



**AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, OCTOBER 16, 2025
1:00 P.M.**

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953(F), MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE OCTOBER 16, 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 September 18, 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. Recommend the Board of Directors Approve Update to the NetGreen 2.0 Tariff to Remove the Bonus Penny Adder from the Net Surplus Compensation Rate Calculation and Rename Tariff to Net Energy Metering (Staff Recommendation: Approve) **pg. 23**

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

4. Receive Internal Operations Report and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 33**
5. Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate (Staff Recommendation: Receive and File) **pg. 35**
6. Receive Geothermal Opportunity Zone Update and Recommend the Board of Directors Approve the Delegated Authority to the Chief Executive Officer or his Designee to Terminate the Geothermal Opportunity Zone Cooperation Agreement with Chevron New Energies and Execute the Memorandum of Understanding with Chevron New Energies for Collaborating to Develop Geothermal in the Western Interconnection (Staff Recommendation: Approve) **pg. 41**
7. Recommend the Board of Directors Approve Parameters for Customer Rate Reductions on January 1, 2026, and a Rate Adjustment for February 1, 2026, and Waive Prior Board Decision to Allocate 2% of Revenues from Calendar Year 2025 to the Local Investment Fund (Staff Recommendation: Approve) **pg. 53**

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, SEPTEMBER 18, 2025
1:00 P.M.**

CALL TO ORDER

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

Chair Lipp called the meeting to order.

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

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Garth Salisbury, Chief Financial Officer and Treasurer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Miles Horton, Legislative Policy & Community Engagement Manager; Chris Golik, Senior Finance Manager; Ryan Tracey, Director of Planning & Analytics; Darin Bartow, Compliance Manager; Danielle McCants, Customer Operations Manager; Carolyn Glanton, Programs Operations Manager; Leif Christiansen, Commercial Accounts Manager

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

(1:03 p.m. - Video Time Stamp: 00:02:45)

1. Approve July 17, 2025, Draft Community Advisory Committee Meeting Minutes
2. Receive Monthly Financial Report
3. Receive Geothermal Opportunity Zone Update
4. Recommend the Board of Directors Approve the Proposed Budget Adjustment for Fiscal Year 2025-2026 to Allocate the Board-Approved \$500,000 Grant for The Economic Launchpad Hub to the Marketing & Communications Budget Line
5. Recommend the Board of Directors Approve and Delegate Authority to the CEO or Designee to Execute an Agreement for Professional Services with

Maier Accountancy for an Amount Not-to-Exceed \$982,044, through June 30, 2028

6. Recommend the Board of Directors Adopt Resolution 2025-05 Attesting to the Accuracy of Sonoma Clean Power Authority's 2024 Power Source Disclosure Annual Report
7. Approve Community Advisory Committee Meeting Dates for 2026 Calendar Year
8. Recommend the Board of Directors Adopt Resolution 2025-06 Delegating Investment Authority to the Treasurer
9. Recommend the Board of Directors Approve Adding Sonoma Clean Power Authority's Chief Financial Officer to the Authority's Energy Risk Management Policy

Public Comment: None

Motion to approve the September 18, 2025, Community Advisory Committee Consent Calendar by Member Dowd

Second: Member Nicholls

Motion passed by roll call vote.

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

ABSENT: Morris

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

10. Receive Internal Operations Report and Provide Feedback as Appropriate

(1:05 p.m. – Video Time Stamp: 00:04:45)

Stephanie Reynolds, Director of Internal Operations, discussed the various types of events hosted at the Customer Center and relayed the recruitment opening for the Community Advisory Committee. Leif Christiansen, Commercial Accounts Manager, provided an update on efforts to help small businesses reduce their electricity costs. Member Heffler shared that he met the manager of Grocery Outlet and believes they could benefit from speaking with Mr. Christiansen regarding the spike in their usage and electricity cost and offered to connect the two. Vice Chair Kelly asked if SCP performs rate analyses prior to visiting customers onsite. Mr. Christiansen explained how customers were proactively identified for this process, including the rate analysis tool. Member Soto

commented on the indirect financial benefits that customers could be seeing as part of participating in the Commercial Energy Assistance Program. Member Nicholls asked if SCP has worked with the agricultural community on rate payer savings. Mr. Christiansen shared that SCP has worked with Sonoma County Wine Growers, including hosting a webinar on how to read their bills for their members.

Garth Salisbury, Chief Financial Officer and Treasurer, provided some background regarding the rate change that occurred on September 1st. He explained that the adjustment is designed to build some additional reserves as regulatory and market uncertainties are likely to significantly impact customer rates in 2026 and 2027. Geof Syphers, Chief Executive Officer, explained that SCP has reserves to help stabilize customer rates. Member Nicholls expressed concern for newer Community Choice Aggregators (CCA) who might not have reserves to pull from. Vice Chair Kelly asked if SCP automatically adjusts rates if PG&E changes their rates to which CEO Syphers replied SCP does not in part because SCP tries to stabilize rates as much as possible with fewer rate changes throughout the year. CEO Syphers provided an update on Lake County expansion discussions and outreach.

Public Comment: None

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

(1:44 p.m. – Video Time Stamp: 00:43:40)

Neal Reardon, Director of Regulatory Affairs, provided an update on the California Public Utilities Commission CPUC's recent PCIA decision, which now calculates customer credits using a blend of recent and historical market prices. Director Reardon shared that the County of Sonoma submitted a Public Records Act (PRA) request to the CPUC. Chair Lipp asked about the CPUC's PRA response deadline. Director Reardon also discussed progress under SB 1221, which requires utilities to identify 30 communities ready for full electrification. He said SCP is participating to identify opportunities within its service area and support statewide implementation. CEO Geoff Syphers emphasized that electrification not only supports climate goals but also helps avoid future financial burdens from maintaining gas infrastructure. He said SCP aims to reduce reliance on gas to protect future generations from these costs.

Chair Lipp asked what the decarbonization effort looks like for SCP jurisdiction. Member Dowd inquired about programs to help customers electrify their homes. Director Reardon shared theswitchison.org, a website customers can use to find state and local incentives. Director Reardon added that Governor Newsom issued an executive order which aims to fast-track energy projects eligible for federal tax credits by 2027, directing agencies to identify and accelerate qualifying developments. He said it's unclear whether the focus is on existing or new contracts, but welcomed the emphasis on transmission planning, noting that rushed procurement without infrastructure readiness leads to higher costs and delays. Lastly, he shared how SCP met with the governor's senior energy advisor, who was receptive to concerns about affordability and supportive of SCP's transmission advocacy.

Miles Horton, Legislative Policy & Community Engagement Manager, shared updates on SCP's sponsored geothermal bills: AB 527, which exempts exploration wells from CEQA, and AB 531, which streamlines approval for geothermal projects under 50 MW. HE said both bills await the governor's signature. Mr. Horton also noted that the legislature passed a climate and energy bill package, including renewal of the cap-and-trade program and SB 254, which SCP supported for its provisions on public financing of transmission infrastructure. Member Hollinshead asked what it would look like for the GeoZone project if the governor signs the two bills. CEO Syphers explained that SCP advocates for federal investment to de-risk initial projects, citing Utah's FORGE model as an example that spurred private sector growth, created jobs, and reduced costs.

Public Comment: None

12. Receive an Update on Sonoma Clean Power Authority's Internship Program Structure and Recent Developments

(2:11 p.m. – Video Time Stamp: 01:10:00)

Danielle McCants, Customer Operations Manager, provided an update on SCP's internship program. Chair Lipp and member Heffler expressed their gratitude and praise for the program. Member Wang asked if students with specific majors are recruited. Ms. McCants explained that students from all majors are encouraged to apply.

Public Comment: David Harris expressed appreciation for the value SCP provides through its internship program, noting that it is a benefit not widely known to the public. Eli Weinsweig, Executive Director of the CTE Foundation, thanked SCP for continued partnership and creating opportunities for young people.

13. Recommend the Board of Directors Approve and Authorize the Chief Executive Officer or His Designee to Negotiate and Execute Professional Services Agreements with All In Heating and Cooling LLC (Not-To-Exceed \$130,000) and Synergy Companies, Inc. (Not-To-Exceed \$488,000) For Smart Thermostat Installations and Appliance Assessments, Both Through December 31, 2027

(2:30 p.m. – Video Time Stamp: 01:29:35)

Carolyn Glanton, Programs Operations Manager, presented an update on a new initiative aimed at expanding customer participation in the GridSavvy Rewards program through increased access to smart thermostats. Ms. Glanton explained that while customers can currently purchase discounted devices or enroll their own, many face challenges with installation. She explained that in an effort to resolve this, SCP would like to partner with two contractors: All-In Heating and Cooling LLC for Mendocino County and Synergy Companies, Inc. for Sonoma County. Ms. Glanton detailed the potential partners' involvement: they will install smart thermostats at no cost for low-income CARE/FERA customers with central air conditioning, enroll the devices in the program, and collect appliance data to support future SCP initiatives. She explained that installers will also educate customers about the program and device functionality with the goal being to complete 1,000 installations by the end of 2027.

Member Hollinshead asked if the installation price also includes the thermostat itself. Ms. Glanton explained that the smart thermostat is not included in the price. Chair Lipp recommended that SCP think about tracking a variety of benefits of the program.

Public Comment: John Bechtel spoke about the average cost of the unit and installation per a Google search. Michael Koszalka, Chief Operating Officer, explained that the cost also includes an appliance saturation survey which includes documenting every energy using appliance in the house, which will be valuable information that will help SCP design programs in the future.

Motion to Recommend the Board of Directors Approve and Authorize the Chief Executive Officer or His Designee to Negotiate and Execute Professional Services Agreements with All In Heating and Cooling LLC (Not-To-Exceed \$130,000) and Synergy Companies, Inc. (Not-To-Exceed \$488,000) For Smart Thermostat Installations and Appliance Assessments, Both Through December 31, 2027, by Member Hollinshead

Second: Member Heffler

Motion passed by roll call vote.

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

ABSENT: Morris

COMMITTEE MEMBER ANNOUNCEMENTS

(2:43 p.m. - Video Time Stamp: 01:42:55)

Vice Chair Kelly shared his thoughts on a challenge within his field of affordable housing, where when more housing is created it brings the price of housing down which creates fear within the community. He wondered how similar dynamics may be at play within the energy sector.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(2:46 p.m. - Video Time Stamp: 01:46:16)

Public Comment: David Harris explained that he has used PG&E's rate analysis tool and will be going to the SCP Customer Center to see what SCP's rate analysis will suggest.

ADJOURN

(2:48 p.m. - Video Time Stamp: 01:47:22)

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: October 16, 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 includes 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 (July 31, 2025)

Relative to the budget, the year-to-date change in net position is more than projections by approximately \$ 6,538,000. Year-to-date revenue from electricity sales is below projections by approximately 6% and cost of energy is under projections by approximately 47%. Year-to-date electricity sales reached \$ 22,440,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$ 324,593,000. Approximately \$231,889,000 is set aside for operating reserves as of June 30, 2024.

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

Budgetary Comparison Schedule (July 31, 2025)

The accompanying budgetary comparison includes the 2025/26 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, 2025/26 YTD Budget, allocates the

Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers was under budget by approximately 6% at the end of the reporting period.

The cost of electricity was less than the budget-to-date by approximately 47%. Variation in this account is typically due to fluctuating market cost of energy on open-position purchases as well as supplier delivery delays.

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 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 (September 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 September 30th, CAM managed about \$72 million of SCP's reserves. All investments directed by CAM are held at SCP's custodian, USBank. All investments held as of September 30, 2025, at USBank appear as Attachment 3 with new holdings purchased in September highlighted. USBank transaction details for the month of September, 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 September 30, 2025, appears as Attachment 5. River City Bank transaction details for the month of September, including sales and maturities of securities, are in Attachment 6.

State of California Local Agency Investment Fund

The LAIF investment balance as of September 30, 2025, appears as Attachment 7.

Attachments

- Attachment 1 - July 2025 Financial Statements
- Attachment 2 - July 2025 Budgetary Statement
- Attachment 3 - September 2025 Statement of Investments Held at USBank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 4 - September 2025 Statement of Transactions at USBank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 5 - September 2025 Statement of Investments Held at River City Bank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 6 - September 2025 Statement of Transactions at River City Bank, available at [this link](#) or by request to the Clerk of the Board
- Attachment 7 - September 2025 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 July 31, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the month then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy

San Rafael, CA
September 25, 2025

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of July 31, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 178,066,368
Accounts receivable, net of allowance	17,924,230
Other receivables	8,499,523
Accrued revenue	12,185,701
Prepaid expenses	1,148,538
Deposits	6,245,890
Investments	71,428,934
Total current assets	<u>295,499,184</u>

Noncurrent assets

Investments	94,508,035
Other receivables	883,572
Deposits	16,000
Capital assets, net of depreciation	17,427,353
Total noncurrent assets	<u>112,834,960</u>
Total assets	<u>408,334,144</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	20,204,737
Accounts payable	932,648
Other accrued liabilities	1,904,796
User taxes and energy surcharges due to other governments	596,636
Supplier security deposits	2,769,883
Total current liabilities	<u>26,408,700</u>

Noncurrent liabilities

Supplier security deposits	1,332,121
Total liabilities	<u>27,740,821</u>

DEFERRED INFLOWS OF RESOURCES

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

NET POSITION

Investment in capital assets	17,427,353
Unrestricted	307,165,970
Total net position	<u>\$ 324,593,323</u>

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
One Month Ended July 31, 2025

OPERATING REVENUES

Electricity sales, net	\$ 22,171,304
Evergreen electricity premium	269,108
Liquidated damages	2,735,294
Grant revenue	82,437
Total operating revenues	<u>25,258,143</u>

OPERATING EXPENSES

Cost of electricity	10,590,567
Contract services	886,734
Staff compensation	940,810
Program rebates and incentives	207,817
Other operating expenses	223,673
Depreciation	119,270
Total operating expenses	<u>12,968,871</u>
Operating income	<u>12,289,272</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	<u>956,846</u>
Nonoperating revenues (expenses), net	<u>956,846</u>

CHANGE IN NET POSITION

	13,246,118
Net position at beginning of year	<u>311,347,205</u>
Net position at end of period	<u><u>\$ 324,593,323</u></u>

See accountants' compilation report.

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS One Month Ended July 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 19,959,658
Receipts of security deposits	1,058,823
Receipts from wholesale sales and other operating activities	4,821,239
Payments to electricity suppliers	(16,389,160)
Payments for other goods and services	(1,685,084)
Payments for staff compensation	(948,095)
Payments for program rebates and incentives	(229,577)
Payments of taxes and surcharges to other governments	(334,687)
Net cash provided (used) by operating activities	<u>6,253,117</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	<u>(5,587)</u>
-----------------------------	----------------

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	830,567
Proceeds from sales and maturities of investments	252,598
Purchase of investments	<u>(6,032,293)</u>
Net cash provided (used) by investing activities	<u>(4,949,128)</u>

Net change in cash and cash equivalents	1,298,402
Cash and cash equivalents at beginning of year	<u>176,767,966</u>
Cash and cash equivalents at end of period	<u><u>\$ 178,066,368</u></u>

NONCASH INVESTING ACTIVITIES

Change in interest receivable and fair value of investments	\$ 126,279
---	------------

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS

(Continued)

One Month Ended July 31, 2025

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

Operating income (loss)	\$ 12,289,272
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	119,270
(Increase) decrease in:	
Accounts receivable, net	(3,212,162)
Other receivables	(1,925,108)
Accrued revenue	444,264
Prepaid expenses	376,467
Increase (decrease) in:	
Accrued cost of electricity	(607,224)
Accounts payable	(723,357)
Accrued liabilities	1,215,708
User taxes due to other governments	(47,543)
Supplier security deposits	(1,676,470)
Net cash provided (used) by operating activities:	<u>\$ 6,253,117</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 month ended July 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
September 25, 2025

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
One Month Ended July 31, 2025

	2025/26 YTD Budget	2025/26 YTD Actual	2025/26 YTD Budget Variance (Under) Over	2025/26 YTD Actual / Budget %	2025/26 Budget	2025/26 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	\$ 23,641,254	\$ 22,171,304	\$ (1,469,950)	94%	\$ 228,694,000	\$ 206,522,696
Evergreen Premium (net of allowance)	262,500	269,108	6,608	103%	3,150,000	2,880,892
CEC Grant Proceeds	92,478	-	(92,478)	0%	863,000	863,000
Investment returns	1,000,000	956,846	(43,154)	96%	12,000,000	11,043,154
Total revenue and other sources	24,996,232	23,479,695	(1,516,537)	94%	244,707,000	221,227,305
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	14,703,724	7,855,273	(6,848,451)	53%	234,986,000	227,130,727
Data management	279,900	279,000	(900)	100%	3,359,000	3,080,000
Service fees- PG&E	82,500	82,726	226	100%	990,000	907,274
Personnel	1,039,777	940,810	(98,967)	90%	12,781,000	11,840,190
Marketing & communications	326,229	252,557	(73,672)	77%	3,915,000	3,662,443
Customer service	47,750	10,484	(37,266)	22%	220,000	209,516
General and administration	204,426	174,698	(29,728)	85%	2,309,000	2,134,302
Legal	43,750	120,007	76,257	274%	525,000	404,993
Regulatory and compliance	30,000	11,776	(18,224)	39%	360,000	348,224
Accounting	24,150	23,000	(1,150)	95%	340,000	317,000
Legislative	18,333	17,000	(1,333)	93%	220,000	203,000
Other consultants	61,075	42,732	(18,343)	70%	535,000	492,268
Industry memberships and dues	73,895	48,975	(24,920)	66%	888,000	839,025
Program implementation	813,796	255,269	(558,527)	31%	6,481,000	6,225,731
Total current expenditures	17,749,305	10,114,307	(7,634,998)	57%	267,909,000	257,794,693
OTHER USES						
Capital outlay	436,000	16,500	(419,500)	4%	7,022,000	7,005,500
Total expenditures, other uses	18,185,305	10,130,807	(8,054,498)	56%	274,931,000	264,800,193
Net increase (decrease) in available fund balance	\$ 6,810,927	\$ 13,348,888	\$ 6,537,961		\$ (30,224,000)	\$ (43,572,888)
<i>* Represents sales of approximately 155,000 MWh for 2025/26 YTD actual.</i>						
RESERVES	Balance - as of June 30, 2024	Long-Term Targeted	% of Long-Term Target			
Operating Reserve	\$ 231,889,000	\$ 267,909,000	87%			

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE
TO CHANGE IN NET POSITION
One Month Ended July 31, 2025

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 13,348,888
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(119,270)
Add back capital asset acquisitions	<u>16,500</u>
Change in net position	<u><u>\$ 13,246,118</u></u>

Page intentionally left blank for double-sided printing



Staff Report - 03

To: Sonoma Clean Power Authority Community Advisory Committee

From: Danielle McCants, Customer Operations Manager
Georgia Van Houten, Intern

Issue: Recommend the Board of Directors Approve Update to the NetGreen 2.0 Tariff to Remove the Bonus Penny Adder from the Net Surplus Compensation Rate Calculation and Rename Tariff to Net Energy Metering

Date: October 16, 2025

Recommended Action

Recommend the Board of Directors approve revisions to the NetGreen 2.0 Tariff to eliminate the bonus penny adder from the net surplus compensation rate calculation and rename the program from NetGreen 2.0 to Net Energy Metering (NEM) effective January 1, 2026.

Background

SCP established its NetGreen program for solar customers in 2013. This program remained largely unchanged until the CPUC adopted NEM 2.0 in 2016. In response SCP created a formal tariff, NetGreen 2.0 Tariff which was approved by SCP's Board of Directors in 2017. All SCP solar customers were transferred to NetGreen 2.0. Since 2017, the Board has approved small changes to the Tariff in October 2020 and January 2023 which updated the annual cash out process and introduced a new compensation structure.

In October 2023, the Board approved further changes to improve the program's long-term stability. These included updating the Net Surplus Compensation Rate (NSC) calculation mechanism, raising the check threshold from \$100 to \$200 (with smaller amounts credited to bills), and ending the Net Generator Bonus (known as the bonus penny) effective July 1, 2024.

In December 2022 the California Public Utility Commission (CPUC) approved the Net Billing Tariff (NBT), commonly known as Solar Billing Plan (SBP) or NEM 3.0, California's successor tariff to NEM 2.0. SBP changes how solar customers are credited for the excess electricity they send to the grid. Instead of full retail rate credits, exported power is now valued more closely to wholesale market prices and vary by time of day. SCP's Board approved a Net Billing Tariff for SCP customers on SBP. The NetGreen 2.0 Tariff remains in effect for all customers still on PG&E's legacy NEM or NEM 2.0 Tariffs.

Discussion

Staff proposes revisions to the NetGreen 2.0 Tariff to an updated NSC structure and improve clarity for customers participating in SCP's NetGreen 2.0 Tariff.

Staff recommend two changes:

1. Remove the bonus penny adder from the NSC rate calculation. This change would simplify the compensation structure and create consistency across SCP's solar programs by aligning the NSC for both NEM and Solar Billing Plan customers.
2. Rename the NetGreen 2.0 Tariff to the Net Energy Metering (NEM) Tariff to better match industry terminology and reduce confusion for customers. This change aligns SCP's program name with those used by the CPUC and PG&E.

These changes do not affect customer eligibility or participation requirements. The focus remains on ensuring fair compensation for solar generation while supporting equitable cost-sharing across SCP's customer base.

As SCP continues to evaluate the effectiveness of its customer programs, these updates also create an opportunity to assess how resources are allocated and explore ways to enhance the impact of future customer incentives.

Fiscal Impact

Eliminating the bonus penny adder from SCP's NetGreen 2.0 program, effective January 1, 2026, is projected to reduce SCP's annual cash-out liability by approximately \$200,000. These savings will go back into programs for customers, such as GridSavvy, rebates, and energy efficiency projects. In addition, this adjustment supports the long-term financial sustainability of SCP's NEM program and contributes to a more balanced distribution of costs/benefits among customers.

Separately, renaming the NetGreen tariff to Net Energy Metering (NEM) is an administrative update and does not carry direct fiscal implications.

Attachments

- Attachment 1 - Redlined NetGreen Tariff
- Attachment 2 - Final Net Energy Metering Tariff

~~NetGreen 2.0 Tariff~~ Net Energy Metering Program Tariff

APPLICABILITY:	This net energy metering (NEM) schedule is applicable to customers who use a Renewable Electrical Generation Facility (REGF) as defined in Pacific Gas & Electric Company (PG&E)'s Electric Schedule NEM, NEM2, or a California Public Utilities Commission (CPUC) approved successor NEM schedule. This rate schedule is available to customers that have a completed PG&E NEM Application, complied with all PG&E NEM interconnection requirements, received Permission to Operate, and are placed on PG&E Electric Schedule NEM, NEM2, or a successor NEM schedule. This includes customers served by Virtual Net Energy Metering (NEMV), Virtual Net Energy Metering for Multifamily Affordable Housing (NEMVMASH), NEM Aggregation (NEMA), Multiple Tariff facilities, and any other forms of Net Energy Metering as defined by PG&E Electric Schedules NEM, NEM2 and successor NEM schedules.
TERRITORY:	This tariff is available to active Sonoma Clean Power (SCP) customers located in SCP's service territory, which includes the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, the Town of Windsor, and the unincorporated areas of Sonoma County and Mendocino County (excludes the Cities of Healdsburg & Ukiah).
RATES:	All SCP rates charged under this schedule will be in accordance with the customer-generator's CleanStart Rate Schedule. A customer-generator served under this schedule is responsible for all applicable SCP charges from its CleanStart Rate Schedule including energy and demand charges, EverGreen premium (for EverGreen customers), taxes, and surcharges. Charges or credits for energy (kWh) supplied or delivered to SCP will be based on net metered usage in accordance with the customer CleanStart Rate Schedule and this Tariff. PG&E NEM tariffs and rates still apply. SCP customers will continue to be subject to the terms, conditions, and billing procedures of PG&E for services other than electric generation. SCP rates and rate design, including the rates and rate design reflected in this Tariff, are subject to change from time to time. Customers should take this into consideration when making any long-term decisions based on rate structures that are currently in place.
BILLING:	For customer-generators taking service on the CleanStart Rate Schedule, any net monthly consumption or generation shall be valued as follows:

1. Monthly Settlement of SCP Charges and/or Credits:

- a. "Net Electric Consumption" is defined as when customer energy usage exceeds generation during any billing cycle and shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the CleanStart Rate Schedule and Rates.
- b. "Net Electric Generation" is defined as when customer energy generation exceeds usage during any billing TOU period and shall be credited in accordance with applicable TOU period-specific rates/charges, as described in the customer-generator's CleanStart Rate Schedule.
- c. "EverGreen Premium" is defined as SCP's voluntary 100% renewable service. The EverGreen Premium is charged on all net consumption of energy during a billing cycle. It is not credited to customers for over-generation.
- d. Any charges due for Net Electric Consumption will be assessed in each monthly statement. If the customer's account has available credits from current or previous Net Electric Generation, these credits will be applied against usage charges first before any charges are assessed.
- e. Any excess Net Electric Generation credits will be tracked by SCP on the customer's bill as a credit and will be applied to future billing cycles within the same SCP Annual Cash Out period as defined below.
- f. Credit balances do not have any cash value except as defined in the Cash Out process below.

2. SCP Annual Cash Out and True-Up:

- a. Following the final date and bill for each customer's April billing cycle (if the customer does not have an April meter read, the prior or next available month will be used), SCP will initiate a True-Up of each customer account's NEM balance. Any accrued credit balance will be reset to zero at the beginning of the next 12-month period.
- b. A review will be conducted for each customer's kilowatt-hour consumption and generation during the spring to spring annual true-up. If the customer's account generated more electricity than it consumed, it is eligible for a Cash Out payment at SCP's Net Surplus Compensation (NSC) rate.
- c. SCP's "Net Surplus Compensation" rate is ~~a \$0.01/kWh increase based on~~ PG&E's 12-month Net Surplus Compensation (NSC) average for the calendar year preceding the Cash Out.
- d. SCP's NSC rate will be updated annually as part of SCP's rate setting process, with consideration for changes in PG&E's NSC rate and other market factors. PG&E's NSC is set monthly at the rolling average of PG&E's default load aggregation point price from 7 a.m. to 5 p.m.
- e. The NSC rate is located on SCP's Rate Sheets located on its website at www.sonomacleanpower.org.
- f. NSC payments are subject to a cap of \$5,000 per account annually.
- g. Customers will receive NSC payments automatically, paid by check if they have \$200 or more, to the customer's mailing address on their PG&E account.

Customers with surplus credit balances of less than \$200 will receive an on-bill credit on their monthly statement.

3. Customers Returning to PG&E Bundled Service and Account Closures:

- a. SCP customers with NEM service may opt out and return to PG&E service at any time, subject to SCP and PG&E's terms and conditions for return to bundled service. Customers are advised that PG&E will perform a True-Up of their account for any PG&E charges at the time of return to PG&E bundled service.
- b. Customers returning to PG&E service or closing their PG&E account will have an SCP True-Up to determine if the customer is eligible for NSC. NSC will be paid automatically (if applicable) by check to the customer's PG&E mailing addresses unless another address is provided by the customer. There is no minimum threshold for receiving a NSC check, but the maximum NSC is \$5,000 and any credits above that will be forfeited.

4. Aggregated NEM

- a. Per the California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." SCP's aggregated NetGreen accounts are ineligible to receive NSC payments and will have credits re-set to zero during the SCP True-Up period.

TERMS AND
CONDITIONS:

Nothing in the ~~NetGreen 2.0~~Net Energy Metering Tariff precludes or supersedes SCP's Terms and Conditions. SCP's Terms and Conditions can be found at sonomacleanpower.org/terms-and-conditions.

More information about SCP's ~~NetGreen~~Net Energy Metering program can be found online at sonomacleanpower.org/solar-customersprograms/netgreen or by calling 1 (855) 202-2139.

Net Energy Metering Program Tariff

APPLICABILITY:	This net energy metering (NEM) schedule is applicable to customers who use a Renewable Electrical Generation Facility (REGF) as defined in Pacific Gas & Electric Company (PG&E)'s Electric Schedule NEM, NEM2, or a California Public Utilities Commission (CPUC) approved successor NEM schedule. This rate schedule is available to customers that have a completed PG&E NEM Application, complied with all PG&E NEM interconnection requirements, received Permission to Operate, and are placed on PG&E Electric Schedule NEM, NEM2, or a successor NEM schedule. This includes customers served by Virtual Net Energy Metering (NEMV), Virtual Net Energy Metering for Multifamily Affordable Housing (NEMVMASH), NEM Aggregation (NEMA), Multiple Tariff facilities, and any other forms of Net Energy Metering as defined by PG&E Electric Schedules NEM, NEM2 and successor NEM schedules.
TERRITORY:	This tariff is available to active Sonoma Clean Power (SCP) customers located in SCP's service territory, which includes the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, the Town of Windsor, and the unincorporated areas of Sonoma County and Mendocino County (excludes the Cities of Healdsburg & Ukiah).
RATES:	All SCP rates charged under this schedule will be in accordance with the customer-generator's CleanStart Rate Schedule. A customer-generator served under this schedule is responsible for all applicable SCP charges from its CleanStart Rate Schedule including energy and demand charges, EverGreen premium (for EverGreen customers), taxes, and surcharges. Charges or credits for energy (kWh) supplied or delivered to SCP will be based on net metered usage in accordance with the customer CleanStart Rate Schedule and this Tariff. PG&E NEM tariffs and rates still apply. SCP customers will continue to be subject to the terms, conditions, and billing procedures of PG&E for services other than electric generation. SCP rates and rate design, including the rates and rate design reflected in this Tariff, are subject to change from time to time. Customers should take this into consideration when making any long-term decisions based on rate structures that are currently in place.
BILLING:	For customer-generators taking service on the CleanStart Rate Schedule, any net monthly consumption or generation shall be valued as follows:

1. Monthly Settlement of SCP Charges and/or Credits:

- a. "Net Electric Consumption" is defined as when customer energy usage exceeds generation during any billing cycle and shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the CleanStart Rate Schedule and Rates.
- b. "Net Electric Generation" is defined as when customer energy generation exceeds usage during any billing TOU period and shall be credited in accordance with applicable TOU period-specific rates/charges, as described in the customer-generator's CleanStart Rate Schedule.
- c. "EverGreen Premium" is defined as SCP's voluntary 100% renewable service. The EverGreen Premium is charged on all net consumption of energy during a billing cycle. It is not credited to customers for over-generation.
- d. Any charges due for Net Electric Consumption will be assessed in each monthly statement. If the customer's account has available credits from current or previous Net Electric Generation, these credits will be applied against usage charges first before any charges are assessed.
- e. Any excess Net Electric Generation credits will be tracked by SCP on the customer's bill as a credit and will be applied to future billing cycles within the same SCP Annual Cash Out period as defined below.
- f. Credit balances do not have any cash value except as defined in the Cash Out process below.

2. SCP Annual Cash Out and True-Up:

- a. Following the final date and bill for each customer's April billing cycle (if the customer does not have an April meter read, the prior or next available month will be used), SCP will initiate a True-Up of each customer account's NEM balance. Any accrued credit balance will be reset to zero at the beginning of the next 12-month period.
- b. A review will be conducted for each customer's kilowatt-hour consumption and generation during the spring to spring annual true-up. If the customer's account generated more electricity than it consumed, it is eligible for a Cash Out payment at SCP's Net Surplus Compensation (NSC) rate.
- c. SCP's "Net Surplus Compensation" rate is based on PG&E's 12-month Net Surplus Compensation (NSC) average for the calendar year preceding the Cash Out.
- d. SCP's NSC rate will be updated annually as part of SCP's rate setting process, with consideration for changes in PG&E's NSC rate and other market factors. PG&E's NSC is set monthly at the rolling average of PG&E's default load aggregation point price from 7 a.m. to 5 p.m.
- e. The NSC rate is located on SCP's Rate Sheets located on its website at www.sonomacleanpower.org.
- f. NSC payments are subject to a cap of \$5,000 per account annually.
- g. Customers will receive NSC payments automatically, paid by check if they have \$200 or more, to the customer's mailing address on their PG&E account.

Customers with surplus credit balances of less than \$200 will receive an on-bill credit on their monthly statement.

3. Customers Returning to PG&E Bundled Service and Account Closures:

- a. SCP customers with NEM service may opt out and return to PG&E service at any time, subject to SCP and PG&E's terms and conditions for return to bundled service. Customers are advised that PG&E will perform a True-Up of their account for any PG&E charges at the time of return to PG&E bundled service.
- b. Customers returning to PG&E service or closing their PG&E account will have an SCP True-Up to determine if the customer is eligible for NSC. NSC will be paid automatically (if applicable) by check to the customer's PG&E mailing addresses unless another address is provided by the customer. There is no minimum threshold for receiving a NSC check, but the maximum NSC is \$5,000 and any credits above that will be forfeited.

4. Aggregated NEM

- a. Per the California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." SCP's aggregated NetGreen accounts are ineligible to receive NSC payments and will have credits re-set to zero during the SCP True-Up period.

TERMS AND
CONDITIONS:

Nothing in the Net Energy Metering Tariff precludes or supersedes SCP's Terms and Conditions. SCP's Terms and Conditions can be found at sonomacleanpower.org/terms-and-conditions.

More information about SCP's Net Energy Metering program can be found online at sonomacleanpower.org/solar-customers or by calling 1 (855) 202-2139.

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: October 16, 2025

REQUEST FOR QUALIFICATIONS FOR COMMUNITY OUTREACH PARTNERS

Sonoma Clean Power issued a request for qualifications (RFQ) seeking community-based organizations to support outreach and increase enrollment in GridSavvy Rewards. Responses are due October 24, 2025. By partnering with trusted local organizations, SCP aims to expand awareness of its customer energy programs and assist customers with bill savings. The RFQ was designed to be simple and accessible and was widely distributed to organizations that may be interested. For more details, please visit the SCP [Solicitations](#) webpage.

UPCOMING WORKSHOPS AT THE CUSTOMER CENTER

- Saturday October 18th: Preserving through Freezing Workshop w/ the Master Food Preservers 11:00 AM - 1:00 PM (Customer Center - \$45, hosted by Master Food Preservers Sonoma County). Discover how easy and effective home freezing can be in this fun, hands-on workshop focused on preparing and preserving a delicious pasta dinner from scratch.
- Saturday October 25th: *Art @ SCP: Ghosts of Electricity* Exhibit Closing Reception 1:00pm - 4:00pm (Business Center). SCP is hosting an exhibit of 34 works by 5 local artists at our all-electric, "grid optimal" business office. The exhibit will remain on display through a closing reception on Saturday, October 25th.

421 E STREET BUILDING UPDATE

Just over a week ago, renovations started on our building at 421 E Street in Santa Rosa (next door to the Business Office). We anticipate being able to utilize the office for workspace, storage, and meeting space by mid-2026. We will provide updates as progress continues.

OFFER OF SCP SERVICE TO LAKE COUNTY

The City of Clearlake voted to reject joining SCP in a 2-3 vote. The Lake County Board of Supervisors and the Lakeport City Council vote on October 21st.

UPOMING MEETINGS

- Board of Directors - November 6, 2025
- Community Advisory Committee - November 20, 2025
- Board of Directors - December 4, 2025
- Community Advisory Committee - December 18, 2025

Staff Report - Item 05

To: Sonoma Clean Power Community Advisory Committee

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

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

Date: October 16, 2025

Requested Action

Receive legislative and regulatory updates and provide feedback as appropriate.

Regulatory Updates

Oral update to be given at the meeting.

Legislative Updates

Sonoma Clean Power is sponsoring two pieces of legislation at the state level aimed at improving California's ability to deploy geothermal power, in partnership with the International Union of Operating Engineers, Fervo Energy, and others. On October 6, the Governor signed Assembly Bill 531 (Rogers) but vetoed Assembly Bill 527 (Papan).

Descriptions of the relevant bills are below:

- Assembly Bill 531 (Rogers) will 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 ensures that all proposed geothermal power plants have this option available.

- Assembly Bill 527 (Papan) would have mirrored federal policy by exempting geothermal exploration wells meeting a high standard of environmental stewardship from review under the California Environmental Quality Act (CEQA), so long as the projects use a skilled and trained workforce that is paid at least the prevailing wage. The subsequent buildout phase would have remained subject to CEQA. The Governor's veto message stated that the bill would have led to delays in regulation development at the California Geologic Energy Management Division and an increase in developer fees that might disincentivize future geothermal development. The message also notes his signing of Assembly Bill 1359 (Papan) last year and a need to understand its impacts prior to granting the proposed CEQA exemption in Assembly Bill 527.

In the final weeks of the legislative year, the Legislature also enacted a wide-ranging package of energy and environmental legislation, including:

- SB 254 (Becker), which contained energy affordability measures as well as an expansion of investor-owned utilities' wildfire insurance fund. Because of a number of exciting provisions improving the Energy Commission's opt-in process (see above) and creating new authority for public entities to finance transmission lines, Sonoma Clean Power joined a coalition of other organizations in support of this legislation after it went into print during the final few days of the legislative year.
- Extension of the state's cap-and-trade emissions control program (now dubbed "cap-and-invest") through 2045, as well as reform of associated environmental justice provisions and a new spending protocol for associated state revenues (which are disbursed through the Greenhouse Gas Reduction Fund). The cap-and-trade program was previously scheduled to sunset in 2030.
- Assembly Bill 825 (Petrie-Norris), which paved the way for new regional electricity markets.
- A number of other bills related to petroleum markets, climate bond spending, and more.

Attachments

- Attachment 1 - Sonoma Clean Power & coalition letter of support for SB 254
- Attachment 2 - Governor Gavin Newsom Veto Message for AB 527 (Papan)



***FLOOR ALERT ***

SUPPORT SB 254

The following organizations support SB 254 as an important first step on electricity affordability, saving customers billions of dollars annually while ensuring California's wildfire fund remains solvent through a replenishment mechanism.

California faces an electricity affordability crisis. In just one decade, PG&E rates [increased 104%](#), Southern California Edison rates [jumped 83%](#), and [SDG&E bills rose 71%](#).

Without legislative action, electricity bills will continue climbing, placing even greater financial strain on low- and middle-income families. [85% of voters](#) say it's important for their representatives to do **everything possible** to lower electricity bills this year.

SB 254 adopts multiple key measures to reduce electricity bills:

- **Public financing of transmission:** Establishes a Transmission Infrastructure Accelerator to expedite infrastructure development and facilitate public financing to reduce project costs borne by ratepayers by up to 50%, or [\\$3 billion per year](#).
- **Securitization:** Ratepayer securitization of \$6 billion in wildfire safety capital investments will save ratepayers \$3 billion over the next ten years, when compared to utility financing.
- **Cost effective wildfire mitigation:** Restoring CPUC approval of wildfire mitigation plans will set limits on utility overspending.

SB 254 also establishes a wildfire fund replenishment mechanism. California's Wildfire Fund could be wiped out entirely by claims from the 2025 Eaton fire. Under this legislation, utility shareholders will contribute 50% of the cost of replenishing the fund, and utility customers will cover the other half. This mechanism will ensure utilities maintain financial stability to continue serving customers.

With electricity rates continuing to surge and the wildfire fund at risk, California cannot afford to wait. SB 254 offers proven solutions that will deliver real savings and lay a foundation that policymakers can build on in future years. **Please vote YES on SB 254.**



OFFICE OF THE GOVERNOR

OCT 06 2025

To the Members of the California State Assembly:

I am returning Assembly Bill 527 without my signature.

This bill would create a California Environmental Quality Act (CEQA) exemption through 2030 for qualifying geothermal exploratory projects when a county or the Department of Conservation's California Geologic Energy Management Division (Division) is the lead agency, if those projects meet specified requirements.

This bill also would require the Division to combine new regulations for "enhanced geothermal systems" (EGS) wells with a current geothermal rulemaking by January 1, 2029, and, until those regulations are in effect, operators would be required to provide specified technical information when filing a drilling Notice of Intention for EGS wells in CEQA-exempt projects.

In addition to delaying much-needed regulations that are already in process, the Division would need to substantially increase fees on geothermal operators to implement the new requirements imposed by the bill. While I support the expansion of the geothermal energy industry in California as a much-needed source of baseload clean power, the increased fees caused by this bill could disincentivize geothermal development in California beyond any incentive provided by a CEQA exemption for one part of a project's permitting process.

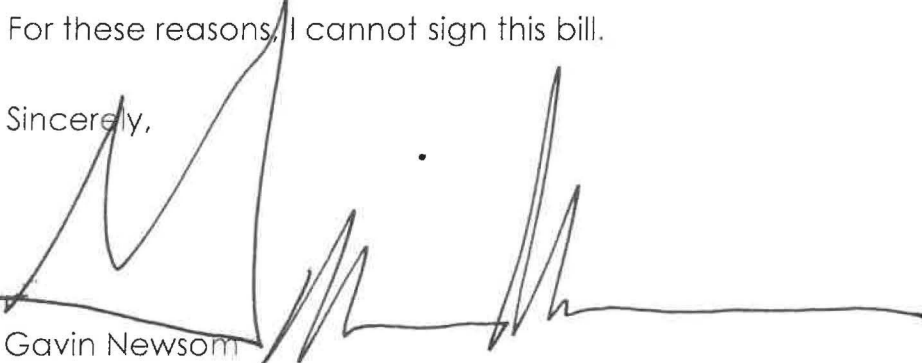
Additionally, I signed Assembly Bill 1359 (Papan) last year, which made a series of targeted reforms to the review and approval of geothermal exploration

projects. It is prudent that we understand the effects of these changes before granting wholesale CEQA exemptions with costly and complicated conditions.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

A handwritten signature in dark ink, consisting of several sharp, angular strokes, extending from the left margin across the page.

Staff Report - Item 06

To: Sonoma Clean Power Authority Community Advisory Committee

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

Issue: Receive Geothermal Opportunity Zone Update and Recommend the Board of Directors Approve the Delegated Authority to the Chief Executive Officer or his Designee to Terminate the Geothermal Opportunity Zone Cooperation Agreement with Chevron New Energies and Execute the Memorandum of Understanding with Chevron New Energies for Collaborating to Develop Geothermal in the Western Interconnection

Date: October 16, 2025

Recommended Action

Review and recommend that the Board delegate authority to the Chief Executive Officer or his designee to execute a termination letter ending the Geothermal Opportunity Zone Cooperation Agreement ("cooperation agreement") with Chevron New Energies and execute a separate Memorandum of Understanding ("MOU") with Chevron New Energies to collaborate on development of geothermal more broadly in the Western Interconnection.

Background

SCP and Chevron New Energies ("Chevron") executed a cooperation agreement for partnering in development of geothermal resources in the Geothermal Opportunity Zone ("GeoZone") in March 2023. The cooperation agreement includes mutual obligations to de-risk and progress early project development, including requirements for Chevron to establish site control, initiate permitting, and enter the interconnection queue and expectations for SCP to convene community stakeholders, provide regulatory and legislative advocacy, and a commitment for future offtake. In return for SCP's collaboration in early project development, the

cooperation agreement extends a right-of-first refusal to SCP for any geothermal development by Chevron in the GeoZone.

As an enforcement mechanism, the cooperation agreement requires the completion of several project milestones by Chevron before March 2, 2026. Chevron has satisfied some of its milestones, including assessing geothermal development potential and securing site control for an initial project. However, Chevron will be unable to complete milestones for permitting and interconnection. Unlike SCP's other GeoZone partner Eavor, Chevron is not requesting a timeline extension. Due to technical and regulatory challenges (see Discussion section below) and competing internal priorities, Chevron does not expect to actively progress project development in the GeoZone until after it de-risks technology and builds geothermal expertise in less complex settings. Because Chevron's timeline for restarting activity in the GeoZone is uncertain and likely extended, staff is recommending the Board terminate the cooperation agreement which is better suited to support active project development.

The cooperation agreement allows for termination by mutual agreement in writing. The text of the proposed termination is included as Attachment 1. The termination letter respects provisions in the cooperation agreement that extend SCP's ROFR, and conditions on indemnification and confidentiality for a period of two years following termination. SCP has also added language to the termination letter providing SCP advance notice of any major activities or decisions for geothermal property Chevron owns in the GeoZone over the next two years, and a commitment from Chevron to engage in good faith community, tribal, and stakeholder engagement for any active development in the GeoZone.

In return for its support for the Chevron GeoZone project to date, SCP has requested Chevron treat SCP as a preferred off-taker for any geothermal projects developed in the Western Interconnection (the twelve western-most U.S. states). SCP also has an interest in supporting Chevron's out-of-state projects to accelerate learnings that can be applied to restarting active development at Chevron's project in the GeoZone. Staff have negotiated an MOU with Chevron that formalizes the preferred off-taker status, facilitates information sharing, and signals a commitment to negotiate a cooperation agreement should active development return to the GeoZone. The MOU also extends Chevron's commitment for sharing major updates on development decisions in the GeoZone past the two-year sunset in the termination letter. The text of the proposed MOU is included as Attachment 2.

Discussion

Chevron's decision to delay active development in the GeoZone was driven by the technical and regulatory complexity of its GeoZone project relative to other candidate sites in the Western United States, as well as an internal decision to stage development of its geothermal portfolio rather than pursuing opportunities in parallel. Although Chevron's project is located only several miles from the edge of the Geysers where Calpine actively drills new wells, the geologic complexity of the region makes it difficult to extrapolate geologic conditions and directly apply successful drilling techniques and learnings. Accordingly, the uncertainty in cost and time for drilling Chevron's first well in the GeoZone was significant and difficult to manage alongside the deployment risk of next-generation geothermal technologies.

Regulatory risk for Chevron's GeoZone project is also high. Although SCP's sponsorship of AB 1359 last year enabled Chevron to permit exploration through Sonoma County (in response to experience with unmanageable delays with state-level permitting for geothermal exploration), navigating the California Environmental Quality Act (CEQA) for exploration activities is still a costly and lengthy endeavor. There is also uncertainty about how the state will permit and regulate next-generation geothermal technologies.

Importantly, although technical and regulatory complexity has delayed active development in the GeoZone, Chevron has no plans to sell the project and sees the GeoZone as a viable follow-up development after it de-risks deployment. The resource quality in the GeoZone is high, and California continues to be the strongest market for geothermal power.

Through its partnership with Chevron, SCP has developed a large set of learnings that are being deployed in its regulatory and legislative advocacy, as well as the design for future GeoZone industry partnerships. As an example, in response to Chevron's experience navigating first-well risk, a top priority for SCP next year is securing state or federal funding for reducing the financial risk of geothermal exploration. As another example, SCP expects to closely scrutinize future partnerships for their characterization of technical risk and select partners who are better aligned with SCP on overcoming first-well risk.

The GeoZone cooperation agreements are structured to support active geothermal development. The agreements include project milestone requirements to give confidence to SCP that its industry partner is investing in progressing project development in exchange for SCP's support in advocacy and community

engagement. Because Chevron is uncertain on when active development will proceed in the GeoZone, staff believe it is prudent to end the cooperation agreement and begin the process of looking for new GeoZone industry partners. However, staff believe there is value in continuing to coordinate with Chevron on geothermal development more broadly—and the proposed MOU both improves SCP’s access to out-of-state resources it may need and allows for information sharing that could ultimately lead to Chevron’s return to active development in the GeoZone.

Other GeoZone Updates

At the end of September, the California Energy Commission (“CEC”) announced that Sonoma County has been selected for an award of \$1.36 million as part of its Geothermal Grant and Loan Program, which is funded from California’s share of geothermal royalties on federal land in the state. SCP worked closely with Permit Sonoma on the grant application and is part of the project’s team, which also includes Mendocino County and the National Renewable Energy Laboratory (“NREL”). The project, titled the “Sonoma-Lake-Mendocino Proactive Regional Geothermal Planning Project” will involve subsurface mapping, community and tribal engagement, growing planning staff expertise, geospatial analysis, and ground-truthing results with on-the-ground ecological and cultural reconnaissance surveys across the three-county region. The goal of the project is to proactively equip industry and planning agencies with comprehensive datasets and firsthand experiences that enable more informed and efficient project siting and permitting in the region. SCP will be participating in the project as an unfunded partner, with its staff contribution recognized as an in-kind match.

Attachment

- Attachment 1 - Draft Letter Agreement for Mutual Termination of GeoZone Cooperation Agreement
- Attachment 2 - Draft Memorandum of Understanding Between Sonoma Clean Power Authority and Chevron New Energies in Collaborating to Develop Geothermal in the Western Interconnection



November 6, 2025

Sonoma Clean Power Authority
Attn: Geof Syphers, Chief Executive Officer

Re: Letter Agreement for Mutual Termination of GeoZone Cooperation Agreement

Dear Mr. Syphers:

Reference is made to the GeoZone Cooperation Agreement (“**Agreement**”), dated March 2, 2023, between Sonoma Clean Power Authority (“**SCPA**”), a California joint powers authority, and Chevron New Energies, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“**Company**”). Capitalized terms used but not defined herein have the meanings ascribed to them in the Agreement.

Pursuant to Section 2.2.1 of the Agreement, the Parties agree that the Agreement shall be mutually terminated effective October 2, 2025.

Pursuant to Section 2.4 of the Agreement, this voluntary, mutual agreement does not affect the validity of Sections 8.3, 10, 13, 14, 15.2, and any other provisions that survive termination for the period set forth in the Agreement. Under Section 8.3, this includes Chevron’s covenant to provide SCPA with a right of first refusal with respect to Products associated with or attributable to new geothermal resource capacity developed by Chevron and located within the GeoZone for two (2) years after the effective termination.

Additionally, Chevron commits to providing SCPA thirty days’ advanced written notice of any decision related to the development, transfer, or use of any property that is or may be used for geothermal purposes in the GeoZone (“GeoZone Property”) over the time period specified in Section 2.4 of the Agreement. Chevron also commits to engaging in good faith community, tribal, and stakeholder engagement for any active development in GeoZone. If Chevron transfers GeoZone Property to any third party, Chevron will include in the instruments effecting such transfer (a) a right of first refusal in favor of SCPA for the purchase of any geothermal energy produced from the GeoZone Property, and (b) a commitment to good faith community, tribal and stakeholder engagement, both of which ((a) and (b)) shall extend until two years after the termination of the Agreement.

If the foregoing reflects our agreement, please so indicate by countersigning in the space provided below and returning this Letter Agreement to us.

We have appreciated our relationship under the Agreement and wish SCPA every success in its GeoZone initiative.

Very truly yours,

AGREED:

CHEVRON NEW ENERGIES,
a division of Chevron U.S.A. Inc.

SONOMA CLEAN POWER AUTHORITY

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

**MEMORANDUM OF UNDERSTANDING BETWEEN
SONOMA CLEAN POWER AUTHORITY
AND
CHEVRON NEW ENERGIES, A DIVISION OF CHEVRON U.S.A. INC.
IN COLLABORATING TO DEVELOP GEOTHERMAL
IN THE WESTERN INTERCONNECTION**

This Memorandum of Understanding (“MOU”) is entered into on the date of the last party signing below by Sonoma Clean Power Authority (“SCPA”) and Chevron New Energies, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“Company”), each individually a “Party” and collectively the “Parties.”.

1. The Parties:

- a. SCPA is a California Joint Powers Authority and Community Choice Aggregator serving Sonoma and Mendocino Counties, whose members include the Counties of Sonoma and Mendocino, the Cities of Cloverdale, Petaluma, Rohnert Park, Sonoma, Cotati, Fort Bragg, Point Arena, Willits, Santa Rosa and Sebastopol, and the Town of Windsor.
- b. Company is an integrated energy company incorporated in the Commonwealth of Pennsylvania with headquarters in Houston, Texas.

2. Background:

- a. SCPA established a Geothermal Opportunity Zone (“GeoZone”) on October 7, 2021 to explore the opportunity to develop local geothermal resources. Mendocino County passed a resolution establishing their membership in the GeoZone on December 7, 2021. Sonoma County passed a resolution to join the GeoZone on February 8, 2022.
- b. SCPA and Company executed a GeoZone Cooperation Agreement (“Cooperation Agreement”) on March 2, 2023 to partner in scaling new geothermal resource development in the GeoZone. The Cooperation Agreement is being mutually terminated due to technical and regulatory complexities of development in the GeoZone that make it infeasible to meet the agreement milestones.
- c. SCPA and Company have a mutual interest in developing geothermal resources in the Western Interconnection of the United States (“Western Interconnection”) that can both provide near-term energy and reliability to SCPA and de-risk technologies for future application in the GeoZone.
- d. Company recognizes that SCPA has provided regulatory and legislative advocacy, market insights, community outreach, and commercial interest with respect to Company’s geothermal development activities.

3. Purpose:

The purpose of this MOU is to collaborate on development of geothermal resources in the Western Interconnection of the United States to increase the supply of clean firm resources to SCPA and de-risk technologies for future application in the GeoZone.

4. Agreement:

As part of this MOU, the Parties agree to the following:

- a. Company will treat SCPA as a preferred off-taker for geothermal projects transmitting power across the Western Interconnection electric grid (each a “WI Project”). As such, the Company will make commercially reasonable efforts to allow SCPA to negotiate capacity from any WI Projects. SCPA will commit to being responsive to negotiations and not unreasonably delay commercial activities;
- b. SCPA will provide Company with semi-annual updates on the market for geothermal resources, and important regulatory, legislative, and strategic considerations in delivering power to California off-takers; and
- c. Company will provide SCPA with semi-annual updates that include non-proprietary information on the status of its geothermal development portfolio within the Western Interconnection, as well as advanced notice on any major decisions or activities for geothermal projects within SCPA’s service territory.
- d. Parties agree to negotiate a new cooperation agreement in good faith to progress local geothermal resource development, should Company begin permitting development in SCPA’s service territory.

5. Confidentiality:

- a. “Confidential Information” means information, whether oral or written, including all documents, data, drawings, studies, projections, plans and other written information that is commercially sensitive or relates to Company’s proprietary capabilities, that is delivered by one Party to the other Party that either Party stamps or otherwise identifies as “confidential” or “proprietary” at the time of disclosure. Confidential Information does not include (i) this MOU; (ii) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this MOU; (iii) information that becomes publicly available through no fault of the recipient after the time of the delivery; (iv) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; (v) information that the recipient independently developed without a violation of this MOU; and (vi) information that is determined by SCPA to be subject to the California Public Records Act. In the event that SCPA determines Confidential Information must be

released pursuant to the California Public Records Act, SCPA agrees to notify Company in advance. In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word "Confidential."

- b. The Party receiving Confidential Information (the "Receiving Party") from the other Party (the "Disclosing Party") shall not disclose Confidential Information to a third party (other than the Party's employees, lenders, counsel, accountants, directors or advisors, or any such representatives of a Party's Affiliates, who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable Law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding applicable to such Party or any of its Affiliates; provided, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

6. Miscellaneous:

a. Termination:

This MOU will terminate for any or no reason upon thirty (30) days written notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

b. Amendment:

Parties may amend this agreement through a written amendment to this document executed by both Parties.

c. No Joint-Venture:

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it create a financial obligation or any liability on behalf of any Party. The Parties will pay their own costs and expenses (whether internal or out-of-pocket, and whether for legal, financial, technical or other consultants, or other purposes) in connection with the MOU. IN NO EVENT SHALL THE PARTIES OR ANY OF THEIR AFFILIATES AND/OR REPRESENTATIVES BE LIABLE FOR ANY INDIRECT DAMAGES, LOST OR PROSPECTIVE PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES UNDER OR IN RESPECT TO THIS MOU.

d. Governing Law; Waiver of Jury Trial; Joint Powers Authority

This MOU is governed by, and construed in accordance with, the laws of the State of California. Each Party irrevocably waives all right to trial by jury in any action or

proceeding arising out of or relating to the provisions of this MOU or the enforcement of any rights hereunder. Partner acknowledges and agrees that SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 *et seq.*) and is a public entity separate from its members. SCPA shall solely be responsible for all commitments accruing and arising out of this MOU. Partner agrees that it shall have no rights and shall not make any claim, take any actions, or assert any remedies against any of SCPA's members in connection with this MOU.

e. Public Announcements

Each Party must submit proposed public notices, announcements or press releases regarding the execution of this MOU or its purpose to the other Party for prior review and approval. Such approval may be granted or withheld by the other Party in their sole discretion, for any reason or no reason. If a Party is required to make any mandatory notice or announcement required under applicable law, then prior approval by the other Party is not required, but such Party will use its reasonable efforts to allow the other Party reasonable time to comment on such notice or announcement in advance of its issuance. Public notices, announcements or press releases subject to this section shall not include SCPA's public agendas, agenda packets, and similar supporting documents.

f. No Conflict; Survival of Prior Obligations

This MOU is not intended to, and shall not be construed to, amend, supersede, waive, or otherwise conflict with any obligations of either Party under any preexisting agreement between the Parties. Without limiting the foregoing, the Parties expressly confirm that obligations, including termination time periods, under the Cooperation Agreement shall remain binding and enforceable in accordance with its terms.

IN WITNESS WHEREOF, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.

SONOMA CLEAN POWER AUTHORITY:

Geof Syphers, Chief Executive Officer

Date: _____

**CHEVRON NEW ENERGIES, A DIVISION OF
CHEVRON U.S.A. INC.:**

TBD

Date: _____

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

Issue: Recommend the Board of Directors Approve Parameters for Customer Rate Reductions on January 1, 2026, and a Rate Adjustment for February 1, 2026, and Waive Prior Board Decision to Allocate 2% of Revenues from Calendar Year 2025 to the Local Investment Fund

Date: October 16, 2025

Recommended Action

Recommend the Board approve specific rate reductions for January 1, 2026 based on forecast data that target total electric bills for SCP customers of 3% above total bills for bundled service customers, approve parameters for adjusting rates on February 1, 2026 to correct for any errors in forecast, and waive the December 5, 2024 board decision to allocate 2% of revenues from calendar year 2025 to the Local Investment Fund.

Background

Starting January 1, 2026, customer electric costs are forecast to decline significantly when PG&E will be required to lower generation costs. This is good news - though long overdue.

In stark contrast with this news, the PG&E fee on SCP customers to ensure PG&E can fully pay for all power supply contracts the company no longer needs is forecast to rise sharply. The so-called Power Charge Indifference Adjustment (PCIA) is expected to jump to \$64 million for SCP customers in 2026, eroding much of the customer savings from PG&E's rate decrease. The jump in PCIA is due to two factors: first, the forecast of 2026 energy prices is lower than PG&E agreed to pay for its legacy contracts, so SCP's customers must make sure PG&E is protected against any losses from reselling those contracts; and second, PG&E's estimate of energy prices in 2025 was incorrect and a

“true-up” is now needed to ensure that PG&E does not lose any money for the past year.

The recommended SCP rate reduction will ensure that customers benefit from an overall cost reduction in total electric charges of about \$21 dollars per month for a typical household while avoiding chasing PG&E’s rate changes (which are extreme) and ensuring that SCP will minimize losses and can cover expenses from current and deferred revenues.

While it is impossible to know precisely what PG&E’s rates or fees will be on January 1, 2026 until around 5 PM the night before, SCP staff routinely review PG&E’s preliminary data and take input from experts around California in an attempt to make a reasonable forecast. Nevertheless, staff have learned that relying on PG&E’s forecasts can introduce significant error, so a two-part solution is recommended that relies on estimates only for the month of January 2026 and then establishes more accurate rates for February 1, 2026 once PG&E’s actual fees and rates are adopted, and subject to ensuring that SCP’s revenue requirement is met.

A Long Time Coming

Since its inception in 2014, SCP has focused on building financial reserves and more recently on dedicating deferred revenues into a rate stabilization fund to mitigate against the large fluctuations in PG&E’s rates and fees. Through June 30 of this year, staff expect that \$138 million in deferred revenues will be available for offsetting PG&E fees in 2026. That should roughly cover the expected costs and protect customers, but it is estimated to leave less than \$43 million in that fund to offset excess PG&E fees in 2027.

By planning long in advance, SCP has two more sources to protect customers.

If the deferred revenues run out, SCP has additional dedicated operating reserves that are projected to be approximately \$232 million as of December 31, 2025, which can be utilized down to a minimum balance of 180 days of cash on hand per Financial Policy B.2. Second, SCP has an established \$100 million line of credit with Royal Bank of Canada to provide liquidity through periods where short-term problems like this will be resolved over the coming few years.

With all this careful planning, SCP’s rates have beaten PG&E’s rates 84% of the time over the past 11 years while delivering much lower emission power and many other customer benefits.

However, SCP's most powerful tool for protecting customers is to adjust rates far in advance of expected problems to protect customers from rate shock. SCP has used this tool several times over the past 11 years, and staff are recommending doing so again.

California is Unique

In the United States, only California requires that CCA customers pay an exit fee in perpetuity with no obligation for the legacy utility to actively seek out ways to reduce and eventually eliminate the fee over time. The upshot of this regulatory landscape is that California investor-owned utilities view CCAs as a "free hedge," or in other words, a way to lower their financial risk. Other states generally require that fees like the PCIA get completely settled within a fixed time period (often 10 years) or that an active process be used to ensure that unusable contracts are resold or legally terminated within the allowable rights of the contract.

Discussion

To remain competitive with PG&E, SCP staff recommend a rate reduction for January 2026 that will allow customers to realize average bill savings of approximately \$21/month or \$252/year for a typical household.

SCP has proactively been building reserves and deferring revenue over the past 3-4 years while providing over \$90 million in savings to customers. We have done this to address the possibility of dramatic swings in PG&E rates and PCIA charges. To lower customer rates, it is expected that about \$135 million in a combination of deferred revenue and operating reserves will flow back to SCP customers in calendar 2026.

PG&E is expected to implement changes to the PCIA and PG&E's rates on January 1, 2026, or soon after that. If PG&E's updates are delayed, then staff propose to make SCP's rate change as soon as feasible after the information becomes available.

In order for SCP to implement rates on January 1, 2026, estimates will be relied on for the month of January 2026. Once PG&E's actual fees and rates are adopted, SCP will establish more accurate rates for February 1, 2026.

Unless PG&E's January 1, 2026 updates are delayed, staff is recommending the following parameters for SCP's rate reduction on January 1, 2026:

- Establish SCP rates at 3% above PG&E's expected January 1, 2026 bundled service total bills, while projecting that SCP's revenues (including deferred revenues) will cover all expenses; and

- Utilize the September 2025 rate structure for cost allocation among the rate classes; and
- Utilize the October 15th PG&E estimate of January 1st rates and fees for the magnitude of rates; and
- Reset all rate classes so SCP customer total bills have an equal 3% difference from PG&E's bundled service total bills.

Note that rate tables for January 1, 2026 will be published and included in the November Board packet, following the forecast updates expected in mid-October.

To correct for any errors in forecast once PG&E's actual fees and rates are adopted, staff is recommending a rate change effective February 1, 2026, or as soon as feasible following any delay to PG&E's January 1, 2026 updates, using the following parameters:

- Establish SCP rates at 3% above PG&E's January 1, 2026 bundled service total bills, while projecting that SCP's revenues (including deferred revenues) will cover all expenses; and
- Reset all rate classes so SCP customer total bills have an equal 3% difference from PG&E's bundled service total bills; and
- Requires that staff return to the Board following rate implementation to have the final rates ratified for continued use.

Staff recommend skipping a contribution for 2025 into the Local Investment Fund to support an estimated \$5 million in lower rates at a time when additional local investments will take more than 1 year to materialize. SCP's Capital Projects & Engineering department is actively creating development opportunities for local investments in solar and storage, and the existing \$12.8 million in that fund is likely more than sufficient to cover all the expected 2026 investments. As a result, staff recommend returning those funds to ratepayers to directly offset energy costs.

Fiscal Impact

Staff currently projects that the impact of reducing rates to 3% above PG&E starting on January 1, 2026 will require using approximately \$135 million of deferred revenue and operating reserves in calendar 2026. The recommended decision will also improve the future financial reserves of SCP by approximately \$18 million relative to sustaining rate

parity with PG&E in 2026. The further waiver to avoid contributing funds to local investments in 2026 will additionally reduce rates by an estimated \$5 million.

Attachments

None.