AGENDA
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, FEBRUARY 19, 2026
1:00 P.M.

EXCEPT AS PERMITTED BY GOVERNMENT CODE SECTION 54953.8, MEMBERS OF THE COMMUNITY ADVISORY COMMITTEE MAY PARTICIPATE IN THE FEBRUARY 19, 2026, 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 54953.8. 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

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

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

DRAFT MEETING MINUTES
COMMUNITY ADVISORY COMMITTEE MEETING
THURSDAY, JANUARY 15, 2026
1:00 P.M.

CALL TO ORDER

(1:02 p.m. - Video Time Stamp: 00:02:08)

Chair Lipp called the meeting to order.

Committee Members present: Chair Lipp, Members Hollinshead, Soto, Pollard, Wang, Young, Hagen, Baird, Heffler, Morris and Nicholls.

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; Adam Jorge, Senior Decarbonization Policy Manager; Karen Flores, Clerk of the Board

COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR

(1:04 p.m. - Video Time Stamp: 00:03:53)

1. Approve December 18, 2025, Draft Community Advisory Committee Meeting Minutes
2. Receive Monthly Financial Report
3. Receive Geothermal Opportunity Zone Update

Public Comment: None

Motion to approve the December 18, 2025, Community Advisory Committee Consent Calendar by Member Nicholls

Second: Member Hollinshead

Motion passed by roll call vote.

AYES: Lipp, Hollinshead, Soto, Pollard, Wang, Young, Hagen, Baird, Heffler, Nicholls, Morris

COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR

4. New Member Introductions and Discussion of Member Interests

   (1:06 p.m. – Video Time Stamp: 00:06:19)

   The committee conducted a round of introductions, during which members shared their names and relevant background information.

5. Receive Internal Operations Report and Provide Feedback as Appropriate

   (1:58 p.m. – Video Time Stamp: 00:58:17)

   Stephanie Reynolds, Director of Internal Operations, introduced herself and provided an overview of the Internal Operations report, a standing item on each meeting agenda. CEO Syphers also addressed the committee, offering a brief explanation of the Brown Act, encouraging new members to visit Sonoma Clean Power's (SCP) Customer Center, and outlining what they can expect in their roles as new committee members.

   Public Comment: None

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

   (1:20 p.m. – Video Time Stamp: 00:20:16)

   Neal Reardon, Director of Regulatory Affairs, introduced himself as well as Miles Horton, Legislative Policy & Community Engagement Manager, and Adam Jorge; Senior Decarbonization Policy Manager, to the new committee members. Director Reardon provided background on the structure of the Legislative and Regulatory report. Director Reardon provided an update on the California Public Utilities Commission (CPUC) unanimously approving a proposed decision to reduce the rate of return Investor-Owned Utility (IOU) shareholders earn.

   Adam Jorge; Senior Decarbonization Policy Manager, shared an update regarding Senate Bill 1221 proceeding at the CPUC, which established a voluntary program for small zones within gas-serving investor-owned utilities to develop approximately 30 pilot projects statewide. These pilots are intended to support long-term transition of selected areas away from natural gas and to generate lessons that can later guide broader gas decommissioning efforts across California. The proceeding has been progressing favorably for Sonoma Clean Power and the joint CCA group. Three priority decarbonization zones

within SCP's service territory have been deemed eligible for pilot projects, all located in the City of Petaluma.

Miles Horton, Legislative Policy & Community Engagement Manager, provided an update on the three bills SCP is sponsoring:

1. Another attempt to exempt geothermal exploration wells meeting a high standard of environmental and labor protections from review under the California Environmental Quality Act.
2. Securing approximately $50 million from the state's Greenhouse Gas Reduction Fund to support geothermal exploration wells in high-potential areas like Sonoma and Mendocino Counties, with the goal of improving geologic data, reducing development risk, and catalyzing next-generation geothermal projects similar to the federal Utah FORGE initiative.
3. Legislation to modernize California's transmission planning process to create a more flexible and cost-effective system that accelerates renewable energy interconnection, drawing on research sponsored by Sonoma Clean Power and Peninsula Clean Energy through Princeton University's ZERO Lab.

Public Comment: None

COMMITTEE MEMBER ANNOUNCEMENTS

(2:49 p.m. - Video Time Stamp: 01:48:54)

None.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(2:49 p.m. - Video Time Stamp: 01:49:03)

Public Comment: None

ADJOURN

(2:49 p.m. - Video Time Stamp: 01:49:28)

The meeting was adjourned by unanimous consent.

Sonoma Clean Power

Staff Report – Item 02

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

From: **Garth Salisbury, Chief Financial Officer & Treasurer**
Chris Golik, Senior Finance Manager
Jennifer Rafferty, Financial Analyst

Issue: **Receive Monthly Financial Report**

Date: **February 19, 2026**

Monthly Financial Report

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

This report includes commentary for the December 2025 unaudited financial statements and budgetary comparison. Links to the November 2025 unaudited financial statements and budgetary comparison, which have yet to be reviewed by the Committee, can be found in the Attachments section.

Monthly Compiled Financial Statements (December 31, 2025)

The year-to-date change in net position is more than projections by approximately $74,868,000. Year-to-date revenue from electricity sales is above projections by approximately 8% and cost of energy is under budget projections by approximately 48%. Year-to-date electricity sales reached $141,383,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $304,315,000. Approximately $324,252,000 is set aside for operating reserves as of June 30, 2025.

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

Budgetary Comparison Schedule (December 31, 2025)

The accompanying budgetary comparison includes the 2025/26 Amended Budget approved by the Board of Directors.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2025/26 YTD Amended Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is greater than budget by approximately 8% at the end of the reporting period.

The cost of electricity was less than the budget-to-date by approximately 48%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases as well as supplier delivery delays related to long-term Power Purchase Agreements (PPAs).

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 Committee and stakeholders as follows.

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

Government Code Section 53607 and SCP's Investment Policy require SCP to report to the Committee 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 in the prior month (January 2026).

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 January 31st, CAM managed about $83 million of SCP's reserves. All investments directed by CAM are held at SCP's custodian, USBank. All investments held as of January 31, 2026, at USBank appear as Attachment 5 with new holdings purchased in January highlighted. USBank transaction details for the month of January, including sales and maturities of securities, are in Attachment 6.

River City Bank

A detailed statement of the investments held at River City Bank as of January 31, 2026, appears as Attachment 7. There were no investment transactions in the month of January at River City Bank.

State of California Local Agency Investment Fund

The LAIF investment balance as of January 31, 2026, appears as Attachment 8.

Agency Goals

SCP's Financial Report, and more broadly, its financial decisions, directly support two of the Agency's 2026 goals.

1. Recommend and take all necessary actions to protect customers from rate shock in 2026.

7. Maintain SCP's 'A' credit rating to support cost-effective power procurement.

Attachments

- Attachment 1 – November 2025 Financial Statements, available at this link or by request to the Clerk of the Board.
- Attachment 2 – November 2025 Budgetary Statement, available at this link or by request to the Clerk of the Board
- Attachment 3 – December 2025 Financial Statements
- Attachment 4 – December 2025 Budgetary Statement
- Attachment 5 – January 2026 Statement of Investments Held at USBank, available at this link or by request to the Clerk of the Board
- Attachment 6 – January 2026 Statement of Transactions at USBank, available at this link or by request to the Clerk of the Board
- Attachment 7 – January 2026 Statement of Investments Held at River City Bank, available at this link or by request to the Clerk of the Board
- Attachment 8 – January 2026 Statement of Investments Held at the Local Agency Investment Fund, available at this link or by request to the Clerk of the Board

MAHER
ACCOUNTANCY

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 December 31, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy

San Rafael, CA
February 2, 2026

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION
As of December 31, 2025

ASSETS	
Current assets	
Cash and cash equivalents	$ 234,770,933
Accounts receivable, net of allowance	20,244,302
Other receivables	4,714,786
Accrued revenue	12,992,607
Prepaid expenses	1,118,313
Deposits	9,343,891
Investments	95,607,481
Total current assets	378,792,313
Noncurrent assets	
Investments	70,585,215
Loan receivable	3,215,032
Other receivables	790,995
Deposits	16,000
Capital assets, net of depreciation	17,914,878
Total noncurrent assets	92,522,120
Total assets	471,314,433
LIABILITIES	
Current liabilities	
Accrued cost of electricity	21,860,052
Accounts payable	1,392,941
Other accrued liabilities	3,633,029
User taxes and energy surcharges due to other governments	771,691
Supplier security deposits	510,000
Total current liabilities	28,167,713
Noncurrent liabilities	
Supplier security deposits	1,332,121
Total liabilities	29,499,834
DEFERRED INFLOWS OF RESOURCES	
Rate stabilization fund	137,500,000
NET POSITION	
Investment in capital assets	17,604,372
Unrestricted	286,710,227
Total net position	$ 304,314,599

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Six Months Ended December 31, 2025

OPERATING REVENUES	
Electricity sales, net	$ 139,786,198
Evergreen electricity premium	1,596,573
Liquidated damages	15,032,388
Grant revenue	355,174
Total operating revenues	156,770,333
OPERATING EXPENSES	
Cost of electricity	76,136,055
Contract services	5,035,508
Staff compensation	6,020,260
Program rebates and incentives	1,181,042
Other operating expenses	1,458,604
Depreciation	715,621
Total operating expenses	90,547,090
Operating income	66,223,243
NONOPERATING REVENUES (EXPENSES)	
Investment income	8,494,151
Charitable contribution	(250,000)
Nonoperating revenues (expenses), net	8,244,151
CHANGE IN NET POSITION	74,467,394
Net position at beginning of year	229,847,205
Net position at end of period	$ 304,314,599

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
Six Months Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 137,281,684
Receipts from grantors	135,686
Receipts of security deposits and liquidated damages revenue	12,109,410
Receipts from wholesale sales and other operating activities	25,219,335
Payments to electricity suppliers	(97,244,274)
Payments for other goods and services	(7,224,077)
Payments for staff compensation	(5,916,171)
Payments for program rebates and incentives	(1,068,314)
Payments of taxes and surcharges to other governments	(1,666,277)
Deposits and collateral paid	(2,054,000)
Net cash provided (used) by operating activities	59,573,002
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(745,930)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	6,272,238
Proceeds from sales and maturities of investments	13,414,463
Purchase of investments	(17,443,774)
Loan issued	(3,215,032)
Net cash provided (used) by investing activities	(972,105)
Net change in cash and cash equivalents	57,854,967
Cash and cash equivalents at beginning of year	176,915,966
Cash and cash equivalents at end of period	$ 234,770,933
SUPPLEMENTAL CASH FLOW INFORMATION	
Capital acquisitions included in accounts payable and other liabilties	$ 310,506
NONCASH INVESTING ACTIVITES	
Change in fair value of investments	$ 2,319,646
Change in interest receivable	$ (97,733)

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS
(Continued)
Six Months Ended December 31, 2025

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

Operating income (loss)	$	66,223,243
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		715,621
Charitable contributions considered an operating activity for cash flow purposes only		(250,000)
(Increase) decrease in:		
Accounts receivable, net of allowance		(5,532,234)
Other receivables		1,633,341
Accrued revenue		(362,642)
Prepaid expenses		406,692
Deposits		(2,837,611)
Increase (decrease) in:		
Accrued cost of electricity		1,664,562
Accounts payable		(561,069)
Other accrued liabilities		2,281,940
User taxes due to other governments		127,512
Supplier security deposits		(3,936,353)
Net cash provided (used) by operating activities	$	59,573,002

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying Budgetary Comparison Schedule for the Operating Fund of Sonoma Clean Power Authority (a California Joint Powers Authority) for the six months ended December 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
February 2, 2026

SONOMA CLEAN POWER AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
Six Months Ended December 31, 2025

	2025/26 YTD Amended Budget	2025/26 YTD Actual	2025/26 YTD Amended Budget Variance (Under) Over	2025/26 YTD Actual / Amended Budget %	2025/26 Amended Budget	2025/26 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	$ 129,247,141	$ 139,786,945	$ 10,539,804	108%	$ 228,694,000	$ 88,907,055
Evergreen Premium (net of allowance)	1,575,000	1,596,573	21,573	101%	3,150,000	1,553,427
CEC Grant Proceeds	379,120	355,174	(23,946)	94%	863,000	507,826
Investment returns	6,000,000	8,494,151	2,494,151	142%	12,000,000	3,505,849
Total revenue and other sources	137,201,261	150,232,843	13,031,582	109%	244,707,000	94,474,157
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	117,688,088	61,104,414	(56,583,674)	52%	234,986,000	173,881,586
Data management	1,679,400	1,677,293	(2,107)	100%	3,359,000	1,681,707
Service fees- PG&E	495,000	497,847	2,847	101%	990,000	492,153
Personnel	6,238,662	6,020,260	(218,402)	96%	12,781,000	6,760,740
Marketing & communications	2,207,375	1,696,392	(510,983)	77%	4,415,000	2,718,608
Customer service	137,500	104,823	(32,677)	76%	220,000	115,177
General and administration	1,142,438	956,007	(186,431)	84%	2,309,000	1,352,993
Legal	262,500	284,080	21,580	108%	525,000	240,920
Regulatory and compliance	180,000	78,996	(101,004)	44%	360,000	281,004
Accounting	194,900	189,200	(5,700)	97%	340,000	150,800
Legislative	110,000	98,000	(12,000)	89%	220,000	122,000
Other consultants	378,450	339,341	(39,109)	90%	535,000	195,659
Industry memberships and dues	444,567	502,502	57,935	113%	888,000	385,498
Program implementation	3,263,013	1,500,673	(1,762,340)	46%	6,481,000	4,980,327
Total current expenditures	134,421,893	75,049,828	(59,372,065)	56%	268,409,000	193,359,172
OTHER USES						
Capital outlay	3,486,000	1,021,578	(2,464,422)	29%	7,022,000	6,000,422
Total expenditures, other uses	137,907,893	76,071,406	(61,836,487)	55%	275,431,000	199,359,594
Net increase (decrease) in available fund balance	$ (706,632)	$ 74,161,437	$ 74,868,069		$ (30,724,000)	$ (104,885,437)

** Represents sales of approximately 1,042,000 MWh for 2025/26 YTD actual.*

RESERVES	Balance - as of June 30, 2025	Long-Term Targeted	% of Long-Term Target
Reserves and Rate Stabilization Funds	$ 324,252,000	$ 267,909,000	121%

SONOMA CLEAN POWER AUTHORITY

BUDGETARY COMPARISON SCHEDULE - OPERATING FUND (CONTINUED)
RECONCILIATION OF NET INCREASE IN AVAILABLE FUND BALANCE
TO CHANGE IN NET POSITION
Six Months Ended December 31, 2025

Net increase (decrease) in available fund balance per budgetary comparison schedule:	$	74,161,437
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:		
Subtract depreciation expense		(715,621)
Add back capital asset acquisitions		1,021,578
Change in net position	$	74,467,394

Sonoma Clean Power

Staff Report – Item 03

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

From: **Erica Torgerson, Managing Director of Customer Service**

Issue: **Receive update on PG&E's Base Service Charge - Formerly Known as the "Graduated Income Fixed Charge"**

Date: **February 19, 2026**

Recommendation

Staff recommends that the Community Advisory Committee receive and file this information-only report on PG&E's new Base Service Charge, which begins March 1, 2026, for residential customers. No action is required.

Background

Beginning March 1, 2026, PG&E will implement a new Base Service Charge for residential electric customers. This fixed charge will appear on customer bills regardless of electricity usage and was approved by the California Public Utilities Commission (CPUC). It applies to all PG&E residential electric customers, including those who receive generation service from Sonoma Clean Power (SCP). SCP does not set, control, or receive revenue from this charge.

The Base Service Charge is designed to recover a portion of the fixed costs associated with operating and maintaining the electric grid. It is assessed as a fixed daily fee based on the number of days in a customer's billing cycle and does not vary with electricity usage. The charge supports essential infrastructure and utility operations, including maintenance of power lines, poles, meters, and billing systems. The CPUC establishes the Base Service Charge for all investor-owned utilities. Local energy providers, including Community Choice Aggregators, cannot modify the charge.

This new structure separates fixed infrastructure costs from usage-based delivery rates to improve bill predictability and provide a more stable funding mechanism for

long-term grid maintenance and investment. The Base Service Charge applies only to residential customers and is income-based, with lower charges for CARE, FERA, and deed-restricted housing customers*.

Customer Category	**Daily Charge**	**Monthly Charge**
Non-CARE or FERA	$0.80	~ $24.00
FERA or Deed Restricted Housing*	$0.40	~ $12.00
CARE	$0.20	~ $6.00

The change affects only delivery charges and does not impact SCP generation rates. PG&E will continue to provide electric delivery service and issue a single consolidated bill that includes both delivery and SCP generation charges.

The Base Service Charge is distinct from volumetric delivery rates, which are charged on a per kilowatt-hour basis and vary based on electricity usage. Customers with higher usage, such as electric vehicle owners and households adopting electric appliances, should benefit from lower per kilowatt-hour delivery rates under this model. By reducing usage-based costs, the pricing approach is also intended to support electrification, align with clean energy goals, and reduce seasonal bill volatility. Clear communication about the charge is important to reinforce that it is CPUC-mandated, applies only to residential customers, and is separate from SCP's generation services. SCP will provide customer education and direct customers to PG&E for income tier verification. SCP programs and incentives remain unaffected.

Discussion

Implementation of PG&E's Base Service Charge is expected to generate significant customer inquiries and potential confusion. Staff have prepared internal talking points to support consistent customer communication. Key messages emphasize that the charge is fixed, does not replace per-kWh usage charges, does not affect generation charges, and cannot be avoided by switching providers. The charge supports PG&E's delivery-related costs, including grid maintenance, wildfire

* Deed-restricted housing is housing with legally recorded deed limits on who can live there and how much it can be sold or rented for in order to keep it affordable over time.

mitigation, and other infrastructure needs such as poles, wires, meters, and billing systems.

The Base Service Charge shifts a portion of delivery cost recovery from volumetric per-kWh charges into a fixed monthly amount. As a result, per-kWh delivery rates are expected to be lower, which can benefit high-usage customers such as electric vehicle owners and households adopting electric appliances. Lower usage-based rates also support electrification goals by reducing the marginal cost of using electricity for transportation and home energy needs.

This billing approach may also improve bill predictability by reducing seasonal fluctuations that occur when costs are primarily recovered through usage-based rates. The charge structure includes reduced fixed charges for CARE, FERA, and deed-restricted housing customers, supporting affordability and equity objectives for income-qualified households.

However, the Base Service Charge creates tradeoffs for low-usage customers who are not enrolled in CARE or FERA. These customers previously paid most costs through usage, meaning minimal electricity use resulted in very low bills. With a fixed monthly charge of approximately $24 for non-CARE/FERA customers, low-usage customers are likely to see bill increases even if they consume very little electricity. The charge may be viewed by some customers as diminishing the financial benefits previously gained by early adopters of energy efficiency measures and those households that have consistently maintained low electricity usage.

Solar customers are also expected to raise concerns because the previous Minimum Bill Charge could be offset by solar credits, while the Base Service Charge cannot. As a result, solar customers will pay the charge each month regardless of net over-generation. Staff will continue to prioritize clear communication to reinforce that SCP does not control this CPUC-approved charge and to help customers understand how it affects different usage profiles.

Fiscal Impact

None.

Attachments

- Attachment 1 – Examples of PG&E communications to customers, available at this link or by request to the Clerk of the Board

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Sonoma Clean Power

Staff Report – Item 04

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: **Generation Rates Effective February 1, 2026**

Date: **February 19, 2026**

Recommended Action

This is an informational item to notify the Community Advisory Committee (Committee) of new customer generation rates implemented February 1, 2026, as shown in Attachment 1. No action is required. The Board of Directors previously approved the parameters for these rates on November 6, 2025, targeting 3% above PG&E's bundled service total bills effective February 1, 2026, based on PG&E's rates that went into effect on January 1, 2026. The Board ratified the continuing use of the February 1, 2026, rates at their meeting on February 5, 2026.

Background

The Sonoma Clean Power Board of Directors voted on November 6, 2025, in favor of new customer rates to be implemented as soon as is feasible after PG&E's changes to PCIA and rates expected on January 1, 2026, using the following parameters:

- Using the best available forecasts on December 1, 2025, 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 December 2025 rate structure for cost allocation among the rate classes; and
- Reset all rate classes so SCP customer total bills have an equal 3% difference from PG&E's bundled service total bills.

To correct for any potential errors in forecast once PG&E's actual fees and rates were adopted, staff returned to the Board to ratify a rate change effective February 1, 2026, 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
- Required that staff return to the Board following rate implementation to have the final rates ratified for continued use.

At their February 5, 2026, meeting, the Board ratified the final February 1, 2026, rates for continued use.

Discussion

SCP updated rates effective January 1, 2026, targeting SCP rates at 3% above PG&E's *expected* January 1, 2026, bundled service total bills. SCP's January 2026 rate change had to be submitted before PG&E's final January 2026 rates were published.

PG&E updated the PCIA as well as their generation and delivery rates on January 1, 2026. As anticipated, there were differences between PG&E's forecasted and actual January 2026 rates.

To correct for PG&E's errors in forecast, SCP updated rates effective February 1, 2026, as shown in Attachment 1, so that SCP customer total bills have a target of 3% above PG&E's bundled service total bills.

The actions effective February 1, 2026, represent a significant reduction in SCP's generation rates and a reduction in SCP customer total bill savings from the prior target of 0.5% below PG&E bundled service total bills to the new target of 3% above PG&E bundled service total bills.

Agency Goals

The rate setting parameters and staff recommendations to reduce generation rates to stay competitive with PG&E bundled service total bills while also having total bills 3% above PG&E's bundled service total bills directly support one of SCP's 2026 goals.

1. Recommend and take all necessary actions to protect customers from rate shock in 2026.

Attachments

- Attachment 1 - SCP Rate Schedule Effective February 1, 2026, available at this link or by request to the Clerk of the Board

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Sonoma Clean Power

Staff Report – Item 05

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: **February 19, 2026**

CUSTOMER PARTICIPATION RATES (as of 2/9/26)

COUNTY		Eligible	SCP	% Part.	% Opt Ou
MENDOCINO	**Total**	**38,347**	**30,573**	**79.7%**	**20.3%**
	FORT BRAGG INC	4,110	3,476	84.6%	15.4%
	POINT ARENA INC	347	300	86.5%	13.5%
	UNINC MENDOCINO (	31,135	24,610	79.0%	21.0%
	WILLITS INC	2,755	2,187	79.4%	20.6%
SONOMA	**Total**	**233,366**	**206,146**	**88.3%**	**11.7%**
	CLOVERDALE INC	3,958	3,289	83.1%	16.9%
	COTATI INC	3,940	3,549	90.1%	9.9%
	PETALUMA INC	27,911	24,916	89.3%	10.7%
	ROHNERT PARK INC	19,975	17,630	88.3%	11.7%
	SANTA ROSA INC	81,805	72,852	89.1%	10.9%
	SEBASTOPOL INC	4,500	4,111	91.4%	8.6%
	SONOMA INC	6,464	5,705	88.3%	11.7%
	UNINC SONOMA CO	74,569	65,122	87.3%	12.7%
	WINDSOR INC	10,244	8,972	87.6%	12.4%
Total		**271,713**	**236,719**	**87.1%**	**12.9%**

COUNTY	TOT_DESC	SCP Meter	EverGreen Meter	EverGreen %
MENDOCINO	**Total**	**30,579**	**443**	**1.45%**
	FORT BRAGG INC	3,476	45	1.29%
	POINT ARENA INC	300	31	10.33%
	UNINC MENDOCINO (	24,616	349	1.42%
	WILLITS INC	2,187	18	0.82%
SONOMA	**Total**	**206,146**	**4,119**	**2.00%**
	CLOVERDALE INC	3,289	28	0.85%
	COTATI INC	3,549	129	3.63%
	PETALUMA INC	24,916	640	2.57%
	ROHNERT PARK INC	17,630	235	1.33%
	SANTA ROSA INC	72,853	1,222	1.68%
	SEBASTOPOL INC	4,111	181	4.40%
	SONOMA INC	5,705	103	1.81%
	UNINC SONOMA CO	65,121	1,317	2.02%
	WINDSOR INC	8,972	264	2.94%
Total		**236,725**	**4,562**	**1.93%**

COMMUNITY PARTNERS SELECTED FOR GRANT

As part of the GridSavvy Rewards Virtual Power Plant Grant, primarily funded by the California Energy Commission, Sonoma Clean Power allocated $250,000 to partner with two to five local community-based organizations to support their outreach and education services over the next two years. Nuestra Comunidad, Latino Service Providers, North Coast Opportunities/Vision Family Resource Center, and Council on Aging have been selected to assist SCP with expanding access to smart energy devices, specifically smart thermostats and electric vehicle chargers, for customers who are low-income and/or live in disadvantaged communities. In the context of this project, the term "disadvantaged communities" refers to the designation established by Senate Bill 535 (De Leon) and formalized by CalEPA.

The four partners were selected through a formal Request for Qualifications (RFQ) process conducted between September 16th and October 24, 2025. Applicants submitted letters of interest detailing the geographic areas and general community groups their organization serves, a brief description of the organization's existing approach for delivering services to, and engaging with, low-income households and disadvantaged communities, a proposed budget for staff time and outreach expenses, and a brief description of how the organization would fulfil the desired

services of the RFQ. The desired services were categorized into the following five areas:

1. Community trust building
2. Outreach and education
3. Events and material development
4. Ambassador training
5. Tracking and reporting

SCP was thrilled and appreciative to receive a total of ten responses to the RFQ. After evaluating each submission and interviewing finalists, SCP selected four community partners for the project. The scope of services and grant award are unique to each organization. Through a collaborative process, the final scope and budget were designed to emphasize each organization's strengths and interests, while appropriately weighing their geographic reach, demographic focus, and how many desired services from the RFQ they are addressing.

Ahead of starting their community education and outreach efforts in May, SCP looks forward to hosting a training with the four community partners in April.

UPCOMING MEETINGS

- Board of Directors – March 5, 2026
- Community Advisory Committee – March 19, 2026
- Board of Directors – April 2, 2026
- Community Advisory Committee – April 16, 2026

AGENCY GOALS

This Internal Operations update, which is provided monthly to the Board of Directors and Community Advisory Committee provides background on how all SCP staff support several Agency Goals, such as taking actions to protect customers, working on outreach to underrepresented communities, and maintaining a strong credit rating. We work to support our Board, Committee and all internal staff in their various work.

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Staff Report – Item 06

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

From: **Geof Syphers, Chief Executive Officer**
Karen Flores, Clerk of the Board

Issue: **Nominate and Appoint a Chair and Vice Chair of the Community Advisory Committee for 2026**

Date: **February 19, 2026**

Recommendation

Staff requests the Committee nominate and appoint a Chair and Vice Chair for 2026.

Background

The Community Advisory Committee (Committee) has traditionally appointed a Chair and Vice Chair for the Committee each calendar year.

A short form was sent to all Committee Members to complete with a brief bio of themselves and goals for the Committee. The form also asked if that Member intends to continue through the end of the current term and if there is interest in serving as Chair or Vice Chair for the upcoming 12 months. The forms were distributed to all Members of the Committee and completed forms are attached to this report.

Attachments

- Attachment 1 – Committee Member Statement Forms – 2026, available at this link or by request from the Clerk of the Board

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Sonoma Clean Power

Staff Report – Item 07

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

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

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

Date: **February 19, 2026**

Requested Action

Receive legislative and regulatory updates, approve legislative positions, and provide direction as appropriate.

Regulatory Updates

Administrative Law Judge Issues Proposed Decision Requiring Additional Resource Procurement

On Wednesday January14th, administrative law judge Julie Fitch issued a Proposed Decision that, if adopted by the Commission, would require all load serving entities (LSEs) to procure additional resources between 2029-2032. Specifically, it would require an additional 2,000 MW by 2030 and an additional 4,000 MW by 2032. The proposal would allow energy storage resources to count for up to half of the total capacity, leaving renewable generation resources to provide the remainder. Sonoma Clean Power's proposed share of the total requirement, which is based on our territory's share of electric load, is 23 MW in 2030 and 45 MW in 2032 for a total of 68 MW.

The proposal did not come as a surprise. It followed a Ruling last September seeking input from stakeholders on the need for additional resources. CalCCA submitted a response on behalf of all CCAs and advocated that if CCAs were already exceeding procurement requirements, that excess capacity should be eligible to count towards the requirements in this order. In addition, CalCCA recommended that any

procurement order start with 4,000 MW and re-evaluate the need for additional resources in the future. Sonoma Clean Power staff joined CalCCA in meeting with 4 Commission Offices and highlighted the negative impacts procurement orders have on market prices and, correspondingly, customer bills. While the Proposed Decision did not adopt the lower procurement amount, it did specify that any procurement in excess of previous orders would be counted as eligible to meet the capacity targets in the instant order.

If adopted, the Proposed Decision would require power providers to demonstrate their progress towards compliance semi-annually through 2032. Existing legislation requires that all load serving entities provide a minimum of 90% clean electricity by 2035.

Legislative Updates

Sonoma Clean Power staff are continuing to work on our three ideas for sponsored legislative efforts this year, in advance of the deadline to introduce legislation in late February. The Board of Directors had previously approved advancing these three bill proposals:

- Another attempt to exempt geothermal exploration wells meeting a high standard of environmental and labor protections from review under the California Environmental Quality Act. Federal policy already exempts these types of wells from environmental review under the National Environmental Policy Act, putting California at a significant competitive disadvantage. This bill would be similar to AB 527, which was vetoed last year.
- Securing roughly $40-50 million in funding through the state's Greenhouse Gas Reduction Fund for new geothermal exploration wells in areas of California that have great potential for next-generation geothermal development, including Sonoma and Mendocino Counties. The goal would be to develop better geologic data for these areas and lower the risk of future geothermal development, similar to how the federal government's "Utah FORGE" project galvanized new development in that region.
- Legislation to revamp the transmission planning process in California to produce a more flexible, adaptable system that can lower ratepayer costs over the long term and allow faster interconnection of new renewable energy

resources. This is based off the research that SCP and Peninsula Clean Energy sponsored through Princeton University's ZERO Lab.

Staff would now like to seek the Committee's review of a fourth proposal for sponsored legislation. SCP would likely co-sponsor this bill alongside the Abundance Network.

This legislation relates to the concept of "connect and manage," a grid management practice that has proved successful in several other areas of the country, but which is not currently in use in California in areas subject to the jurisdiction of the California Public Utilities Commission. Right now, when a new resource (such as a wind farm or geothermal power plant) wants to interconnect to the grid, that resource typically needs to show that it can provide "deliverability:" the ability to provide power to the state's largest source of energy demand (the Los Angeles area) during the most extreme grid conditions (such as a major heatwave). A resource needs to have deliverability to provide resource adequacy to the grid. Due to transmission constraints, many resources that would like to interconnect are unable to provide deliverability and as a result cannot secure interconnection. (The transmission planning reform bill, listed above, would also help with this problem.) The result is that a significant number of new renewable energy projects are not completed, raising customer costs and slowing our progress on fighting climate change.

One solution to this challenge is adoption of a "connect and manage" approach. The basic premise is in the name: the grid operator allows all resources to interconnect without necessarily assigning them deliverability and then manages the system to receive resource adequacy from those resources on a more limited (hourly or seasonal) basis. Nothing in this legislation would prevent new resources from coming online under the traditional deliverability construct or prevent the Public Utilities Commission from requiring a certain number of deliverable resources. It would simply add another pathway to interconnection for projects that cannot happen today.

Here is an example of how a specific scenario would play out. Let's say a geothermal power plant and battery storage project are both trying to interconnect to the same transmission line. That transmission line has constraints five hours per day, but there is capacity during the other 19 hours. Under the current policy, both proposed projects would have to individually provide full deliverability 24/7/365. As a result, neither project could interconnect.

Under a connect and manage approach, the geothermal power plant could be

granted resource adequacy for those 19 hours of the day and then contract with the battery plant to store power for the other 5 hours. Now the system would have two additional resources online providing clean energy and helping lower costs that would not have been available under the status quo. And ultimately, the Public Utilities Commission could decide that it wants to get more value out of those resources and direct upgrades to that line. That decision would now be based on real resources, not a hypothetical central planning process.

The proposed legislation would create a legal path for certain (not necessarily all) new resources to interconnect under a "connect and manage" approach. This proposal could ultimately help lower overall system costs and accelerate the deployment of clean energy within California's borders.

Agency Goals

This item aligns with several agency goals. The achievement of Goals 3 & 4 (reducing reliance on natural gas power, including through development of "clean firm" power sources like geothermal as part of our GeoZone effort) is heavily reliant on statutory changes that make it more straightforward and cost-effective to build new geothermal power plants in California. Goal 10 (continuing to develop Sonoma Clean Power's leadership on transmission planning in a manner that advances ratepayer affordability and climate progress) will also be served by advancing transmission planning and "connect and manage" legislation in 2026.

Attachments

- None.

Sonoma Clean Power

Staff Report – Item 08

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

From: **Ryan Tracey, Chief Strategy Officer**
Geof Syphers, Chief Executive Officer
Miles Horton, Legislative Policy & Community Engagement Manager
Claudia Sisomphou, Director of Community & Governmental Relations

Issue: **Recommend the Board of Directors Approve the Proposed Guidelines for New Public-Private Partnerships for the Geothermal Opportunity Zone**

Date: **February 19, 2026**

Recommended Action

Recommend the Board of Directors (Board) approve staff's proposed guidelines for shaping new bilaterally-negotiated public-private partnerships in the Geothermal Opportunity Zone (GeoZone). Any agreements developed within the approved guidelines will be reviewed by the Community Advisory Committee (Committee) and must be approved by the Board prior to execution.

Background

The GeoZone is SCP's initiative to secure affordable, reliable clean energy for our customers by driving the development of 600 megawatts (MW) of new geothermal power capacity in Sonoma and Mendocino Counties. This will eventually enable SCP to phase out its dependence on natural gas power plants for reliability.

Public-private partnerships are a key component of the GeoZone. Geothermal development is capital-intensive and carries significant development risk, and SCP relies on private partners to provide the capital and technology to develop geothermal projects. Partnerships also provide SCP direct access to the details of regulatory and technical challenges facing geothermal development, which informs SCP's legislative and regulatory advocacy priorities. Partnerships with SCP are valuable to industry partners because they signal commercial interest to investors, create a valuable ally in tackling regulatory challenges, and facilitate relationship building with the local community.

SCP approved three public-private partnerships in 2022 for GeoZone development with

Eavor Inc., Cyrq Energy, and Chevron New Energies. SCP's partnership with Eavor remains active after the Board approved extending Eavor's agreement milestones. In 2025, the Board approved terminating agreements with Cyrq Energy and Chevron New Energies. The agreement with Cyrq Energy was terminated because the company no longer had a strategic interest in progressing their proposed project in the GeoZone. The agreement with Chevron New Energies was terminated because, although Chevron plans to develop their project in the GeoZone, they are first progressing development in other western states with less complex geology and more favorable regulatory conditions. While terminating the immediate agreement with Chevron, SCP's Board approved a superseding Memorandum of Understanding (MOU) with Chevron to facilitate collaboration on opportunities in other states with the objective of leveraging learnings to support GeoZone development.

Beyond the GeoZone effort, SCP is also using public-private partnerships to progress geothermal development through California Community Power (CC Power), the joint procurement agency of nine Northern California CCAs, including SCP. Consistent with SCP's adopted Integrated Resource Plan, CC Power's Board approved three "Geothermal Exclusivity, Offtake, and Development Engagement" (GEODE) agreements in its January 2026 meeting. CC Power's GEODE agreements are with Atlantica Development Company (the operator of the Coso geothermal field in Inyo County), XGS Energy (a closed-loop developer), and Zanskar Geothermal and Minerals (a conventional developer leveraging state-of-the-art exploration tools). Although the GEODE agreements are structured to support development across the state, SCP and CC Power have discussed the possibility of using a GeoZone public-private partnership to more specifically focus development on SCP's region.

With the termination of the Cyrq Energy and Chevron New Energies agreements, staff see a need for additional public-private partnerships to scale local geothermal development to the GeoZone goal of 600 MW. Staff waited on pursuing new partnerships last year due to uncertainty about the role Lake County may play in the future GeoZone. With Lake County opting not to join SCP service, staff now have the clarity to move forward.

Lessons Learned

It's important to note that, although two of the three original agreements were terminated, the cumulative successes of the GeoZone thus far are notable: SCP has had a direct role in accelerating regulatory changes to attract investment, reforming the transmission planning and interconnection process to accommodate geothermal resources, and growing the expected role geothermal resources will play in California's future grid. SCP's GeoZone has also served as an example for CC Power's GEODE agreements and a recent solicitation

by Clean Energy Alliance, the CCA serving cities in northern San Diego County, for proactive partnerships with geothermal developers.

Over the past year, staff have reflected on the first set of GeoZone partnership agreements to inform the structure and design of new public-private partnerships. Below are several of the important lessons learned captured by staff:

- **Scalability:** It is desirable to partner with developers pursuing technologies that are scalable within the GeoZone and beyond. High scalability motivates partners to invest in progressing projects, even when project economics are challenging or the early-stage development risk is high. The Cyrq Energy project is an example of a project with less than desirable scalability – although well suited for the Geysers, the technology had limited direct application beyond the benefits it provided existing power plants. Scalability is also critical to our broader mission of helping incubate emerging technologies that can ultimately be used to fight climate change and lower energy costs around the world.

- **Staged Commitments:** Partnerships should be structured with SCP's level of commitment staged to match the level of commitment from the counterparty. In at least one of the initial GeoZone partnerships, SCP spent considerable staff time supporting grant writing, economic evaluation, and advocacy without a reciprocal level of commitment from the partner. Future partnerships should withhold significant SCP support until key project milestones are achieved to ensure staff time and agency resources are wisely invested.

- **Advocacy Partner:** GeoZone partners should be a visible partner in advocacy at state agencies, the Legislature, and community. In the initial GeoZone partnerships, SCP found itself the primary and sometimes sole voice in advocacy. This was either because of political considerations from SCP's GeoZone partners or lack of capacity. SCP sees a need for its GeoZone partners to be visible in driving advocacy and should include such a commitment in future partnerships.

- **Co-investment:** The initial round of GeoZone partnerships did not entail any investment by SCP in supporting project development outside of dedicated staff time. Without an investment in the project, SCP had limited agency in driving project progress. The opportunities for co-investment may be limited, but whereas co-investment was completely out-of-scope for the first round of GeoZone agreements, staff recommend considering it as an *optional element* in future partnerships.

- **Leverage:** Beyond co-investment, there are other opportunities for SCP to increase

its leverage with GeoZone partners. SCP could consider securing property that could be used for development, financing transmission infrastructure, or offering firmer offtake commitments, amongst other options.

- **Technological Diversity:** An important strength of the first round of GeoZone agreements was its technological diversity. SCP specifically chose partners with three different promising technologies: advanced closed-loop geothermal systems, enhanced geothermal systems (EGS), and thermal storage. Given that EGS and advanced closed loop are still in early stages of commercialization, and specifically with regards to uncertainties in their compatibility with local conditions, staff believe it is important to maintain diversity in technical maturity when pursuing new partnerships.
- **Resource Characterization:** Given the extensive historic drilling in and around the Geysers, staff were surprised by the level of geologic risk and uncertainty facing developers exploring next-generation geothermal technologies in the GeoZone. However, the target for these technologies is often away from the zones explored for conventional hydrothermal development at the Geysers, and historic datasets are much less rich than what would be gathered from a modern exploration well. In seeking new partnerships, SCP should specifically prioritize partners that are well equipped to overcome this challenge. Meanwhile, SCP is working with Sonoma County on a California Energy Commission-funded grant to geologically model the GeoZone region through the National Lab of the Rockies (formerly NREL) and seeking state funding to cost-share on exploration drilling supporting deployment of next-generation technologies.

Bilateral Agreements

The initial set of GeoZone agreements were selected from responses to a public solicitation. SCP assembled a group of experts to review proposals, including support from a veteran Geysers geologist and a representative of the Department of Energy's Geothermal Technologies Office. The public solicitation process was necessary for the first round of GeoZone partnerships because SCP had limited relationships with the geothermal industry and no visibility on the types of opportunities it could pursue through public-private partnerships.

SCP has now developed strong relationships with nearly all the major players in the geothermal industry. Through SCP's role as a lead advocate for supportive regulatory reform in California, leadership in CC Power's own geothermal initiative, and participation in geothermal industry forums, staff are now well-equipped to identify the right partners and opportunities to overcome local development challenges.

Given these capabilities, staff see significant advantages to pursuing new GeoZone partnerships bilaterally rather than releasing a second solicitation, particularly given the inherent complexity of geothermal development and the need for customized agreements. Bilateral negotiations allow SCP to be more targeted and collaborative in structuring partnerships that meet the specific needs in the GeoZone, rather than passively relying on solutions proposed by industry. Bilateral negotiations also allow SCP to engage partners that might find it difficult to speculatively respond to a public solicitation.

Guidelines

GeoZone partnership agreements represent a strategic commitment by SCP. As such, the Board and Committee will review, and the Board will ultimately approve, any GeoZone partnership agreements, including contracts negotiated bilaterally. To ensure alignment between bilateral agreements and Board priorities, staff believe it is valuable to agree on an a set of high-level guidelines to inform development of new GeoZone agreements. Staff propose the following guidelines, subject to feedback from the Committee and Board:

- **Local Focus:** Any GeoZone agreements should work towards supporting future geothermal development in SCP's territory in service of the overall 600 MW goal. If agreements include collaboration on projects outside SCP's territory, it must be clear that success on those projects has direct applications to development in the GeoZone.
- **Expertise:** GeoZone partners must have demonstrated expertise in geothermal development. Ideally, this includes experience in geothermal drilling and project development. Partners without direct geothermal experience must at least have staff with industry experience and a robust plan for resourcing projects in the GeoZone.
- **Strategic Focus and Scalability:** GeoZone partners must demonstrate that GeoZone projects will be a strategic priority for their company and that development in the GeoZone has a high level of scalability within the GeoZone and beyond. GeoZone agreements shall also include requirements for partners to be visible and vocal advocates for needed regulatory reform alongside SCP.
- **Ratepayer Benefits:** GeoZone agreements must provide measurable financial benefits to SCP's ratepayers. These could include preferential commercial terms for offtake, equity, or royalty. Financial benefits are especially important for any agreements that include SCP co-investment. SCP staff time used in support of GeoZone agreements shall be staged to match the level of commitment from

GeoZone partners.

- **Workforce:** GeoZone agreements will be prioritized in accordance with Section II.C of SCP's Project Selection Criteria Policy C.6. SCP will prioritize GeoZone agreements that commit to a multi-trade project labor agreement and include goals for local hires and targeted hiring. Secondarily, SCP will prioritize projects that commit to using prevailing wage and benefits rates. GeoZone agreements that fail to meet the above criteria will not be considered.
- **Environment:** GeoZone partners must commit to strict environmental standards for project development within the GeoZone and propose an achievable approach to project development that minimizes environmental impacts including land use, water consumption, and pollution. EGS projects must commit to a seismicity monitoring and mitigation plan and fluid disclosure requirements. SCP will also prioritize GeoZone agreements in accordance with Section II.H and Section II.I of SCP's Project Selection Criteria Policy C.6, which enumerate specific environmental benefits and benefits to underserved communities.

Next Steps

Staff will use the guidelines approved by the Board to engage industry partners in earnest. With the clarity of such guidelines, staff believe they will be able to move quickly and return to the Board with multiple proposed partnership agreements potentially as soon as this summer. Expanding SCP's public-private partnerships will enable SCP to maintain momentum on the GeoZone and better leverage many of the benefits SCP has been fighting for in the legislative and regulatory arenas.

Attachments

- None.

Sonoma Clean Power

Staff Report – Item 09

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 the Proposed Budget Adjustments for Fiscal Year 2025-2026**

Date: **February 19, 2026**

Recommendation

Recommend that the Board of Directors approve the proposed budget adjustments to the Fiscal Year 2025-2026 Budget as detailed in Attachment 1 of this report.

Background

SCP commonly brings a mid-year budget adjustment to the Board to account for changes in energy prices, actual customer energy usage, customer participation rates, bank interest rates, and regulatory decisions relating to the Power Charge Indifference Adjustment (PCIA) and utility retail rates. The initial Sonoma Clean Power Authority budget for July 2025 through June 2026 was adopted on May 8, 2025, and was first revised to add the board-approved grant for the Economic Launchpad Hub (now known as the Business One-Stop Shop) on October 2, 2025.

Throughout 2025, PG&E was expected to reduce their generation rates and increase the PCIA fee that they charge to SCP customers on January 1, 2026. This was confirmed when PG&E ultimately published their January rates. Staff anticipated that SCP would reduce rates in early 2026 to remain competitive, resulting in a decrease in SCP's long-term financial reserves in calendar year 2026. To help mitigate the expected impact in 2026, SCP updated rates in September 2025 to a reduced savings target of 0.5% below PG&E's bundled service total bills to generate additional revenues/reserves to be used in 2026 and 2027. Lower than projected power cost in 2025 also helped to keep SCP in a strong financial position heading into 2026.

Discussion

The proposed budget adjustments are shown in Attachment 1. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments. Additional detail on the most significant changes is provided here:

Revenues

SCP updated rates in September 2025, reducing the savings target relative to PG&E's bundled service total bills to 0.5%. This partially offset SCP's larger than budgeted decrease in rates that took effect on January 1, 2026. Because SCP's January rates were set based on PG&E's *expected* January rates, SCP updated rates again effective February 1, 2026, to correct for PG&E's errors in forecast. The proposed Electricity Sales adjustment reflects the rate setting that the Board approved on August 7, 2025, and November 6, 2025.

Investment Returns are projected to be higher than the original budget due to high interest rates that have persisted and Staff's efforts to capture those higher interest rates throughout the fiscal year.

Cost of Energy

Year-to-date, Cost of Energy inclusive of energy cost, resource adequacy (RA) renewable portfolio credits, etc., has been under budget by 48%. This was due to lower market prices, the lack of a severe weather event between July 2025 and December 2025 that was assumed in the original budget, damages from project delays, and lower than expected load due to mild weather. Cost of Energy is currently expected to be 31% below the original budget for the total fiscal year, primarily based on the latest projections of lower market prices.

Why the Large Variance?

SCP's variance in energy expenses relative to forecast is likely to continue, and will go in both directions; some years will see significantly higher monthly costs than forecast, and other years lower. This is intentional, and part of SCP's strategy for sustaining SCP's long term rate competitiveness by absorbing more short-term market price volatility.

Once SCP reached its long-term reserve target, the agency began accepting more short-term volatility, using its rate stabilization fund to manage the variability. In exchange, SCP has greatly reduced its exposure to conditions where its expenses

greatly exceed PG&E's expenses. In that scenario, SCP's rates could be higher than PG&E's thus risking major opt outs. The following discussion explains how this dynamic came about.

A community choice aggregator buys electricity for customers, but the local investor-owned utility still owns the power lines and sends the bill. Customers can switch back and forth between the two, so the community choice program has to keep its rates somewhat close to the utility's rates to avoid unreasonable numbers of opt outs. If its rates get too high, too many customers may leave resulting in the need for the CCA to raise rates further to cover costs, worsening the risk of further opt-outs.

At the same time, SCP's customers still have to help cover losses from PG&E's legacy fixed price power contracts through the Power Charge Indifference Adjustment or PCIA. When a CCA is formed this charge exists so the utility is not harmed when those customers leave. When short-term market prices decline and move against those old fixed price contracts, the PCIA charge can increase. That increase shows up on customers' bills even though SCP did not cause it and cannot control it.

Because of this, SCP has limited room to absorb that risk. If SCP locked in too much power far in advance at fixed prices and market prices later fell, customers would see higher bills. Those higher bills would sit on top of the PCIA charge that protects the utility from its past decisions, making SCP look expensive by comparison.

Small amounts of the variability are unavoidable and tolerable. But if SCP's rates must be unreasonably higher than PG&E's, large numbers of customers could choose to leave SCP, causing a risk that the agency may not be able to achieve its mission of creating solutions to the climate crisis or even continue to operate.

To avoid that, SCP leaves a portion of its future power needs unpurchased for now. This is called an "open position." By waiting, it can buy more power closer to the time it is needed, when prices are clearer and usually lower. That flexibility helps keep customer rates closer to PG&E's rates, even when PG&E's legacy costs push bills up.

The result is that 2025 saw a windfall of lower energy costs and therefore relatively high net income. However, 100 percent of those additional revenues will be utilized in 2026 and 2027 to lower customer costs and to maintain competitive customer rates.

Because SCP is on a July-June fiscal year, it is important to recognize the different conditions in 2025 and 2026 will both be reflected at the end of the current fiscal year on June 30, 2026. This means that SCP was collecting significant net revenues

through December 31, 2025 and then started subsidizing rates with those revenues beginning January 1, 2026. At the end of the current fiscal year on June 30, 2026, SCP is expected to need to defer all the remaining net revenues (around $38 million) to use for continuing to subsidize rates into the future.

Fiscal Impact

These budget adjustments reflect a Net Increase in Fund Balance of $38,478,000 for the fiscal year 2025-2026, up $69,202,000 from the original budget of -$30,724,000.

Agency Goals

SCP's budget setting process, and more broadly, its financial decisions, directly support two of the Agency's 2026 goals.

1. Recommend and take all necessary actions to protect customers from rate shock in 2026.

7. Maintain SCP's 'A' credit rating to support cost-effective power procurement.

Attachments

- Attachment 1 – FY25-26 Budget Adjustment Table

	Revision 1 Budget FY25-26	Proposed Adjustment FY25-26	Revision 2 Budget FY25-26	Comments
REVENUES & OTHER SOURCES				
Electricity Sales (net of allowance)	$ 228,694,000	$ (7,315,000)	$ 221,379,000	Larger than anticipated rate decrease in January 2026
EverGreen Premium (net of allowance)	3,150,000	-	3,150,000	
Investment Returns	12,000,000	3,994,000	15,994,000	Interest rates have remained high
CEC Grant Proceeds	863,000	-	863,000	
Total Revenues	**244,707,000**	**(3,321,000)**	**241,386,000**	
EXPENDITURES				
Product				
Cost of Energy & Scheduling	234,986,000	(72,523,000)	162,463,000	Updated outlook for market price of energy, damages from project delays, & mild weather
Data Management	3,359,000	-	3,359,000	
Service Fees to PG&E	990,000	-	990,000	
Product Subtotal	**239,335,000**	**(72,523,000)**	**166,812,000**	
Personnel	**12,781,000**	**-**	**12,781,000**	
Marketing & Communications	**4,415,000**	**-**	**4,415,000**	
Customer Service	**220,000**	**-**	**220,000**	
General & Administration	**2,309,000**	**-**	**2,309,000**	
Other Professional Services				
Legal	525,000	-	525,000	
Regulatory & Compliance	360,000	-	360,000	
Accounting	340,000	-	340,000	
Legislative	220,000	-	220,000	
Other Consultants	535,000	-	535,000	
Other Professional Services Subtotal	**1,980,000**	**-**	**1,980,000**	

	Revision 1 Budget FY25-26	Proposed Adjustment FY25-26	Revision 2 Budget FY25-26	Comments
EXPENDITURES – continued				
Industry Memberships & Dues	888,000	-	888,000	
Program Implementation	6,481,000	-	6,481,000	
Total Expenditures	268,409,000	(72,523,000)	195,886,000	
Revenues Less Expenditures	(23,702,000)	69,202,000	45,500,000	
OTHER USES				
Capital Outlay	7,022,000	-	7,022,000	
Total Expenditures, Other Uses	275,431,000	(72,523,000)	202,908,000	
Net Increase/(Decrease) in Fund Balance	$ (30,724,000)	$ 69,202,000	$ 38,478,000	

Sonoma Clean Power

Staff Report – Item 10

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

From: **Ryan Tracey, Chief Strategy Officer**
Geof Syphers, Chief Executive Officer
Spandan Gandhi, Energy Analytics Manager
Amit Ranjan, Strategic Energy Resource Manager

Issue: **2026 Integrated Resource Plan (IRP) Public Input and Alternatives Discussion**

Date: **February 19, 2026**

Recommended Action

Review the proposed scope, assumptions, and alternatives for SCP's 2026 Integrated Resource Plan (IRP) and while incorporating public input, provide recommendations to staff in preparation for presentation to the Board of Directors and preparation of SCP's final IRP later this year.

Background

The IRP is a process for load serving entities (LSEs) such as SCP to evaluate long-term strategic decisions with consideration of financial, environmental, and regulatory impacts. Although the IRP places significant emphasis on planning the portfolio of energy resources to supply energy in the wholesale market, it is also useful for characterizing the scale and impact of customer-facing technologies SCP supports such as demand response, distributed resources, and load shifting.

As an LSE under the jurisdiction of the California Public Utilities Commission (CPUC), SCP is required to submit an IRP regulatory filing. The CPUC IRP regulatory filing must be approved by a formal vote of SCP's Board of Directors. The planned schedule is:

- Feb 19, 2026: Committee IRP Public Input and Alternatives Discussion
- Mar 5, 2026: Board IRP Alternatives Discussion
- Apr 16, 2026: Committee Final IRP Review

- May 7, 2026: Board Final IRP Adoption
- June 1, 2026: IRP Filing Deadline to CPUC

The regulatory filing's scope is narrow relative to the strategic questions SCP endeavors to address in its IRP and focused on validating SCP is building a portfolio that supports the state's decarbonization and reliability requirements. Importantly, the IRP filing is also directly used to inform the CPUC's statewide portfolio composition and transmission planning. Accordingly, it is critical that SCP submits an IRP filing that is representative of the resource mix needed to meet SCP's priorities for procurement. These priorities are best identified through a rigorous internal process that incorporates feedback from the public, the Committee, and Board and modeling that evaluates the tradeoffs between cost, environmental performance, location, and customer-facing technologies.

The modeling SCP uses to recommend IRP portfolios has grown increasingly sophisticated since SCP's first IRP in 2018. The 2018 and 2020 IRP were developed using deterministic scenario planning in spreadsheet models (meaning forecasts looked at a single "most likely" future scenario as opposed to multiple possible futures), relying on historic market conditions to forecast the performance of different resource fleets. In 2022, SCP developed portfolio opportunities using Ascend's PowerSIMM platform that reflected a long-range market forecast with characterization of weather uncertainty and volatility. For 2026, SCP is evaluating portfolios using a decision-making under uncertainty (DMUU) approach that mirrors Princeton University's ZERO Lab statewide modeling. Candidate portfolios for the 2026 IRP are being stress tested against seven future market forecasts, enabling a conversation on the trade-offs between cost and robustness for SCP's own portfolio of resources. For all IRP modeling, resource portfolios are optimized given a set of constraints. These constraints include generating sufficient supply to serve load, providing sufficient capacity for meeting SCP's resource adequacy requirements, meeting SCP's obligations through the Renewable Portfolio Standard (RPS) and Senate Bill 100 (SB 100), and achieving SCP's internal voluntary environmental targets.

The Board selected a portfolio for the 2022 IRP that met two voluntary environmental targets: 1) contracting a supply portfolio that mitigates all the hourly marginal emissions associated with SCPA's load by 2026 and 2) a portfolio that provides at least 80% of the required energy in winter evenings from clean sources by 2030. Notably, these targets far exceed the climate benefits of simply reaching 100% reportable renewable resources on an annual basis, a more common LSE objective. The 2022 IRP identified a need to complete the following procurement activities through 2030:

- **Co-located Solar and Storage:** Commission the 70 megawatt (MW) Proxima project and 11.6 MW Tubbs Island project (since cancelled) and contract with 40

MW of additional co-located solar and storage.

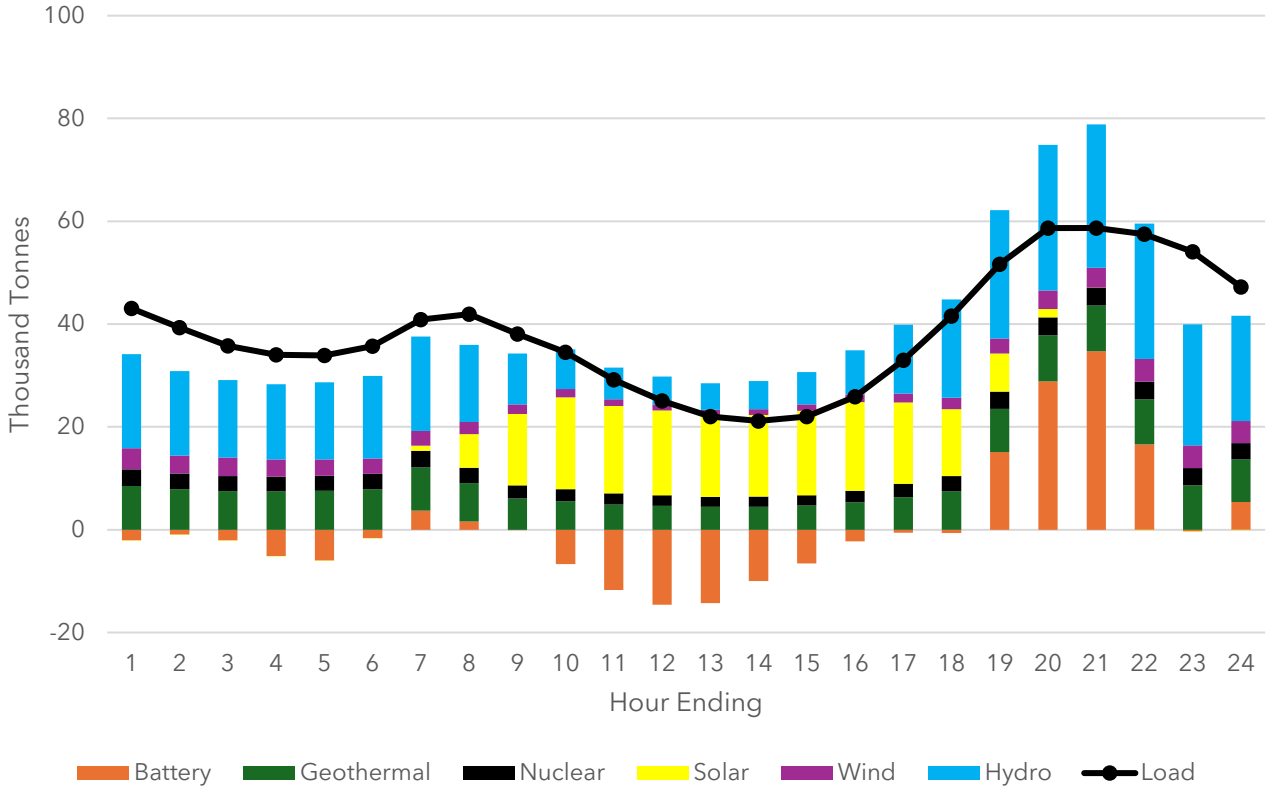
- **Wind:** Contract with a 100 MW of out-of-state wind resource and 150 MW of in-state wind
- **Geothermal:** Commission SCP's 1.52 MW share of CC Power's Fish Lake project and 14 MW share of CC Power's Ormat portfolio, contract with 40 MW of existing geothermal and 30 MW of new local geothermal
- **Standalone Storage:** Commission the CC Power long-duration storage projects, contract with 138 MW of standalone 4-hour storage and 30 MW of long-duration storage
- **Demand Response:** Ramp-up GridSavvy to 5 MW by 2026 and 10 MW by 2030

In June 2025, the Board approved a recommendation by staff to adopt revised environmental targets due to the large increase in PG&E's Power Charge Indifference Adjustment (PCIA) fee anticipated in 2026 and interest in preserving SCP's rate competitiveness. The Board approved a single environmental target of mitigating 85% of hourly emissions by 2026 --still a strong leadership target that exceeded California's climate goals. Any supplemental environmental targets, including the winter reliability target, were suspended until the next IRP analysis.

Due to proactive procurement and favorable hydro and load conditions in 2025, SCP met its new 85% hourly emissions mitigation a year early. Figure 1 shows the hourly contribution of different resources in SCP's fleet compared to load emissions, which is expected to easily exceed 90% in 2025. The graph shows how SCP mitigates more than its share of emissions in peak load hours in the evening using battery storage but does not fully mitigate emissions through the evening and when charging battery storage. A similar dynamic is true seasonally—SCP mitigates more than its share of emissions in the summer but is not fully mitigated in the winter.

For context, the hourly emissions performance SCP achieved in 2025 is similar to the type of statewide grid conditions that the state anticipates seeing in the early 2040s.

Figure 1. 2025 SCP Estimated Hourly Emissions Mitigation by Hour



2026 IRP

Evolving Landscape

Following the Board's approval of the 2022 IRP in October 2022, there have been a variety of new conditions that will impact SCP's 2026 IRP. These new conditions include:

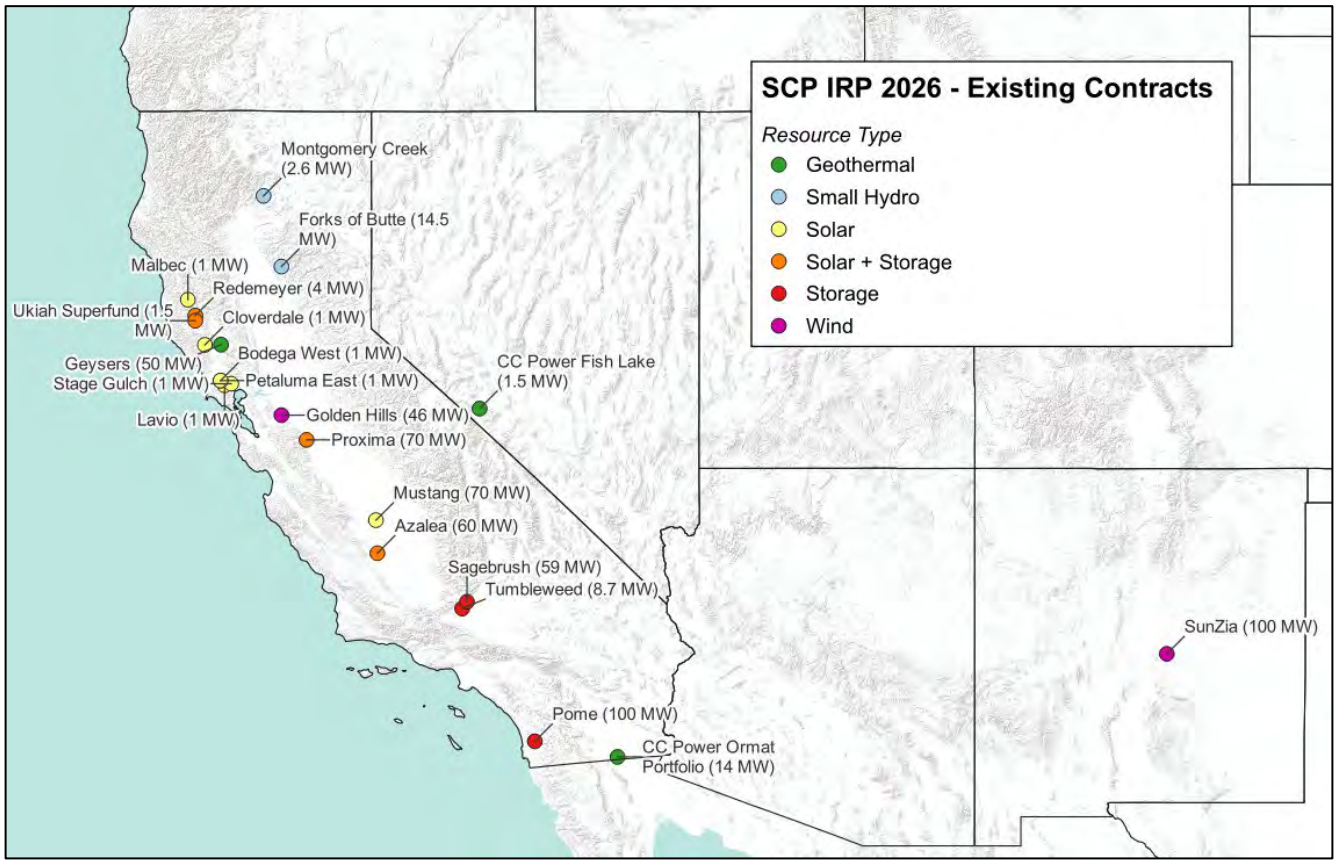
- **Market Dynamics:** In December 2022 through January 2023, California electricity prices hit their highest level over a decade that averaged over five times higher than the historical average. This event, alongside increased solar capacity in the summer, has caused a fundamental shift in forward energy prices with a structural premium expected in the winter, which favors geothermal and wind resources. Meanwhile, the state's battery storage fleet has scaled from negligeable levels in 2022 to over 15,000 MW by the end of 2025, largely driven by mandates. This scale-up, while also retaining natural gas capacity and the Diablo Canyon nuclear plant, have significantly reduced market volatility, and depressed the value of energy storage. As a result, ratepayers are paying an artificially high premium for battery storage due to state policies retaining gas and nuclear plants.

- **Tax Credits and Tariffs:** The Inflation Reduction Act (IRA), which provided significant expansion of clean energy tax credits, was signed into law in August 2022 and not fully incorporated in SCP's 2022 IRP analysis. The One Big Beautiful Bill Act (OBBB), which undid many, but not all the IRA tax credits, was subsequently signed into law in July 2025. The interplay of IRA and OBBB adds complexity in evaluating the cost of different resources, with tax credits dependent on both the technology and online date. The aggressive expansion of tariffs adds additional impacts to resource procurement, given the import dependency for technologies such as solar cells and lithium-ion batteries.
- **Project Selection Criteria:** The SCP Board formalized criteria to prioritize project selection in April 2025 by adopting Policy C.6. After resources are determined to comply with SCP's procurement obligations to meet state compliance and fulfill the Board-adopted IRP, cost-effective resources are prioritized by workforce development, location (with a specific preference for resources within SCP's territory), and benefits to the environment, underserved and low-income communities, and innovation that accelerates decarbonization or energy affordability. Although the 2022 IRP is well aligned with Policy C.6, the 2026 IRP must include a more explicit discussion of its application to SCP's long-term portfolio planning.
- **Capital Projects and Engineering Department:** SCP formed the Capital Projects and Engineering Department in Fall 2024, which now gives SCP the ability to directly build and operate energy projects. This new capability gives SCP first-hand experience in local project development and provides an opportunity to overcome historic challenges that were difficult to overcome through its traditional role as an off-taker. The 2026 IRP provides an opportunity to explore the role SCP-owned projects can play in fulfilling long-term portfolio objectives.

Contracted Resources

SCP's 2026 IRP will include all resources currently under contract by SCP, both resources that are currently online and those under development. A map of those resources is included below in Figure 2. In modeling, these resources are "locked in" through their contract term and provide the foundation for candidate resources to build on for meeting the model's objectives.

Figure 2. Map of Contracted Resources in SCP Portfolio



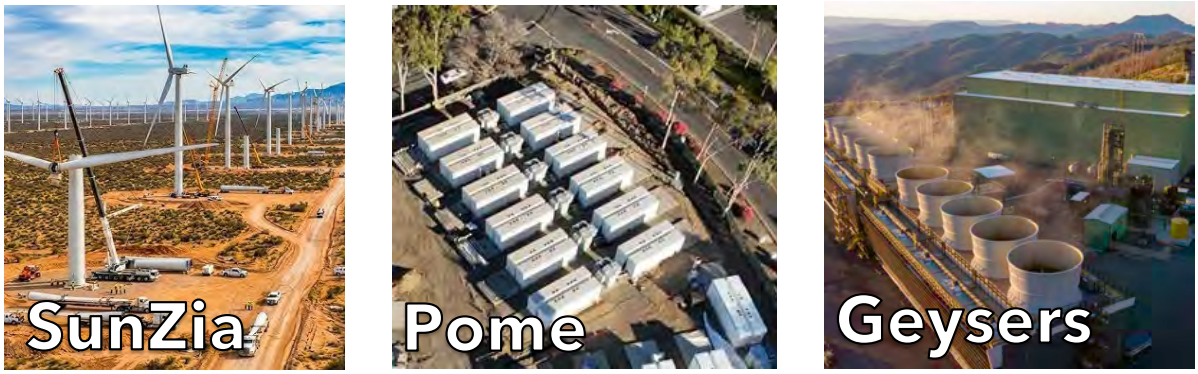
SCP's 2026 IRP will also include an annual allocation of hydropower from our customer's share of PG&E's generation fleet (provided as compensation to payers of the PCIA) and nuclear power from Diablo Canyon (provided as compensation to ratepayers from Senate Bill 846 through 2030). SCP's 2026 IRP model also assumes an investment in the GridSavvy Rewards demand response program that is aligned with internal targets of growing capacity to 7 MW in 2026 to 9 MW by 2028.

The contracted resources in Figure 2 include the following projects that were contracted following the 2022 IRP:

- **Co-located Solar and Storage:** The 60 MW Azalea project in the Central Valley (currently online), 4 MW Redemeyer project in SCP's territory (online in 2026) were contracted following the 2022 IRP to replace the Tubbs Island project and meet the incremental solar and storage needs identified in the 2022 IRP. The 2026 IRP also includes the 1.5 MW Ukiah Superfund project being developed by SCP's Capital Projects and Engineering Department.
- **Wind:** The 100 MW SunZia project in New Mexico (online in 2026) was contracted to meet the 2022 IRP need for out-of-state wind.

- **Geothermal:** SCP has extended its contract with the Geysers (which expires at the end of 2026) for up to 20 MW of output through 2037 to meet the 2022 IRP need for geothermal.
- **Standalone Storage:** The 59 MW Sagebrush project in the Antelope Valley and 100 MW Pome project in San Diego County (both currently online) were contracted to meet the 2022 IRP need for standalone storage.
- **Small Hydro:** The 2.6 MW Montgomery Creek and 14.5 MW Forks of Butte projects in Northern California were contracted to meet the 2022 IRP's needs for resource diversity and as replacement to the additional geothermal and in-state wind capacity that were not available in the market.

Figure 3. Photos of Newly Contracted Resources



Emerging Technologies

In June 2025, staff presented emerging energy technologies to the Committee and solicited feedback on which technologies to evaluate for further consideration in the IRP. The IRP provides an ideal venue for evaluating the strategic role emerging resources could play in meeting SCP's future needs—and helping prioritize SCP-driven strategic initiatives to support their development. Table 1 below provides an inventory of the technologies discussed with the Committee, a summary of Committee feedback, and staff's application of the feedback in setting up the 2026 IRP.

Table 1. Emerging Technologies Discussed in June 2025 Committee

Technology	June 2025 Committee Feedback	2026 IRP Application
Next-gen Geothermal	Reaffirmed interest in supporting through GeoZone and beyond	Included as candidate resource; strategic initiative will be sustained if selected
Floating Offshore Wind	Likely better led by others (e.g. Humboldt)	Included as a candidate resource, but not expected to be a strategic initiative
Small Modular Reactors	No interest in considering due to concern on waste, security, and fuel scarcity	Not included
Green Hydrogen	Interest in exploring as seasonal storage, but concerns about transportation	Not included, but monitoring statewide developments
Carbon Capture & Storage	No interest in considering due to concerns on potential for leakage and perpetuating fossil fuel industry; staff asked to monitor	Not included; staff monitoring through California Community Power engagement
Methanol Electricity	Interested in exploring as seasonal storage	Included as candidate resource; strategic initiative will be considered if selected in model
Iron-Air Battery	Interested in exploring as seasonal storage	Included as candidate resource; strategic initiative will be considered if selected in model
Thermal Storage	Interested in exploring as intraday storage	Included as candidate resource; strategic initiative will be considered if selected in model

Pumped Hydro	Interested in exploring as intraday storage, including in-conduit	Included as candidate resource; strategic initiative will be considered if selected in model

Supply-side Candidate Resources

To meet IRP objectives, the model for the 2026 IRP draws from a pool of candidate supply-side resources. For each resource, staff calibrates the contribution of each resource (including energy, market revenues, compliance, and emissions mitigation), expected cost, and availability. The cost estimates for resources are largely aligned with the assumptions the CPUC published in Fall 2025 for their input to the 2026-27 Transmission Planning Process (TPP) but adjusted where necessary based on internal market intelligence. Resource availability estimates are calibrated based on interconnection queue data, CPUC assumptions, and direct input from SCP's procurement staff and developers. Candidate resources include the following:

- **Solar:** Solar resources are included from SCP's territory, which are assumed to be more limited and costly, and from larger-scale development in the Central Valley.
- **Wind:** Wind resources are included from four regions: Baja California in Mexico (given status in CAISO queue, available in 2030), Wyoming (available in 2031 from TransWest Express transmission line), Northern California (limited availability in early 2030s due to development challenges), and New Mexico (available in 2035 as a second phase of SunZia). The model also includes floating offshore wind in Humboldt, but at pricing that makes it difficult to select.
- **Geothermal:** Geothermal resources are included in Northern California and Nevada. The model does not distinguish between conventional and next-gen, given the convergence of market pricing (scarcity has driven conventional pricing to be commensurate). If the model selects more Nevada resources than SCP's import capacity, the geothermal does not contribute to SCP's capacity obligations.
- **Storage:** Storage resources are included in SCP's territory and the Central Valley with the following configurations: 4-hour lithium-ion, 8-hour lithium-ion, 14-hour pumped hydro, 14-hour thermal storage, 100-hour iron-air, and 240-hour methanol electricity.
- **Biogas:** SCP is investigating an opportunity for biogas to play a limited role in SCP's portfolio. Biogas is distinct from biomass, and generated electricity from methane emissions for landfills or wastewater treatment facilities that must be combusted.

In addition to the candidate resources listed above, the model can use short-term contracts for renewable energy, carbon-free energy, firm capacity, and battery capacity to meet compliance requirements and voluntary objectives. The model also assumes SCP can procure energy from the spot market. The pricing for energy and short-term contracts is tied to the seven market scenarios used in SCP's 2026 IRP modeling. The scenarios include projections from two different vendors and reflect sensitivities in load growth, resource availability, and different policy trajectories. Staff explicitly excluded local biomass from woody forest materials, nuclear, and carbon capture and storage (CCS) as candidate resources based on past input from the Committee and public.

Discussion Prompt #1: Does staff's list of candidate supply-side resources above capture the full set of resources that should be considered for inclusion in the 2026 IRP? Are there any candidate resources that are missing, particularly those that might be cost-effective while meeting IRP objectives? Are there any candidate resources that were included that should be removed, or excluded that should be considered?

Local Resources

Since its inception, local resource development has been a priority for SCP. SCP's premium energy product, EverGreen, is sourced 24/7 from renewable resources within SCP's service area. Local resource development provides local economic development, reduces SCP's dependency on long-distance transmission and remote resources, and enables SCP to demonstrate leadership and self-sufficiency in providing needed energy and climate solutions.

SCP's initial approach to local resource development was through the ProFIT feed-in-tariff program. Through ProFIT, SCP contracted for offtake from six 1 MW projects in its service area. SCP subsequently contracted for the 4 MW co-located Redemeyer solar and storage project north of Ukiah. Meanwhile, SCP has retained offtake agreements with geothermal at the Geysers in Sonoma County to supply the EverGreen product on a 24/7 basis. These agreements are included in the 2026 IRP and provide sufficient output to serve EverGreen at its current subscription level.

Resource development in SCP's service area is not easy: the cost of land, topography, extensive land conservation, and limited interconnection capacity all present challenges. SCP has two tools to actively address local development challenges: GeoZone and self-build capacity through the Capital Projects and Engineering Department. SCP's GeoZone is a strategic initiative to leverage public-private partnership and next-generation technologies to expand local geothermal capacity. The Capital Projects and Engineering Department enables SCP to directly initiate projects and shepherd them through early

project development activities that are difficult for a traditional private developer in SCP's territory. The Capital Projects and Engineering Department has already secured site control and is in early engineering for SCP's first self-build project: the 1.5 MW co-located Ukiah Superfund project.

The 2026 IRP provides an opportunity to evaluate the cost and benefits of strategic investments to unlock additional local resource development. An expanded budget for de-risking projects for GeoZone and self-build opportunities could significantly accelerate local development. Investments could include geothermal exploration grants, transmission financing, real estate services, land acquisition, and programmatic permitting. Staff propose testing a scenario in the 2026 IRP that uses strategic investments to accelerate GeoZone development and enable 100 MW of local self-build solar and storage development by 2040.

Discussion Prompt #2: Should SCP prioritize local resource development beyond EverGreen needs at a cost premium? Is there interest in strategic investments through GeoZone and the Capital Projects and Engineering Department to directly address local development challenges?

Customer Energy Solutions

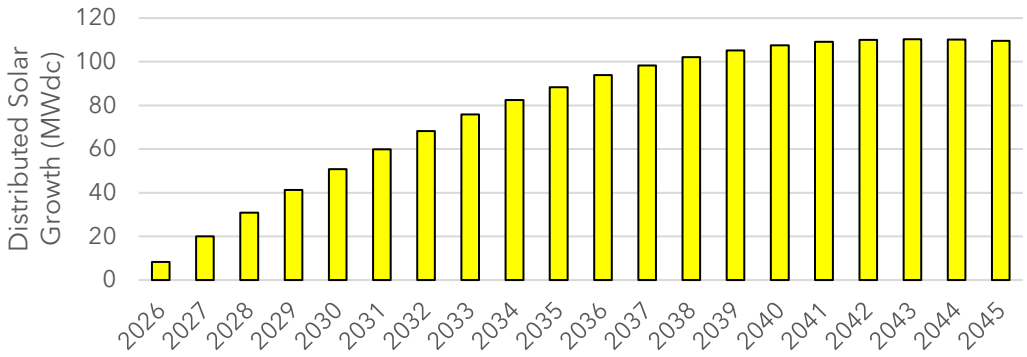
In concert with supply-side resources, SCP can leverage customer-sited resources and programs to accomplish long-term portfolio objectives. Customer energy solutions can reduce SCP's procurement requirements and have the opportunity to not just avoid infrastructure limitations, but to unlock additional capability on existing wires. The 2026 IRP includes customer energy solutions to understand their ability to reduce supply-side resources and calibrate the level of investment and prioritization. The following customer energy solutions are being considered in the 2026 IRP:

- **Event Solutions:** SCP's GridSavvy Rewards demand response program enabled event-based reductions in load that can reduce SCP's dependency on natural gas capacity for reliability and exposure to high spot market prices. SCP's GridSavvy Rewards is composed of a fleet of smart thermostats, EV chargers and a behavioral option that uses text alerts to encourage energy conservation. GridSavvy Rewards provided over 4.5 MW of capacity in 2025, and SCP has an internal goal of growing GridSavvy to 9 MW by 2028. The 2026 IRP assumes these are achieved in all scenarios, but staff propose using the 2026 IRP to evaluate the cost and benefits of more ambitious growth in GridSavvy Rewards. GridSavvy Rewards is currently structured to address reliability needs of the bulk system, but event-based resources also provide an opportunity to avoid local infrastructure costs and constraints.

Capturing the avoided costs of local infrastructure upgrades and expanding GridSavvy Rewards to commercial and industrial customers provide significant opportunities for growth. Staff propose testing a scenario in the 2026 IRP where GridSavvy Rewards expands to 30 MW by 2035.

- **Distributed Solar Solutions:** Sonoma and Mendocino County already host more than 340 MW of distributed solar capacity. Although the expiration of the IRA tax credits and updates to the Net Energy Metering program challenge the economics of distributed solar, SCP expects capacity to continue to grow. Figure 4 shows the incremental distributed solar included in SCP's forecast for the IRP, which includes 110 MW of incremental additions through 2045, reaching a total of 450 MW. Staff are not proposing to test incremental distributed solar beyond the forecast in the 2026 IRP.

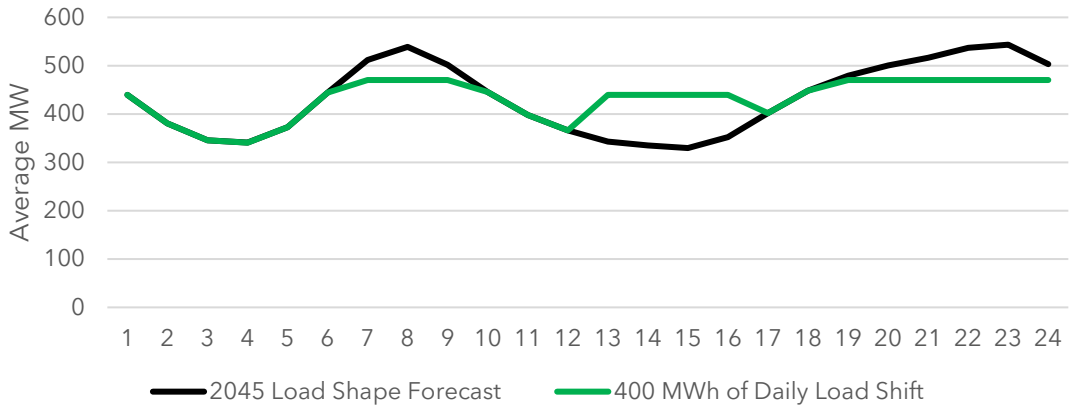
Figure 4. Distributed Solar Forecast in 2026 IRP



Load Shift Solutions: A key uncertainty in forecasting future resource needs and infrastructure needs is load shape. This is particularly true with load growth from electric vehicles which currently charge mostly at night, but with the appropriate incentives and infrastructure could charge more in daytime. Load from electric vehicles, along with building electrification, will not only require more supply-side resources to accommodate but will also trigger upgrades in transmission and distribution to SCP's region. In addition to encouraging daytime EV charging, behind-the-meter battery storage resources provide an opportunity to shift load to hours with lower energy costs and infrastructure constraints. SCP's customer energy solutions targeting load shift are limited to daily-managed smart EV charging, but staff propose using the 2026 IRP to test an ambitious scale-up with a goal of shifting 400 megawatt-hours (MWh) per day by 2045. Figure 5 provides an illustrative example of how 400 MWh of load shift could impact SCP's 2045 load shape.

Although this is an average load shape, it illustrates how load shift can both move energy requirements to more affordable solar hours and reduce infrastructure requirements (the 540 MW peak is reduced to 470 MW).

Figure 5. 2045 Load Shape with 400 MWh of Load Shift

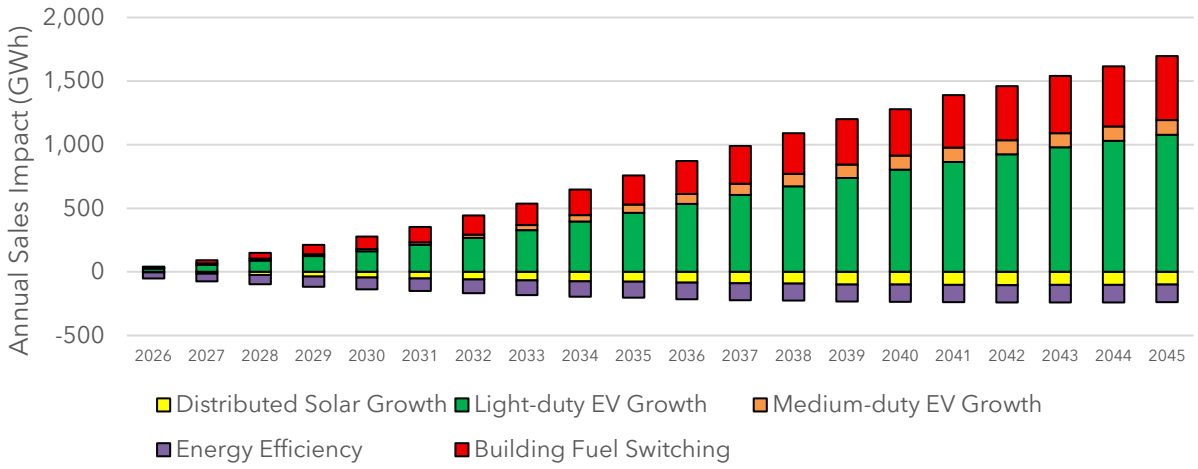


Discussion Prompt #3: Has staff identified the key customer energy solutions that can scale to strategically impact SCP's IRP? Are the ambitious growth scenarios staff propose for event resources and load shift appropriate?

Load Forecast

SCP has developed a rigorous process for forecasting hourly load based on historic usage patterns, changing demographics, and the projected adoption of technologies such as distributed solar, electric vehicles, and building electrification. In forecasting future conditions, SCP uses both data that is specific to its territory (such as vehicle miles travelled and natural gas usage) and datasets created by state agencies (such as technology adoption rates, improved energy efficiency, hourly usage profiles, etc.). Figure 6 shows how technology adoption and energy efficiency are represented as impacts to SCP's load.

Figure 6. Technology Adoption and Energy Efficiency Impacts to SCP Load

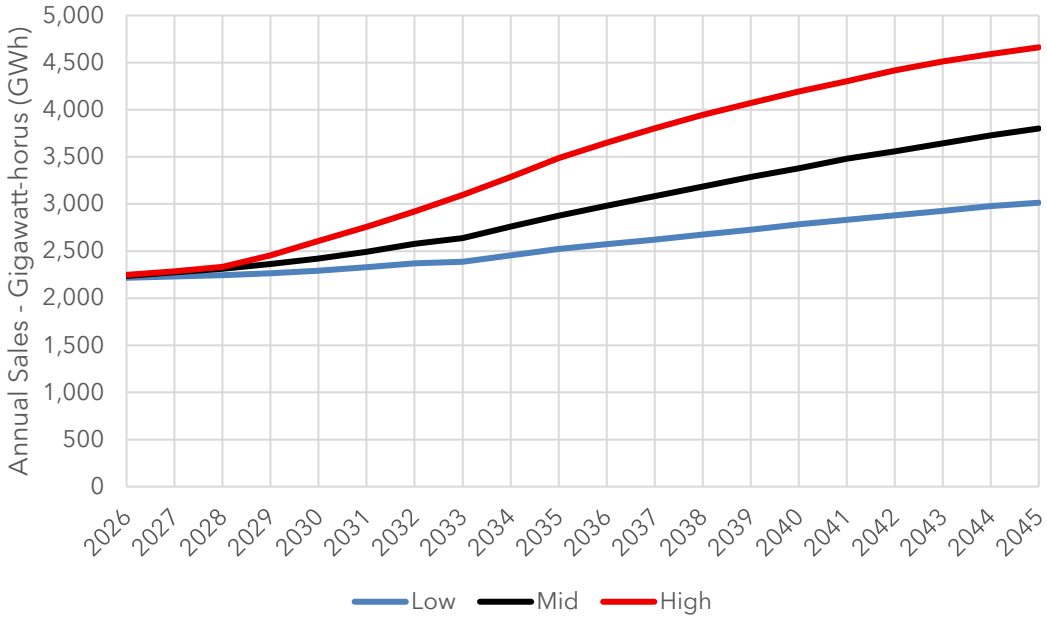


Although SCP uses considerable care in using best-available datasets, SCP's future load growth is inherently uncertain. Accordingly, staff have set up the 2026 IRP modeling to test IRP decisions across a range of future load conditions. In addition to SCP's base forecast, the 2026 IRP model will include the following two scenarios, which are also shown for comparison in Figure 7:

- **Low Load Growth Forecast:** SCP's low load forecast tests conditions if the level of adoption of electric vehicles and building electrification are half of the assumptions included in base forecast that is illustrated in Figure 6. The low load forecast experiences a 1.6% annual growth rate through 2045, compared to 2.8% in the base forecast.

- **High Load Growth Forecast:** SCP's high load forecast scales SCP's base forecast to match the CPUC's load assignment to SCP for the 2026 IRP process. The load forecast being used by the CPUC for assigning load in the 2026 IRP includes a prorate share of expected data center growth in PG&E territory. Staff are not aware of any significant interest in data center development in SCP's territory and accordingly see the CPUC's load assignment as an upper bound. The high load forecast experiences a 3.9% growth rate through 2045. Importantly, although modeling across a range of uncertain load scenarios will inform SCP's internal IRP decisions, SCP will ultimately need to demonstrate to the CPUC that its portfolio will provide sufficient reliability and climate benefits for this high load scenario. Staff will include this validation when a portfolio is shared with the Committee and Board for approval later this year.

Figure 7. 2026 IRP Load Forecast Scenarios



Infrastructure Constraints & Regulatory Advocacy

The key bottleneck to executing portfolios selected in the 2026 IRP will be infrastructure. SCP's IRP model assumes that new resources in the model cannot be built before 2030 due to lack of interconnection capacity on the grid. As an example, in the most recent interconnection cluster, practically all resources north of Tracy, California were off-limits for new resources seeking deliverability.

SCP's 2026 IRP will directly signal to the CPUC what kind of infrastructure upgrades are necessary to build its portfolio. It will also guide SCP staff on how to prioritize regulatory advocacy. SCP's work with Peninsula Clean Energy and Princeton University on demonstrating the value in Decision Making Under Uncertainty (DMUU) and more proactive and adaptive transmission planning provides an opportunity to directly address current constraints. SCP is building on this work by also exploring opportunities for more flexible approaches to interconnection and advocacy targeted at serving key resource areas, including SCP's own territory and other regions that can site diverse resources.

Example Portfolio

Staff have prepared an example IRP portfolio to facilitate discussion. This example portfolio includes updates to SCP's load forecast, regulatory requirements, existing contracts, and candidate resources. The example portfolio does not include the incremental customer energy solution and local resource prioritization scenarios, nor does it reflect the upcoming requested feedback from the public or Committee and Board.

Capacity decisions in the portfolio before 2035 are made in "Stage 1" and are made without the benefit of knowing future market conditions or SCP's level of load growth. The example portfolio assumes "middle of the road" market conditions are prevalent and SCP's mid load forecast. Short-term contracts are not included but may be needed to meet compliance requirements and the 85% hourly emissions target. Figure 8 shows the annual generation from new contracts in the example portfolio and Table 2 contains details on the selected resources.

Figure 8. Example Portfolio – Annual Generation from New Contracts

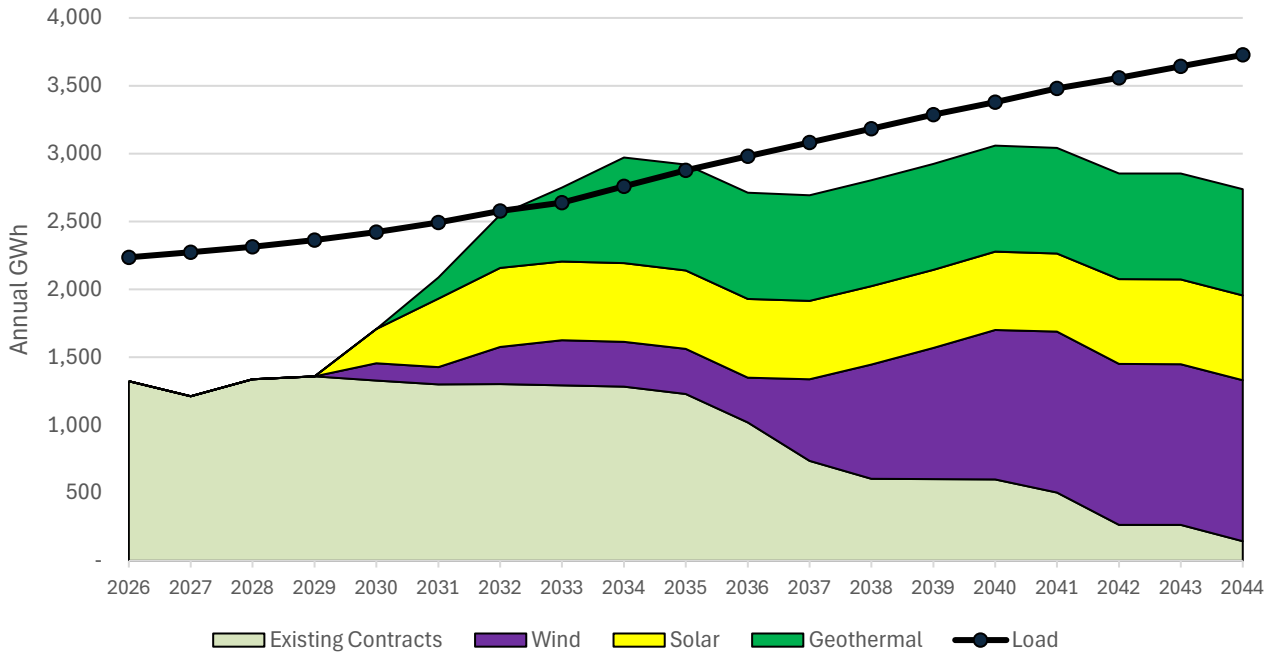


Table 2. Example Portfolio – New Contract Decisions

Technology	Stage 1 (before 2035)	Stage 2 (2036+)
Solar	230 MW Central Valley between 2030 and 2032	20 MW Central Valley in 2042
Wind	50 MW Baja California in 2030 and 70 MW Northern California between 2032 and 2033	180 MW Northern California between 2037 and 2041 and 100 MW New Mexico wind between 2037 and 2040
Geothermal	100 MW Northern California between 2031 and 2034	(none)
Storage	210 MW co-located 8-hour storage between 2030 and 2032	330 MW 8-hour storage between 2035 and 2044

The example portfolio demonstrates that geothermal resources and wind paired with storage provide the necessary portfolio diversity to meet SCP's long-term reliability and climate needs. Because wind resources are not available locally, especially in the near-term, the model needs to select more remote resources in Baja California and New Mexico and wait until Stage 2 to complete scale-up. If local development is given additional emphasis in SCP's portfolio selection, out-of-state wind resources would likely be replaced by geothermal and local solar and storage. Although SCP continues to build solar in Stage 1 of the example portfolio, the "middle of the road" scenario does not make additional solar attractive in Stage 2 of the example portfolio. Instead, the model relies more on short-term contracts in Stage 2 to meet SCP's portfolio needs, along with additional wind and storage capacity. Beyond geothermal resources, the model did not select emerging technologies as part of the example portfolio.

To be clear, staff are not recommending the example portfolio for selection as a portfolio in the 2026 IRP. Staff's recommendation later this year will incorporate the type of modeling used to generate the example portfolio as well as feedback from the public, Committee, and Board.

Discussion Prompt #4: What characteristics in the illustrative portfolio do you like? What do you not like?

Portfolio Alternatives

Staff will present several alternatives to the Board in May alongside a recommended portfolio. Presenting the recommendation alongside alternatives will enable a transparent discussion between the trade-offs between cost and other value drivers for guiding SCP's portfolio. In formulating these alternatives, staff propose evaluating portfolios that vary the following specifications:

- **Affordability:** One alternative staff plan to provide in May is a "compliance only" scenario – which prioritizes minimizing costs and will include no voluntary environmental targets or strategic investments. This alternative will provide a baseline for which to compare other portfolio alternatives, which will be more costly but be responsive to other objectives.

- **Voluntary Climate Targets:** Staff propose to continue using a voluntary hourly emissions mitigation target to prioritize portfolios that deliver increased climate benefits. Staff will include an alternative that sustains the current 85% hourly mitigation target and could test more aggressive scenarios, including reinstating a 100% mitigation target in the future.

- **Short-term Index Plus Contracts:** SCP achieved the 85% hourly emissions target in 2025 by contracting for carbon-free power through short-term "index plus" contracts that assign SCP's portfolio the carbon-free attribute of output from an existing resource. In 2025, SCP spent around $6.4 million on carbon-free energy from short-term index plus contracts. In evaluating tradeoffs between cost, environmental performance, and other strategic investment priorities, staff propose exploring the role these contracts play in SCP's IRP. Procuring carbon-free energy theoretically increases demand and sends a market signal to build additional renewable capacity – but in the current world of acute infrastructure constraints, the additional value of these contracts in accelerating clean energy deployment is likely limited. Importantly, any decision to reduce short-term carbon-free contracting would lead to SCP's power source disclosure showing a greater share of unspecified energy and a portfolio that may appear less climate-forward than PG&E, but it would also allow potentially $5-7 million in other more valuable investments annually.

- **Local Resources:** As the example portfolio above demonstrates, the role of local resources in SCP's IRP could be limited unless they are explicitly prioritized. The GeoZone and Capital Projects and Engineering are two important tools SCP can utilize to support increased local development. Staff propose testing a portfolio that works towards acceleration of GeoZone and 100 MW of local solar and storage development by 2040. To be successful, a local portfolio must be accompanied by

the near-term strategic investments discussed in the *Local Resources* section above.

- **Customer Energy Solutions:** Staff see a potential pathway to growing both the GridSavvy event-based fleet and load shift capability to a scale that can meaningfully impact SCP's supply-side portfolio and provide important benefits to relieving local infrastructure constraints. To better calibrate the potential role and value of customer energy solutions, staff propose evaluating portfolios that benefit from expanding GridSavvy to 30 MW and facilitating 400 MWh of daily load shift.
- **Robustness:** The DMUU approach SCP is applying to its 2026 IRP enable staff to stress test candidate portfolios for future uncertainty and evaluate the trade-off between near-term portfolio decisions and long-term cost exposure. Portfolios that minimize downside risk are likely different from portfolios that seek to maximize upside. Staff will explore the cost of more robust portfolio compositions and incorporate insights into recommendations to the Board in May.

Table 3 illustrates how varying the specifications above can be used to develop a set of distinct portfolios for evaluation. Given the substantial hours required for these evaluations, staff will share between 4 and 5 total portfolios with the Committee and Board this spring and a recommendation on which alternative to consider for submittal to the CPUC. Modeling results will provide an estimate of the cost impacts of each alternative.

Table 3. Example Alternatives for 2026 IRP Portfolios

Specification	Compliance Only	Stay the Course	Strategic	Max
Affordability	Least Cost	Increased costs for voluntary targets	Increased costs for strategic investments and robustness	Increased costs for strategic investments and robustness
Voluntary Climate Targets	State law	85% hourly mitigation	85% hourly when achievable with new resource contracts	100% hourly mitigation by 2030
Use of Short-term Index Plus Contracts	Only for compliance	Used for voluntary targets	Only for compliance / use savings for strategic investments	Used for voluntary targets
New Local Resources	Only if least cost	Only if close to least cost	50% goal: 50 MW and 50% of strategic investment	100% goal: 100 MW and full strategic investment
Customer Energy Solutions	No strategic scale-up	Modest growth / No strategic scale-up	50% goal: 15 MW GridSavvy and 200 MWh load shift	100% goal: 30 MW GridSavvy and 400 MWh load shift
Robustness	No downside mitigation	No downside mitigation	50% weighting for robustness	Fully robust

Discussion Prompt #5: Are the requirements listed above the right ones to vary in evaluating portfolio alternatives for the 2026 IRP? Are there requirements that should be givens and not varied?

Next Steps

Staff will present background on the IRP and discuss potential portfolio alternatives with the Board in the March 2026 meeting, along with any feedback received by the Committee or through public comments. Staff will then incorporate any direction from the Board in developing portfolio alternatives. Portfolio alternatives will be compared and tested for compliance with CPUC requirements before staff identify a preferred portfolio that will be presented to the Committee in April and Board approval in May.

After completing the 2026 IRP, staff are interested in developing an internally driven process to annually engage the Committee, Board, and public that is not sensitive to

unexpected delays and schedule adjustments by the CPUC. In addition, a simpler annual resource check-in could be less intensive compared with this effort.

Attachments

- None.