decisions in stage 2 to be much more flexible in responding to unexpected conditions compared to a portfolio optimized for a deterministic set of assumptions.

Figure 1. First Stage Portfolio Composition vs. Robustness



Increasing robustness isn't free and it's important to understand both the costs and benefits to properly calibrate RO. Figure 2 shows that the robust scenarios are more expensive than the deterministic portfolio. Figure 3 demonstrates the financial benefits of investing in more first stage costs - the tail risk on the deterministic scenario is cut in half with the "Robust - Low" scenario and greatly reduced in the "Robust - Mid" scenario. Although the "Robust - High" scenario offers further reductions, it's much less measurable. The "Robust - Mid" results show that there is a "sweet spot" where future cost risks for California's electric system can be largely mitigated with minimal near-term cost impact. That "sweet spot" includes significant increased investment in transmission capacity.

Figure 2. First Stage Costs vs. Robustness (Billion 2022\$ per Year)

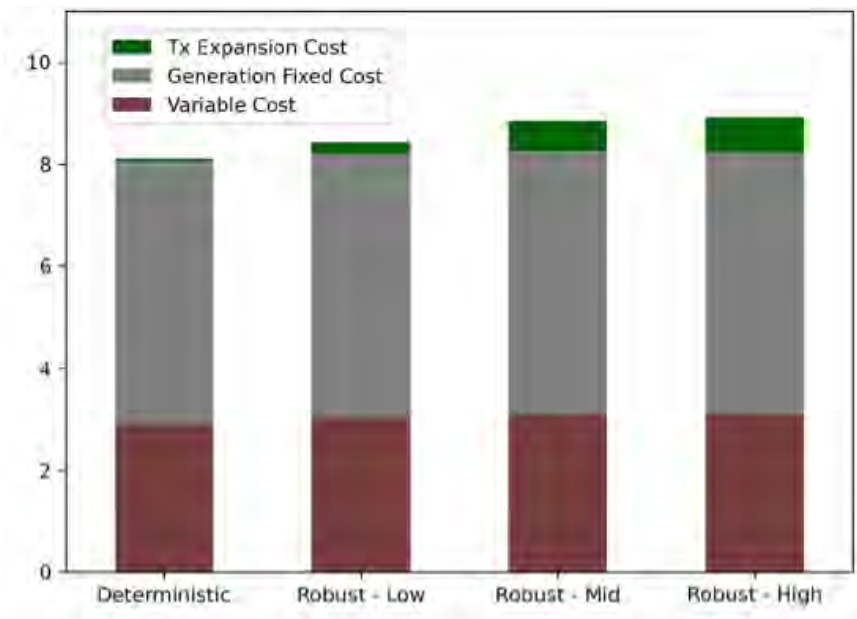
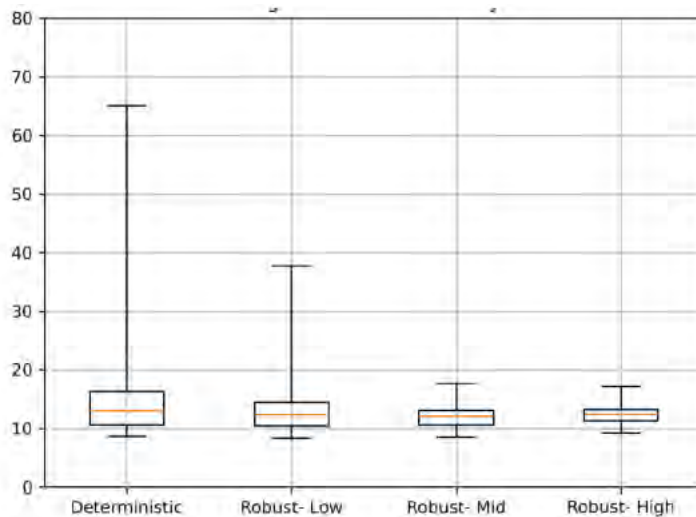


Figure 3. Second Stage Costs vs. Robustness (Billion 2022\$ per Year)



Princeton has also developed a DMUU formulation that allows the impact of upside scenarios to be tested alongside RO. A benefit not captured in Figure 3 is that increased transmission investment provides the state with more flexibility to not only respond to poor outcomes but also be more opportunistic about unexpected opportunities. Princeton will include details about incorporating upsides in its research paper. Princeton also plans on testing more than two modeling stages and performing production cost modeling on the optimized portfolios before finishing

the research project later this year. The GenX model, including the DMUU formulation and all input data, will be open-source and shared with SCP, PCE, and the energy system modeling community to build upon and use for planning purposes and further research following conclusion of the project.

Sacramento Summit - June 25, 2025

SCP and PCE convened a summit with 68 participants at the University of California's Student and Policy Center in Sacramento to share Princeton's research and facilitate a broader discussion of techniques and approaches to grid planning under uncertainty. Participants included regulators and state agencies (CPUC, CEC, CAISO), academia (Princeton, UC Berkeley, UC Merced, Stanford), peer utilities (CalCCA, Silicon Valley Clean Energy, PG&E, SCE), NGOs (CATF, TNC, Net-Zero California), energy modelers, and legislative staff.



In addition to Princeton's research, the summit included four presentations from other members of the energy system modeling community pursuing similar initiatives. GridLab provided an overview of techniques to quickly model and optimize systems that can deal with uncertainty and complexity. Stanford presented its approach to pro-active and more geographically granular transmission planning. E3 discussed its approach to supporting the Central Procurement Entity decision on offshore wind given uncertainty and discussed adaptive planning approaches. Berkeley shared the results of a case study in discussing how to handle uncertainty in California's grid planning. The presentations demonstrated weaknesses in the state's

current process and toolbox, and the opportunity and value of more sophisticated approaches to energy system planning. SCP has prepared an event summary, including links to slides and notes captured during discussion [available at this link](#).

A key takeaway from the research at the summit is that the state needs to be open to new approaches to energy system planning. The current deterministic approach is dangerously dependent on a single set of assumptions – as demonstrated in the downside tail for Figure 3. The state should consider adopting a DMUU approach to planning and prioritize mitigating future risks with near-term infrastructure investments. Increased investment in transmission should be seen through this lens; not necessarily as an incremental cost to ratepayers, but a reasonable investment in providing long-term protection from out-of-control system costs. Applying more sophisticated methods will require more resources, and the legislature should support increasing the personnel, tools, and budget for the CPUC Integrated Resource Plan (IRP) team. The state should also prioritize providing comprehensive and standardized datasets that can be used by the stakeholder community in open-source tools to crowd-source innovation and new approaches to planning California's future grid.

Next Steps

Princeton will shift its focus from modeling to preparing a policy white paper and publishing a peer-reviewed paper on its research. SCP plans on using these papers to further socialize Princeton's research and promote its adoption.

At the beginning of July, the CPUC initiated a new rulemaking proceeding for the upcoming IRP process. SCP is preparing comments, drawing from Princeton's research shared at the summit, to begin advocacy in earnest on applying DMUU techniques to plan California's energy system. SCP also socialized the research with lawmakers while in Sacramento for the summit and is considering legislative opportunities to increase the state's energy planning resources and expectations. SCP has also had an initial meeting with other members of CalCCA to work towards building a CCA coalition that supports robust planning.

SCP has contracted with Resilient Transition, a firm led by researcher Gabe Mantegna, to update the GenX model to include updates expected in the CPUC's 2025 IRP. The updated model will be used in parallel with the state's process to provide SCP with the ability to provide the CPUC with well-informed feedback on the value and trade-offs of different resource and transmission investment decisions.

Page intentionally left blank for double-sided printing



Staff Report - Item 07

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Recommend the Board of Directors Adopt a Resolution Offering Participation in Sonoma Clean Power to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport

Date: July 17, 2025

Recommended Action

Recommend that the Board adopt a resolution that offers participation in Sonoma Clean Power's community choice aggregation program to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport and provide input on any conditions that should be considered by the Board as part of an offer.

Background

On June 5th, 2025, the SCP Board voted unanimously to determine that an expansion of SCP service to Unincorporated Lake County, the City of Clearlake, and the City of Lakeport (collectively "Lake County") was consistent with Policy D-4 and initiated a 60-day waiting period for SCP's member jurisdictions to review a feasibility study prior to voting on whether to extend an offer. Based on a review of market and regulatory conditions in April 2025, the feasibility study found that an expansion to Lake County would be financially beneficial to SCP's existing members and likely provide conditions for offering discounted rates to Lake County. The feasibility study also enumerated a comprehensive list of benefits—including broadening the Geothermal Opportunity Zone (GeoZone) partnership, increasing opportunities for electrification, providing flexibility in SCP's portfolio, and amplified advocacy. The study also identified key risks including the inability of SCP to guarantee rate savings, higher

than expected customer opt-outs, credit rating impacts, and the difficulty for a jurisdiction to leave CCA service after joining.

The 60-day waiting period for considering the results of the feasibility study ends on August 4th, which gives the Board the opportunity to vote on whether to extend an offer to Lake County in the scheduled August 7th meeting. The offer will be made by adopting a resolution that can specify conditions including acceptance of SCP's Joint Powers Agreement (JPA) and a deadline for Lake County's approval of the ordinance and resolution required for membership in SCP. An example of the resolution used for offering service to Mendocino County in 2016 is included as Attachment #1 for reference. Staff will work with counsel on drafting a similar resolution for Lake County incorporating feedback from the Committee.

Discussion

Evolving Regulatory and Market Conditions

On June 26th, 2025, the California Public Utilities Commission (CPUC) adopted a change to the calculation methodology for the Power Charge Indifference Adjustment (PCIA). The CPUC's change was in response to recent market conditions that have sharply driven up the value of resource adequacy (RA) and correspondingly have put downward pressure on PCIA. The CPUC's new methodology shifts from using data from a single year for valuing RA to a four-year average. The net effect is that the credit SCP customers receive for the RA value of PG&E's PCIA portfolio is significantly reduced from its current value, increasing the PCIA. The impact of the change is most pronounced in 2026, but SCP is also expecting a higher PCIA in 2027 than was forecasted in the feasibility study—which was modeled on the single-year methodology.

The CPUC is also considering future changes to the crediting of PG&E's battery contracts in the PCIA. The crediting of battery resources is not a concern for SCP's existing customers, because PG&E's batteries have all been procured following the departure of Sonoma and Mendocino counties. However, the valuing of battery storage resources is critically important to the PCIA that would be borne by Lake County. The lower PCIA forecasted for Lake County in the feasibility study is due to the strong economic valuation of PG&E's more recent contracts, which mostly include battery storage. If the CPUC decides to devalue battery storage, the PCIA for Lake County would increase. Coupled with the four-year change described above, staff are concerned with the risk of regulatory conditions making it more difficult to offer

savings to Lake County when starting service in 2027 than what was characterized in the feasibility study.

An additional concern from staff is the potential impact to the energy market from the recent federal legislation eliminating clean energy tax credits. The elimination of tax credits is widely expected to increase the cost of energy. It is too soon to calibrate an estimate for the timing and magnitude of impact to the energy market—but conditions will certainly diverge from the market assumptions used in assessing the cost of procuring incremental energy to serve Lake County in the feasibility study.

The regulatory and market dynamics over the past three months described above may seem alarming, but they are reflective of the types of ups and downs SCP is used to navigating. Staff continue to see a structural financial benefit in proceeding with expansion, as well as conditions that are likely to allow for savings for Lake County customers. However, the timing and magnitude is already expected to differ from the forecast in the feasibility study—and it will certainly change again prior to 2027.

Lake County Presentations

SCP staff presented to the Lake County Board of Supervisors on July 8, 2025, to provide additional background on SCP service and share the results of the feasibility study. The Lake County Board of Supervisors affirmed its interest in receiving an invitation for service and asked SCP staff to join a series of monthly townhalls in the coming month to educate the community on CCA service and respond to community concerns and questions prior to a Lake County vote to join SCP. During the meeting, Supervisors expressed caution around joining SCP due to the State's requirement that all customers default into SCP service. The Board of Supervisors also discussed the implications of making a long-term commitment by joining SCP and provided direction for their counsel to start coordinating with SCP on fully characterizing the legal risks and requirements. A public comment was made that the Board of Supervisors should consider CCA service and participation in the GeoZone separately and that more detail about the GeoZone is needed.

SCP staff are scheduled to present to the City of Lakeport on July 15th and the City of Clearlake on July 17th. SCP will support the Lake County jurisdictions on community outreach, and if needed provide additional presentations and opportunities for discussion in advance of any vote on joining SCP.

Offer Conditions

In addition to legal requirements around abiding by the Joint Powers Agreement, the SCP Board may wish to make an offer to service to Lake County subject to additional conditions. The Committee is asked to provide input to the Board on at least the two following potential offer conditions:

- **Incentives Funding:** Policy D-4 provides a framework for startup costs associated with expansion being reimbursed to existing SCP through reducing available incentive funding available to customers in the new community until costs are reimbursed. In the attached example resolution offering service to Mendocino County, this was achieved by including a condition delaying funding for incentives for a period of one year. The Board ultimately waived the delayed funding to Mendocino County. The Committee should provide feedback on whether incentive funding for Lake County should be adjusted to enable reimbursement of startup costs, or whether reimbursement should be waived.
- **GeoZone Membership:** In prior discussions on expansion to Lake County, both the Committee and Board have expressed a strong interest in ensuring alignment between SCP and Lake County on supporting regional geothermal development. The Committee should provide feedback on whether any formal commitment to the GeoZone or expression of alignment should be included as a condition for an offer to service.

Attachments

- Attachment 1 - Resolution 16-003 - Resolution Offering Service to Mendocino County in 2016 (provided as an example)
- Attachment 2 - Policy D.4 New Customer Communities_ Adopted 2015.12.03, available at [this link](#) or by request to the Clerk of the Board

RESOLUTION NO. 16-003

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY, OFFERING PARTICIPATION IN THE SONOMA CLEAN POWER AUTHORITY COMMUNITY CHOICE AGGREGATION PROGRAM TO THE COUNTY OF MENDOCINO AND THE CITIES OF FORT BRAGG, WILLITS, AND POINT ARENA, SUBJECT TO CERTAIN CONDITIONS.

WHEREAS, under Section 3.1 of the Second Amended Joint Powers Agreement creating the Sonoma Clean Power Authority (SCPA), the Board of Directors may allow other cities and counties to participate in the SCPA's Community Choice Aggregation program provided certain conditions are met; and

WHEREAS, the Mendocino County Board of Supervisors has requested that the SCPA Board of Directors consider allowing Mendocino County and the incorporated cities in Mendocino County (other than the City of Ukiah) to participate in SCPA's Community Choice Aggregation program; and

WHEREAS, the Board of Directors has adopted Administrative and General Policy D-4, which sets forth criteria to be used by the Board when considering service requests from other jurisdictions; and

WHEREAS, SCPA staff has engaged in discussions with Mendocino County staff about the possible extension of SCPA service to Mendocino County, and have evaluated the feasibility of such an extension as well as the impacts of such an extension on SCPA customers and regional greenhouse gas emissions; and

WHEREAS, based upon staff's analysis, the Board of Directors has determined that the proposed participation in SCPA's CCA program by the jurisdictions in Mendocino County other than the City of Ukiah would, if subject to certain conditions, be consistent with the criteria in Policy D-4, and in the best interests of SCPA, its customers, and the public generally;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The foregoing recitals are true and correct.
2. The Board of Directors offers participation in the SCPA Community Choice Aggregation program by the County of Mendocino and the incorporated cities of Willits, Fort Bragg and Point Arena (the "Mendocino jurisdictions"), subject to the following conditions:
 - a. Amendment of the current SCPA Joint Powers Agreement by the Board of Directors to change the representation on the Board of Directors given to participating jurisdictions outside of Sonoma County.
 - b. Adoption by the Mendocino jurisdictions of the resolutions and ordinances required by California Public Utilities Code §366.2.
 - c. Adoption by the Board of Directors of the resolution required by Section 3.1(b) of the SCPA Joint Powers Agreement.
3. Participation of the Mendocino jurisdictions in the SCPA Community Choice Aggregation program will be subject to the following conditions, which may be incorporated into the final conditions of approval of participation by the Board of Directors pursuant to Section 3.1(e) of the SCPA Joint Powers Agreement:

- a. Mendocino County shall be entitled to appoint one representative and one alternate to the SCPA Board of Directors. If two or more incorporated cities within Mendocino County elect to join the SCPA program, the cities shall be allowed to appoint one joint representative and one alternate to the SCPA Board of Directors.
 - b. SCPA revenues and program funds may be used only for expenditures falling within the purposes of SCPA as set forth in the Joint Powers Agreement, and may not be used for the Mendocino jurisdictions for general governmental purposes.
 - c. For a period of one year following the start of service in the Mendocino jurisdictions, SCPA shall not fund any programs in or for the benefit of the Mendocino jurisdictions. Thereafter, the Board of Directors will use its best efforts to fund programs in the Mendocino jurisdictions at a level proportionate to the level of revenues collected by SCPA from the Mendocino jurisdictions.
4. In order to start service within the Mendocino jurisdictions by the summer of 2017, the conditions set forth in Section 2 must be met by the October 10, 2016. If the conditions are not met by that date, the start of service within the Mendocino jurisdictions may be delayed until May 2018, at the discretion of SCPA's Chief Executive Officer.
 5. The Chief Executive Officer is authorized and directed to take such actions as are necessary to facilitate the participation of the Mendocino jurisdictions in the SCPA Community Choice Aggregation program, consistent with this resolution.

ADOPTED AND APPROVED by the Board of Directors of the Sonoma Clean Power Authority this 7th day of July, 2016, by the following vote:

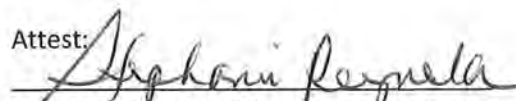
CITIES	NAME	AYE	NO	ABSTAIN
Cloverdale	Bob Cox	✓		
Cotati	Mark Landman	✓		
County of Sonoma	Efren Carrillo	✓		
Petaluma	Dave King	✓		
Rohnert Park	Don Schwartz	✓		
Santa Rosa	Gary Wysocky		✓	
Sebastopol	Patrick Slayter	✓		
Sonoma	Dave Cook		✓	
Windsor	Bruce Okrepkie	✓		

In alphabetical order by city



Chair, Sonoma Clean Power Authority

Attest:


Secretary, Sonoma Clean Power Authority