Sonoma Clean Power

# AGENDA
# BOARD OF DIRECTORS MEETING
# THURSDAY, NOVEMBER 5, 2020
# 8:45 A.M.

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******GOVERNOR'S EXECUTIVE ORDER N-25-20******
******GOVERNOR'S EXECUTIVE ORDER N-29-20******
**RE CORONAVIRUS COVID-19**

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE BOARD OF DIRECTORS WILL PARTICIPATE IN THE NOVEMBER 5, 2020 MEETING BY TELECONFERENCE. DUE TO THE EXECUTIVE ORDERS, IN-PERSON PARTICIPATION BY THE PUBLIC WILL NOT BE PERMITTED AND NO PHYSICAL LOCATION FROM WHICH THE PUBLIC MAY ATTEND THE MEETING WILL BE AVAILABLE. REMOTE PUBLIC PARTICIPATION DETAILS ARE LISTED BELOW.

**Members of the public who wish to participate in the Board of Directors Meeting may do so via the following webinar link or teleconference call-in number and meeting code:**

- Webinar link: https://zoom.us/j/93836800229
- Telephone number: 1 (669) 900-9128
- Meeting ID: 938 3680 0229

**PLEASE NOTE: The Sonoma Clean Power Business Office is closed and this meeting will be conducted entirely by teleconference.**

How to Submit Public Comment During the Teleconference Meeting:

The Chair will request public comment during the Public Comment period for all items on the agenda. Comments may be submitted in writing to: **meetings@sonomacleanpower.org**, or during the meeting via the webinar "raise your hand" feature.  For detailed public comment instructions, **please visit this page**.

For written comments, state the agenda item number that you are commenting on and limit to three hundred (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.

*Staff recommendations are guidelines to the Board. On any item, the Board may take action which varies from that recommended by staff.*

## I. CALL TO ORDER

## II. BOARD OF DIRECTORS CONSENT CALENDAR

1. October 1, 2020 Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) - pg. 5
2. Emergency Consumer Protections for Natural Disaster(s) in SCP Service Territory (Staff Recommendation: Ratify and Approve) - pg. 9
3. Provide Additional Authority to the CEO to Execute Third Amendment to the Contract with TLCD Architecture for the Advanced Energy Center (Staff Recommendation: Approve) - pg. 21
4. Authorize the CEO to Execute Third Amendment to an Agreement with Your SolarMate (Staff Recommendation: Approve) - pg. 31

## III. BOARD OF DIRECTORS REGULAR CALENDAR

5. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 33
6. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (Staff Recommendation: Receive and File) - pg. 71

## IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Board jurisdiction. Please be brief and limit comments to three minutes, if spoken, or three hundred (300) words if in writing.)

## V. BOARD MEMBER ANNOUNCEMENTS

## VI. ADJOURN

*DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, please contact the Clerk of the Board at (707) 890-8491, or by email at meetings@sonomacleanpower.org as soon as possible to ensure arrangements for accommodation.*

## COMMONLY USED ACRONYMS AND TERMS

| | |
|---|---|
| **AER** | Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes). |
| **CAC** | Community Advisory Committee |
| **CAISO** | California Independent Systems Operator |
| **CAM** | Cost Allocation Mechanism |
| **CCA** | Community Choice Aggregation |
| **CEC** | California Energy Commission |
| **CleanStart** | SCP's default service |
| **CPUC** | California Public Utility Commission |
| **DER** | Distributed Energy Resource |
| **ERRA** | Energy Resource Recovery Account |
| **EverGreen** | SCP's 100% renewable, 100% local energy service |
| **Geothermal** | A locally-available, low-carbon baseload renewable resource |
| **GHG** | Greenhouse gas |
| **GRC** | General Rate Case |
| **IOU** | Investor Owned Utility (e.g., PG&E) |
| **IRP** | Integrated Resource Plan |
| **JPA** | Joint Powers Authority |
| **LSE** | Load Serving Entity |
| **MW** | Megawatt (Power = how fast energy is being used at one moment) |
| **MWh** | Megawatt-hour (Energy = how much energy is used over time) |
| **NEM** | Net Energy Metering |
| **NetGreen** | SCP's net energy metering program |
| **PCIA** | Power Charge Indifference Adjustment (*This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.)* |
| **ProFIT** | SCP's "Feed in Tariff" program for larger local renewable energy producers |
| **PSPS** | Public Safety Power Shutoff - a term used when it may be necessary for PG&E to turn off electricity for public safety when gusty winds and dry conditions, combined with a heightened fire risk, are forecasted |
| **PV** | Photovoltaics for making electric energy from sunlight |
| **RA** | Resource Adequacy – a required form of capacity for compliance |
| **REC** | Renewable Energy Credit – process used to track renewable energy for compliance in California. |
| **SCP** | Sonoma Clean Power |
| **TOU** | Time of Use, used to refer to rates that differ by time of day and by season |

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**DRAFT MEETING MINUTES**
**BOARD OF DIRECTORS MEETING**
**THURSDAY, OCTOBER 1, 2020**

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******GOVERNOR'S EXECUTIVE ORDER N-25-20******
******GOVERNOR'S EXECUTIVE ORDER N-29-20******
**RE CORONAVIRUS COVID-19**

CONSISTENT WITH THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20 WHICH SUSPEND CERTAIN REQUIREMENTS OF THE BROWN ACT, AND THE ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SONOMA TO SHELTER IN PLACE TO MINIMIZE THE SPREAD OF COVID-19, MEMBERS OF THE BOARD OF DIRECTORS PARTICIPATED IN THE OCTOBER 1, 2020 MEETING BY TELECONFERENCE.

## I. CALL TO ORDER

Chair Slayter called the meeting to order at approximately 8:45 a.m.

Board Members present: Chair Slayter, Vice Chair Bagby, and Directors Belforte, Gjerde, King, Landman, Okrepkie, Tibbetts and Torrez

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Office; Stephanie Reynolds, Director of Internal Operations; and Harriet Steiner, Special Counsel

## II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve August 6, 2020 Draft Board of Directors Meeting Minutes
2. Approve Agreement for Professional Services with Maher Accountancy for a Not-to-Exceed Amount of $176,750 through June 30, 2021
3. Approve Three New Service Tariffs, Updates to Five Board of Director Policies and Three New Polices
4. Approve Transfer of Fiscal Year 2019-2020 Revenues into the Operating Account Fund

Public comment: None

Motion to adopt the October 1, 2020 SCPA Board of Directors Consent Calendar by Director Okrepkie

Second: Director King

Motion passed: 9-0-0

*Director Hopkins joined the meeting at approximately 8:59 a.m.*

## III. BOARD OF DIRECTORS REGULAR CALENDAR

5. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate

   Chief Operating Officer Michael Koszalka introduced the item by noting an increase in August energy sales along with a corresponding increase in the cost of power. CEO Syphers then stated his support for regional and cross-jurisdictional efforts to reduce wildfire risk reduction; updated the Board on the recent rotating power outages; and efforts on the staff-level by 11 CCAs, including SCP, for a proposed joint powers authority that would allow participating CCAs to procure power on behalf of their customers. Director of Marketing & Public Affairs Kate Kelly introduced SCP's newest team member, Willy Linares, who joined as a Marketing Coordinator. COO Koszalka announced that SCP created a new department, Planning & Analytics, and that Rebecca Simonson accepted a promotion to Director of the Department; and he noted the promotion of Deb Emerson to Managing Director of Power Procurement to better reflect her duties and responsibilities. Director of Programs Cordel Stillman gave a brief update on the SCP Building Headquarters and Advanced Energy Center construction projects.

   Public comment: None

   *Director Harrington joined the meeting at approximately 9:20 a.m.*

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

   Director of Regulatory Affairs Neal Reardon gave an update on the following topics: efforts to accelerate the deployment of microgrids to promote grid resiliency in light of continued PSPS events; the PG&E Energy Resource Recovery Account proceedings and SCP's efforts, along with other stakeholders, to litigate alleged errors in PG&E's 2021 ERRA Application; efforts to ensure that information on above-market PCIA costs are provided to PG&E bundled customers; and SCP's recent Integrated Resource Plan filing with the CPUC.

   CEO Syphers spoke about the end of the legislative session and the impacts of COVID-19 on the reduced number of bills considered by the legislature; a California Wildfire Safety Advisory Board meeting on potential actions by the CPUC to mitigate future wildfires; and an announcement by Governor Newson to phase out sales of gas-powered vehicles by 2035. Special Counsel Harriet Steiner spoke on AB 992 and statutory requirements for social media under the Brown Act that will take effect on January 1, 2021.

Public comment: None

7. Receive Proposed Community Giving Guidelines and Provide Direction as Appropriate

   Director of Marketing & Public Relations Kate Kelly introduced this item by recounting previous Board direction on community giving guidelines and staff's proposal to allocate remaining Fiscal Year community funds as follows: 50% for non-profit organizations advancing social justice, in particular racial equity and justice, within marginalized communities; 25% for groups supporting local small businesses and workers affected by COVID-19; and 25% for local non-profit groups supporting fire relief.

   Director Hopkins noted her support and suggested that staff ensures the funds are equitably dispersed among SCP's service territory, and that staff consider outreach to tribal communities in assessing their needs. Director Landman requested a future presentation by staff on their methodology in determining community giving recipients.

   Public comment: None

   Chair Slayter recounted Board direction to staff and closed the item.

8. Provide Additional Authority to the CEO to Execute Change Orders to the Construction Contract for the Advanced Energy Center

   Director of Programs Cordel Stillman detailed unforeseen construction issues with the Advanced Energy Center ("AEC") project, most notably, an antiquated electrical panel which requires replacement. He stated that the most expedient manner to address the deficiency is to have SCP's contractor replace the panel, and he then outlined an agreement where SCP will receive a rent reduction of approximately $116,000 from the property owner for the anticipated costs of the replacement.

   Public comment: None

   Motion to Provide Additional Authority to the CEO to Approve Change Orders to the Construction Contract for the Advanced Energy Center Energy Center and Be Increased from $282,200 to $482,200, an increase of $200,000, by Director Landman

   Second: Director Tibbetts

9. Approve Budget Adjustment from Legislative to Programs Implementation in the Amount of $50,000

   CEO Syphers described previous Board direction to fund up to two grants for disadvantaged communities considering the feasibility of Community Choice Aggregation. He stated that he did not account for this proposed funding in the current Fiscal Year budget, and requested that the Board approve a budget adjustment from Legislative to Programs Implementation to fund a City of Stockton feasibility study.

Public comment: None

Motion to Approve Budget Adjustment from Legislative to Programs Implementation in the Amount of $50,000 by Director Okrepkie

Second: Director King

Motion passed: 11-0-0

## IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

## V. BOARD MEMBER ANNOUNCEMENTS

Director Hopkins announced a likely extension of the Glass Fire evacuation orders.

## VI. ADJOURN

Chair Slayter adjourned the meeting at approximately 10:12 a.m.

**Staff Report – Item 02**

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**To:** Sonoma Clean Power Board of Directors

**From:** Erica Torgerson, Director of Customer Service
Danielle Baker, Senior Customer Care Specialist

**Issue:** Emergency Consumer Protections for Natural Disaster(s) in SCP Service Territory

**Date:** November 5, 2020

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**Requested Action:**

Board of Directors to ratify two (2) Emergency Consumer Protection Polices based on the Oak Fire in Mendocino County and the Glass Incident (aka Shady Fire & Glass Fire) in Sonoma County.

**Community Advisory Committee:**

On October, 22, 2020, the Community Advisory Committee unanimously recommended to the Board of Directors to ratify the two (2) Emergency Consumer Protection Polices based on the Oak Fire in Mendocino County and the Glass Incident (aka Shady Fire & Glass Fire) in Sonoma County.

**Background:**

On October 1, 2020, SCPA's Board of Directors approved an updated Customer Service Policy A.3 – Late Payment Noticing, Transfer of Service, Pre-Collection Noticing, Collections. Per the guidelines of Customer Service Policy A.3:

This policy in whole or in parts may be suspended or modified if a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster that affects utility service or a health pandemic. At that time the Chief Executive Officer (CEO), or his designee, may put into effect SCPA's Customer Service Policy A.6 – Emergency Consumer Protection Policy. If the CEO, or his designee puts SCPA's Emergency Consumer Protection Policy into effect, the decision must be ratified by the Board of Directors within 90 days or at the next regularly scheduled Board of Director's meeting.

Staff requests the Board of Directors to ratify the following new policies:

- Customer Service Policy A.6d
  2020 Oak Fire Emergency Consumer Protection Policy
  Effective: September 7, 2020

- Customer Service Policy A.6e
  2020 Glass Incident (Shady Fire) Emergency Consumer Protection Policy
  Effective: September 28, 2020

**Discussion:**

After the 2017 Northern California Wildfires, pursuant to CPUC Resolution M-4833, E-4899 and Advice Letter 3914-G-A/5186-E-A, PG&E adopted an Emergency Consumer Protection Plan to support customers who were affected by the October 2017 Northern California Wildfires. Residential and Non-Residential customers in Butte, Lake, Mendocino, Napa, Nevada, Plumas, Santa Cruz, Solano, Sonoma, and Yuba counties affected by the 2017 Northern California Wildfires were eligible for the Emergency Consumer Protection Plan until December 31, 2018.

SCPA adopted its own internal policy, "October 2017 California Wildfires Customer Protections Internal Policy I.8", which established a series of billing and service modifications and credit relief to support customers recovering from the immediate aftermath of the October 2017 Northern California Wildfires.

On July 11, 2019, the CPUC issued D.19-07-015, which adopted an emergency disaster relief program for Investor Owned Utility customers. The emergency disaster relief program is designed to ensure that California utility customers who experience a housing or financial crisis due to a disaster, keep vital utility services in the wake of a disaster.

On November 1, 2019, SCPA adopted its own internal policy, "Emergency Consumer Protection Plan and Emergency and Disaster Response Procedures and Policy I.12" which established a series of billing and service modifications to support customers recovering from the immediate aftermath of a natural disaster.

On October 1, 2020, SCPA's Board of Directors formally adopted Customer Service Policy A.6 – Emergency Consumer Protection Policy which established a series of billing and service modifications to support customers recovering from the immediate aftermath of a natural disaster.

**Fiscal Impact:**

| | |
|---|---|
| Policies A.6d & A.6e | Unknown. Additional potential for customer late payment or non-payment of SCP charges. |

**Attachments:**

Policies for Ratification:

- Customer Service Policy A.6d – 2020 Oak Fire Emergency Consumer Protection Policy

- Customer Service Policy A.6e – 2020 Glass Incident (Shady Fire) Emergency Consumer Protection Policy

**Customer Service Policy A.6d**
**2020 Oak Fire Emergency Consumer Protection Policy**

**Purpose:**
Pursuant to the California Public Utilities Commission (CPUC) directives and advice letters, residential and non-residential customers in areas where a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster that affects utility service are eligible for consumer protection measure(s) under PG&E's Emergency Consumer Protection Plan[1]. Sonoma Clean Power Authority (SCPA) provides additional emergency consumer protections to its customers as described below.

**Emergency Incident:**
Oak Fire
Governor's Proclamation of a State of Emergency: September 25, 2020

The Oak Fire was first reported at 12:16 PM on September 7, 2020 burning in near Big John Rd. and Skyview Rd. north of Brooktrails near Willits. Residents reported hearing and feeling explosions around the time of the fire being reported. Burning in a mix of grass, brush, oak and conifer, the fire began spreading in the residential area and mandatory evacuations were put in place for the entire Brooktrails community and surrounding roads, impacting over 3,200 people. That evening, the fire had grown to 700 acres, moving northwards. The fire crossed U.S. Route 101 that night but was quelled quickly. More evacuations were announced for remaining unevacuated areas of Brooktrails.

As of the evening of September 8th, the fire had burned 863 acres and was 10% contained. As of September 10th, the fire has burned 1,100 acres and is 40% contained. The fire was fully extinguished on September 14, 2020 with 1,100 acres burned, 25 structures destroyed, 20 structures damaged.

SCPA implemented its "Emergency Consumer Protection Plan and Emergency and Disaster Response Internal Procedures & Policy I.12".

**Applicability:**
This Policy applies to SCPA Residential Customers and Non-Residential Customers when a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory that:

a. Results in the loss or disruption of the delivery or receipt of electric utility service; and/or

[1] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf.

b. Results in the degradation of the quality of electric utility service.

**Eligibility for Emergency Consumer Protection Plan:**
A customer will be eligible for SCPA's Emergency Consumer Protection Policy if the following criteria have been met:

a. A state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory;
b. The customer is a Residential Customer or Non-Residential Customer of SCPA; and
c. The customer's premise was or is Red Tagged and/or coded by PG&E as DSNT/DSST/DSBR/DSOV, as defined at the end of this Policy.

**Emergency Consumer Protection Plan:**
SCPA's Emergency Consumer Protection Plan goes into effect the day a state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory and includes the measures and parameters outlined below:

a. **Late Payment Notice:** SCPA will stop sending Late Payment Notices to eligible customers until October 31, 2021.
b. **Pre-Collection Notice for Non-Payment:** SCPA will stop sending Pre-Collection Notices for non-payment of SCPA charges to eligible customers until October 31, 2021.
c. **Transfer for Non-Payment:** SCPA will not transfer eligible customers to PG&E service for non-payment of SCPA charges until October 31, 2021.
d. **Collections:** SCPA will halt collection activity for eligible customers until October 31, 2021.

SCPA's Board of Directors may change or extend these measures at its sole discretion.

**Definitions:**
For purposes of this Policy, the following definitions apply. Customers may also wish to review PG&E's Emergency Consumer Protection Plan[2] for additional information.

a. **Residential Customer[3]**: Class of customers whose dwellings are single-family units, multi-family units, mobile homes or other similar living establishments. A customer who meets the definition of a Residential Customer will be served under a residential rate schedule if 50% or more of the annual energy use on the meter is for residential end-uses. PG&E's tariff eligibility requirements will determine customer eligibility for this rate class.
b. **Non-Residential Customer[4]**: Small and medium business customers that take service on a commercial, industrial, or agricultural rate. This definition does not include Non-Residential Customers who are on a fixed usage or unmetered usage rate schedule[5].
c. **SCPA Service Area:** As defined by SCPA's Joint Powers Agreement[6].
d. **Impacted Customers**: Customers that live within 2 miles of the disaster-impacted perimeter as designated by CAL FIRE or another governmental agency. General areas, including by zip code may be used until a disaster-impacted perimeter is established at SCPA's sole discretion[7] and/ or coded DSIR by PG&E.
e. **Inspection Tags[8]:** The three colored tags (green, red and yellow) match placards posted on inspected structures[9]. Each type of placard is used by inspectors under the following circumstances:
    i. **Green (Inspected)** - Buildings can be damaged, yet remain safe – the safety of the building was not significantly changed by the disaster.
    ii. **Red (Unsafe)** - Buildings are damaged and pose an imminent threat to life or safety under expected loads or other unsafe conditions.
    iii. **Yellow (Restricted Use)** - There is some risk from damage in all or part of the building that does not warrant red-tagging. The extent of damage may be uncertain or cannot be ascertained within the time and resources available.
    iv. **Orange (No Access)** - Parcels may be labeled as orange, which is not a tag color, but is used only to indicate that an inspection was performed on the property however the inspector was not able to access the structure(s). This could be due to a number of issues including downed

[2] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf.
[3] PG&E Electric Rule No. 1: Definitions, Sheet 30
[4] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018.
[5] PG&E Electric Rule No. 1: Definitions, Sheet 31
[6] Sonoma Clean Power Authority Joint Powers Authority. https://sonomacleanpower.org/uploads/documents/Third-Amended-JPA-FinalApproved-10-13-16-with-updated-Ex-C.pdf
[7] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf.
[8] County of Sonoma. "Permit Sonoma" http://sonomacounty.ca.gov/PRMD/Eng-and-Constr/Building/RESA-2019-Flooding/
[9] Important Note: Although a building may be placarded "Inspected" or "Restricted Use", specific areas in and around the building could be further identified as unsafe.

power lines, locked gates, and debris blocking the roadway, damaged bridges, or other similar items.

f. **PG&E REF|TD Codes** – PG&E will use the EDI billing codes outlined below to identify impacted SCPA customers per CalFire and/or County assessment(s). The codes allow for near real-time status of impacted customers.
   i. **Disaster Event Review (DSIR)** – location with close proximity of disaster, but not confirmed if property is damaged/destroyed/Red Tagged.
   ii. **Disaster Event Cleared (DSCL)** – After review, the location is not deemed damaged/destroyed/Red Tagged.
   iii. **Disaster Red Tag Notice (DSNT)** – pending bill relief decision. Stops SA and final/closing bill but will not complete bill – temporary status.
   iv. **Disaster Red Tag Standard (DSST**) – bill relief not applied. Stops SA, final/closing bill, and completes bill (final status).
   v. **Disaster Red Tag Bill Relief** (**DSBR)** – bill relief applied. Stops SA, final/closing bill, completes bill and applies debt reversal adjustment for SA balance (final status).
   vi. **Disaster Red Tag Override** (**DSOV)** – manual override. Process manually if needed (final status).

**Customer Service Policy A.6e**
**2020 Glass Incident (Shady Fire) Emergency Consumer Protection Policy**

**Purpose:**
Pursuant to the California Public Utilities Commission (CPUC) directives and advice letters, residential and non-residential customers in areas where a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster that affects utility service are eligible for consumer protection measure(s) under PG&E's Emergency Consumer Protection Plan[10]. Sonoma Clean Power Authority (SCPA) provides additional emergency consumer protections to its customers as described below.

**Emergency Incident:**
Glass Incident
Governor's Proclamation of a State of Emergency:  September 28, 2020

The Glass fire broke out at 3:50 a.m. Sunday, September 27, 2020 on the eastern rim of the Napa Valley, east of Silverado Trail between Calistoga and St. Helena. Firefighters believe gusty winds drove embers from that blaze across the vineyards on the valley floor and into the trees on the slopes of Spring Mountain, on the west side of the Napa Valley above St. Helena, where it began burning into Sonoma County.

The secondary blaze, initially called the Shady fire, ignited about 7 p.m. Sunday near the 3100 block of Spring Mountain Road. The fire was first spotted by an engine company stationed outside St. Helena for the Glass fire. Another spot fire – initially called the Boyson fire – was reported 20 minutes later on St. Helena Road.

The two fires merged into the Glass fire, and collectively have consumed 36,236 acres as of 5 p.m. Monday (9/28/2020) and remains wholly uncontained. Cal Fire said 28 homes in Sonoma County have been lost.

More than 68,000 people had been forced to flee homes in east Santa Rosa and unincorporated Sonoma County, city and county officials said. Another 30,000 or more were under warning to be ready to leave if fire conditions and activity warranted it, officials said.

In Sonoma County, the Glass fire destroyed homes in the Skyhawk and Oakmont subdivisions, and along Calistoga and Los Alamos roads, all on the eastern side of Santa Rosa, although the scale of the losses within the city had not been calculated by Monday night.

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[10] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf.

Extreme conditions allowed embers to leap across Napa Valley and over the Mayacamas range along the one remaining path of unburned forest with no modern history of wildfire. It wove a path between the burn scars of the Tubbs and Nuns fires, which almost exactly three years ago blackened a combined 93,371 acres and destroyed nearly 7,000 structures in Sonoma and Napa counties during the 2017 North Bay firestorm. Those fires killed 24 people.

SCPA implemented its "Emergency Consumer Protection Plan and Emergency and Disaster Response Internal Procedures & Policy I.12".

**Applicability:**
This Policy applies to SCPA Residential Customers and Non-Residential Customers when a state of emergency proclamation is issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory that:

c. Results in the loss or disruption of the delivery or receipt of electric utility service; and/or
d. Results in the degradation of the quality of electric utility service.

**Eligibility for Emergency Consumer Protection Plan:**
A customer will be eligible for SCPA's Emergency Consumer Protection Policy if the following criteria have been met:

d. A state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory;
e. The customer is a Residential Customer or Non-Residential Customer of SCPA; and
f. The customer's premise was or is Red Tagged and/or coded by PG&E as DSNT/DSST/DSBR/DSOV, as defined at the end of this Policy.

**Emergency Consumer Protection Plan:**
SCPA's Emergency Consumer Protection Plan goes into effect the day a state of emergency proclamation has been issued by the California Governor's Office or the President of the United States due to a disaster in SCPA's Service Territory and includes the measures and parameters outlined below:

e. **Late Payment Notice:** SCPA will stop sending Late Payment Notices to eligible customers until October 31, 2021.
f. **Pre-Collection Notice for Non-Payment:** SCPA will stop sending Pre-Collection Notices for non-payment of SCPA charges to eligible customers until October 31, 2021.

g. **Transfer for Non-Payment:** SCPA will not transfer eligible customers to PG&E service for non-payment of SCPA charges until October 31, 2021.
h. **Collections:** SCPA will halt collection activity for eligible customers until September October 31, 2021.

SCPA's Board of Directors may change or extend these measures at its sole discretion.

**Definitions:**
For purposes of this Policy, the following definitions apply. Customers may also wish to review PG&E's Emergency Consumer Protection Plan[11] for additional information.

g. **Residential Customer[12]**: Class of customers whose dwellings are single-family units, multi-family units, mobile homes or other similar living establishments. A customer who meets the definition of a Residential Customer will be served under a residential rate schedule if 50% or more of the annual energy use on the meter is for residential end-uses. PG&E's tariff eligibility requirements will determine customer eligibility for this rate class.
h. **Non-Residential Customer[13]**: Small and medium business customers that take service on a commercial, industrial, or agricultural rate. This definition does not include Non-Residential Customers who are on a fixed usage or unmetered usage rate schedule[14].
i. **SCPA Service Area:** As defined by SCPA's Joint Powers Agreement[15].
j. **Impacted Customers**: Customers that live within 2 miles of the disaster-impacted perimeter as designated by CAL FIRE or another governmental agency. General areas, including by zip code may be used until a disaster-impacted perimeter is established at SCPA's sole discretion[16] and/ or coded DSIR by PG&E.
k. **Inspection Tags[17]:** The three colored tags (green, red and yellow) match placards posted on inspected structures[18]. Each type of placard is used by inspectors under the following circumstances:
    v. **Green (Inspected)** - Buildings can be damaged, yet remain safe – the safety of the building was not significantly changed by the disaster.
    vi. **Red (Unsafe)** - Buildings are damaged and pose an imminent threat to life or safety under expected loads or other unsafe conditions.
    vii. **Yellow (Restricted Use)** - There is some risk from damage in all or part of the building that does not warrant red-tagging. The extent of damage may be uncertain or cannot be ascertained within the time and resources available.
    viii. **Orange (No Access)** - Parcels may be labeled as orange, which is not a tag color, but is used only to indicate that an inspection was performed on the property however the inspector was not able to access the structure(s). This could be due to a number of issues including downed

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[11] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf.
[12] PG&E Electric Rule No. 1: Definitions, Sheet 30
[13] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018.
[14] PG&E Electric Rule No. 1: Definitions, Sheet 31
[15] Sonoma Clean Power Authority Joint Powers Authority. https://sonomacleanpower.org/uploads/documents/Third-Amended-JPA-FinalApproved-10-13-16-with-updated-Ex-C.pdf
[16] PG&E Advice Letter 4014-G/5378-E. Dated Sept. 7, 2018. www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5378-E.pdf.
[17] County of Sonoma. "Permit Sonoma" http://sonomacounty.ca.gov/PRMD/Eng-and-Constr/Building/RESA-2019-Flooding/
[18] Important Note: Although a building may be placarded "Inspected" or "Restricted Use", specific areas in and around the building could be further identified as unsafe.

power lines, locked gates, and debris blocking the roadway, damaged bridges, or other similar items.

l. **PG&E REF|TD Codes** – PG&E will use the EDI billing codes outlined below to identify impacted SCPA customers per CalFire and/or County assessment(s). The codes allow for near real-time status of impacted customers.

vii. **Disaster Event Review (DSIR)** – location with close proximity of disaster, but not confirmed if property is damaged/destroyed/Red Tagged.

viii. **Disaster Event Cleared (DSCL)** – After review, the location is not deemed damaged/destroyed/Red Tagged.

ix. **Disaster Red Tag Notice (DSNT)** – pending bill relief decision. Stops SA and final/closing bill but will not complete bill – temporary status.

x. **Disaster Red Tag Standard (DSST**) – bill relief not applied. Stops SA, final/closing bill, and completes bill (final status).

xi. **Disaster Red Tag Bill Relief** (**DSBR)** – bill relief applied. Stops SA, final/closing bill, completes bill and applies debt reversal adjustment for SA balance (final status).

xii. **Disaster Red Tag Override** (**DSOV)** – manual override. Process manually if needed (final status).

**Staff Report – Item 03**

| | |
|---|---|
| **To:** | **Sonoma Clean Power Authority Board of Directors** |
| **From:** | **Chad Asay, Programs Manager** |
| **Issue:** | **Provide Additional Authority to the CEO to Execute Third Amendment to the Contract with TLCD Architecture for the Advanced Energy Center** |
| **Date:** | **November 5, 2020** |

## Recommendation

Staff are requesting the Board of Directors ("Board") provide additional authority to the Chief Executive Officer ("CEO") to execute a third amendment to the contract with TLCD Architecture. This amendment will add $99,100 to the not-to-exceed amount over the term due to unforeseen engineering and design costs at the Advanced Energy Center ("AEC").

## Background:

SCP's initial contract with TLCD Architecture ("TLCD") was approved by the Board on December 6, 2018 to design a complete remodel of the leased, vacant space into a new marketplace and demonstration space. The initial term of the contract was through October 31, 2019 with a not to exceed amount of $507,779.

A first amendment to the TLCD contract to expand the scope of work to cover additional, unforeseen engineering and design work extended the term to March 1, 2020 and increased the not to exceed amount by $125,663 to $633,442.

A second amendment to the TLCD contract to expand the scope to cover an American with Disabilities Act ("ADA") ramp, perform work related to a fire sprinkler system, incorporate Solatubes; and design management. This extended the term to

December 31, 2020 and increased the not to exceed amount by $69,300 to $702,742.

**Discussion:**

This third amendment to the TLCD contract will expand the scope of work to cover additional, unforeseen engineering and design work. The third amendment will increase the not-to-exceed amount by $99,100 to increase the total contract to $801,842.

TLCD and their subcontractors have spent additional time preparing drawings for work including; electrical upgrades, moving the Fire Alarm Control Panel to the Sprinkler Riser Room , providing structural analysis of existing roof framing and connections for specific loading of proposed fire sprinkler runs,  supporting future displays, adding a horizontal truss to provide seismic bracing, and providing design services to demolish and replace the existing main switchboard.  Additionally, it was necessary to extend the duration of Construction Administration to December due to unforeseen delays (COVID, etc.).

**Fiscal Impact:**

In FY 19/20 SCP budgeted $4.2M dedicated to CEC grant administration, labor, and tenant improvements. Additionally, there are $509K in grant funds dedicated to the AEC tenant improvements. SCP will dedicate the full $509,000 in grant funds to the AEC construction project and then makeup for the difference with SCP funds. Of the total amendment cost, $18,500 are common area improvement costs. These common area costs will be billed back to the building owner through a lease reduction.

Even with the additional funds allocated to this contract, no budget adjustment will be needed for this amendment.

**Community Advisory Committee Review**:

The Community Advisory Committee unanimously recommended Board approval of this item at their October 22, 2020 meeting.

**Attachments:**

- Third Amendment to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace

Related Items "On File" with the Clerk of the Board:

- First Amendment to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace
- Second Amendment to the Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace

**THIRD AMENDMENT TO THE AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT FOR THE SONOMA CLEAN POWER AUTHORITY WITH TLCD ARCHITECTURE FOR THE SONOMA CLEAN POWER AUTHORITY ENERGY MARKETPLACE**

This Third Amendment ("Third Amendment") to the Amended and Restated Professional Services Agreement for the Sonoma Clean Power Authority with TLCD Architecture for the Sonoma Clean Power Authority Energy Marketplace (the "Agreement") is entered into between the Sonoma Clean Power Authority ("SCPA"), a California Joint Powers Authority, and TLCD Architecture a California Corporation ("Consultant") as of November 5, 2020 ("Third Amendment Effective Date"). SCPA and Consultant are, at times individually referred to herein as "Party" and collectively as "Parties".

WHEREAS, the Parties entered into the Agreement dated December 6th, 2018 ("Original Agreement") for Consultant to provide engineering, architectural, design and other related support services for SCP's renovation of a commercial building located at 741 4th Street, Santa Rosa CA. The building will serve as SCP's Energy Marketplace and include a showcase of zero-carbon technologies, and energy efficiency measures; and

WHEREAS, the Parties subsequently updated and revised the Original Agreement, entering into a First Amendment to the Agreement (the "First Amendment") dated August 1, 2019, in order to extend the Term of the Agreement to March 1, 2020 and increase the total not-to-exceed amount of the Agreement from $507,779 to $633,442 and to expand the Services provided by Consultant which addressed an American with Disabilities Act ("ADA") ramp, and perform work related to a fire sprinkler system, incorporate Solatubes; and;

WHEREAS, the Parties subsequently updated and revised the First Amendment to the Agreement (the "First Amendment") entering into a Second Amendment to the Agreement (the "Second Amendment") dated April 2, 2020, in order to extend the Term of the Agreement to December 31, 2020 and increase the total not-to-exceed amount of the Agreement from $633,442 to $702,742, and to expand and revise the Services provided by Consultant to include the design of construction documents and encroachment permits for work in the right of way (water & sewer lines, fire sprinklers service and street tree relocation), and extend Construction Administration; and

WHEREAS, SCPA now desires to increase the total not-to-exceed amount under the Agreement by $99,100 to increase the aggregate not-to-exceed amount under the Agreement from $702,742 to $801,842; and

WHEREAS, SCPA now desires to expand and revise the Services provided by Consultant to (a) provide additional project management due to schedule extension during construction of 6 months (July through December) due electrical upgrades to add a commercial dishwasher, TV wall panels, and new camera feeds; and (b) move FACP to the Sprinkler Riser Room; and (c) supporting duct relocation from the kitchen hood to the ERV, and (d) provide design services to demo the existing main switchboard, and replace one existing panelboard in tenant space 733; and (e) additional services of ZFA Structural Engineers, Inc. to provide structural analysis of existing roof framing and connections for specific loading of proposed fire sprinkler runs, add two ceiling D locations to support future displays, provide additional structural analysis and design of horizontal HSS truss providing seismic bracing of kitchen hoods; and

WHEREAS, in accordance with section 30.5 all changes to the Agreement must be in writing and signed by all Parties.

NOW, THEREFORE, the Parties agree as follows:

1. The "Appendices Included" list on the cover page of the Agreement is hereby amended as follows:

"APPENDICES INCLUDED:

Appendix A (Scope of Services)
Including:
Appendix A1 (Approved Additional Services)

Appendix B (Compensation Schedule)
Including:
Appendix B1 (Fixed Fees for Base Services)
Appendix B2 (Hourly Rates)

Appendix C (Insurance)
Appendix D (Electric Program Investment Charge (EPIC) Standard Grant Terms and Conditions)"

2. The definition of "Agreement" in Section 1 (Definitions) of the Agreement is hereby amended as follows:

> "Agreement. This Agreement together with all attachments and appendices and other documents incorporated herein by reference, including, but not limited to, Appendices "A," (including Appendix "A1") "B," (including Appendices "Bl" and "B2") and "C," attached hereto."

3. Appendix A1 (Approved Additional Services) attached to the Third Amendment is hereby added to the Agreement following Appendix A.

5. Section 1.1 in Appendix B of the Agreement is hereby superseded and replaced as follows:

"1.1 Excluding Additional Services only, the amount of compensation to be paid to Consultant for all services under this Agreement shall not exceed eight hundred an~~d~~ one thousand, and eight hundred and forty-two dollars ($801,842) referred to hereafter as the Not-To- Exceed Amount ("NTE"). Total compensation due Consultant shall be the actual amount invoiced based upon the Consultant's hourly billing, which may be less than the NTE amount. Reimbursable Expenses are included in the NTE. The NTE also includes within its scope the scope of all subconsultants and their reimbursables, and shall constitute full compensation for the Services."

6. Appendix B-1 Fixed Fees for Base Services attached to the Agreement is hereby superseded and replaced by Appendix B-1 - Amended Fixed Fees for Base Services attached to this Second Amendment.

7. Except as set forth above, all terms and conditions of the Agreement remain in full force and effect.

By signing below, the signatories warrant that each has authority to execute this Third Amendment on behalf of their respective Parties, and that this Agreement is effective as of the Third Amendment Effective Date.

| **SONOMA CLEAN POWER AUTHORITY** | **TLCD Architecture** |
|---|---|
| BY: ______________________________<br>Geof Syphers<br>Chief Executive Officer | BY: ____________________________ |
| | TITLE: ____________________________ |
| DATE: ______________________________ | DATE: ____________________________ |

Appendix A-1
APPROVED ADDITIONAL SERVICES

Consultant agrees to provide and SCPA approves Consultant's performance of the following work as Additional Services:

A. Additional services of Guttmann & Blaevoet Consulting Engineers to add owner requested commercial dishwasher, add 25 TV monitors in five locations, add various duplex outlets and 220V outlet and move FACP to the Sprinkler Riser Room in the amount of $4,000;

B. Additional services of Guttmann & Blaevoet Consulting Engineers to add owner requested LED boxes around the Showroom, add two ceiling mounted receptacles to the front of the Showroom, and supporting duct relocation from the kitchen hood to the ERV in the amount of $7,600;

C. Additional services of Guttmann & Blaevoet Consulting Engineers to provide design services to demo the existing main switchboard. The work will include coordination with PG&E, documentation of existing conditions, design of a new main switchboard, design of a new feeder electrical distribution system to replace one (1) existing panelboard and one (1) existing sub-panelboard in tenant space 733, specification of a new main switchboard, specification of a new panelboard, updates to the site
plan, CAD drafting and project management in the amount of $15,500;

D. Additional services of TeeCom to add owner requested data locations in the offices, new OFE display locations in demo kitchen for camera feed and confidence monitor in the training room, new camera in the water heater zone with recording capabilities, replace displays with OFE 3x3 video walls in four locations and relocate kitchen AV inputs in the amount of $2,000;

E. Additional services of TeeCom to add owner requested additional video wall (total of four) with supporting data and AV HDMI connection to Showroom, relocate video walls, remove video wall backend equipment from scope and drawing set, add two ceiling D locations to support future displays in Showroom in the amount of $2,000.

F. Additional services of ZFA Structural Engineers, Inc. to provide additional structural analysis of existing roof framing and connections for specific loading of proposed fire sprinkler runs, including additional site visit to verify existing conditions in the amount of $2,500.

G. Additional services of ZFA Structural Engineers, Inc. to provide additional structural analysis and design of horizontal HSS truss providing seismic bracing of kitchen hoods to nearby existing concrete wall in the amount of $1,500.

H. Additional services of TLCD Architecture to provide additional project management due to schedule extension during construction of 4 months (July, August, September and October) as well as coordination of seismic bracing and metal cover for kitchen hoods in the total amount of $56,000.

I. Additional services of TLCD Architecture to provide additional project management (a maximum of 4.5 hours/week) due to lead time of electrical panel schedule extension during the months of November and December in the estimated amount of $8,000.

TOTAL NOT-TO-EXCEED AMOUNT FOR ADDITIONAL SERVICES SET FORTH IN APPENDIX A-1: $99,100.

# APPENDIX B-1 AMENDED FIXED FEES FOR BASE SERVICES

SCP Advanced Energy Center Fee Worksheet
November 20, 2018
Revised July 12, 2019 to include Amendment 1
Revised April 2, 2020 to include Amendment 2
Revised November 5, 2020 to include Amendment 3

| | | Programming & SD | DD | CD/ Permitting/ Bid | CA Services | Commisioning | Allowance | Total | Contract Amend #1 | New Total | Contract Amend #2 | New Total | Contract Amend #3 | New Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TLCD | Architectural | $ 53,500 | $ 23,700 | $ 65,500 | $ 47,600 | $ - | $ - | $ 190,300 | $ 69,973 | $ 260,273 | $ 66,000 | $ 326,273 | $ 64,000 | $ 390,273 |
| TLCD | Furniture | $ 13,100 | $ 21,000 | $ 15,750 | $ 2,700 | $ - | $ - | $ 52,550 | $ - | $ 52,550 | $ - | $ 52,550 | $ - | $ 52,550 |
| B&R | Civil | $ 3,500 | $ - | $ - | $ - | $ - | $ - | $ 3,500 | $ 17,440 | $ 20,940 | $ 3,300 | $ 24,240 | $ - | $ 24,240 |
| ZFA | Structural | $ 2,000 | $ - | $ 16,000 | $ 5,000 | $ - | $ - | $ 23,000 | $ - | $ 23,000 | $ - | $ 23,000 | $ 4,000 | $ 27,000 |
| G&B | Mechanical | $ 10,000 | $ 13,000 | $ 25,000 | $ 17,000 | $ - | $ - | $ 65,000 | $ - | $ 65,000 | $ - | $ 65,000 | $ 27,100 | $ 92,100 |
| G&B | Electrical | $ 9,000 | $ 10,000 | $ 22,000 | $ 13,000 | $ - | $ - | $ 54,000 | $ - | $ 54,000 | $ - | $ 54,000 | $ - | $ 54,000 |
| G&B | Lighting | $ 3,000 | $ 3,000 | $ 6,000 | $ 2,000 | $ - | $ - | $ 14,000 | $ - | $ 14,000 | $ - | $ 14,000 | $ - | $ 14,000 |
| Gilleran | Energy | $ 2,200 | $ 2,200 | $ 1,029 | $ - | not included | $ - | $ 5,429 | $ - | $ 5,429 | $ - | $ 5,429 | $ - | $ 5,429 |
| Cromb | Cost | $ 3,900 | $ 5,200 | $ 5,900 | $ - | $ - | $ - | $ 15,000 | $ 3,000 | $ 18,000 | $ - | $ 18,000 | $ - | $ 18,000 |
| TEECOM | Telecom & A/V | $ - | $ 21,000 | $ 31,000 | $ 23,000 | $ - | $ - | $ 75,000 | $ 25,000 | $ 100,000 | $ - | $ 100,000 | $ 4,000 | $ 104,000 |
| Scott AG | Signage | $ - | $ - | $ - | $ - | $ - | $ 10,000 | $ 10,000 | $ 10,250 | $ 20,250 | $ - | $ 20,250 | $ - | $ 20,250 |
| | | | | | | | | | | | | | | |
| TOTALS | | $ 100,200 | $ 99,100 | $ 188,179 | $ 110,300 | $ - | $ 10,000 | $ 507,779 | $ 125,663 | $ 633,442 | $ 69,300 | $ 702,742 | $ 99,100 | $ 801,842 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TOTALS | | $100,200 | $99,100 | $188,179 | $110,300 | $0 | $10,000 | $507,779 | $125,663 | $633,442 | $69,300 | $702,742 |

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**Staff Report – Item 04**

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**To:** Sonoma Clean Power Authority Board of Directors

**From:** Carolyn Glanton, Programs Manager

**Issue:** Authorize the CEO to Execute the Third Amendment to an Agreement with Your SolarMate

**Date:** November 5, 2020

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## Recommendation

Authorize the Chief Executive Officer, or his designee, to execute a third amendment to the current Professional Services Agreement ("PSA") with Your SolarMate ("YSM"). This amendment will add $150,000 to the not-to-exceed amount and extend the agreement term through December 31, 2021.

## Background

To enable residential customers to strengthen their energy resilience, SCP's Assistance Program provides incentive payments in advance for battery storage system projects and help to participating contractors with SGIP paperwork and the application process.

On March 5, 2020, The Board delegated authority to the CEO to negotiate, execute, and amend a Professional Services Agreement with YSM for Self-Generation Incentive Program (SGIP) Assistance Processing for an amount not to exceed $100,000. YSM's scope of work includes working with installers on submitting SGIP applications and processing the incentives, which can be lengthy, complicated, and involve significant paperwork.

The Board also approved a revolving fund to provide upfront SGIP incentives to customers. The revolving fund of $2,150,000 became fully allocated on September 17, 2020. It is currently providing upfront incentives for over 100 battery storage projects. Most applications submitted through our SGIP Assistance Program were for Equity Resiliency incentives. These cover up to 100% of the battery costs. The upfront incentives portion of the program will re-open once SGIP incentives are reimbursed by PG&E to replenish the fund.

A first amendment to the YSM agreement updated the scope of work to clarify program design changes. It also amended the fee schedule, adding a new fee for processing Equity Resiliency applications, a new SGIP category.

A second amendment to the YSM agreement updated the fee schedule for processing Equity Resiliency applications. The fee was increased from $875/application to $1,000/application because of many new application requirements and elements that were added to the Statewide program application process.

**Discussion**

This amendment to the YSM agreement will increase the not-to-exceed amount by $150,000, increasing the total agreement to $250,000. This amendment will also extend the term of the agreement from March 12, 2021 to December 31, 2021.

YSM has worked with SCP staff and local battery energy storage installers to process over 100 applications to SGIP. YSM is an expert in SGIP and stays current on all program changes. The project intake process is continuously refined to increase efficiency for all parties involved. YSM staff work with the contractor, fill out all necessary applications, upload supporting documentation, and are the main point of contact with the program administrators until the incentives are issued. Extending the agreement amount and term will increase SCP customers resilience and assist local battery storage installers.

**Fiscal Impact**

The $150,000 requested is in FY20/21 existing programs budget.

**Community Advisory Committee Review**

The Community Advisory Committee unanimously recommended Board approval of this item at their October 22, 2020 meeting.

**Attachments**

None.

**Staff Report – Item 05**

| | |
|---|---|
| **To:** | **Sonoma Clean Power Authority Board of Directors** |
| **From:** | **Stephanie Reynolds, Director of Internal Operations**<br>**Mike Koszalka, Chief Operating Officer** |
| **Issue:** | **Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate** |
| **Date:** | **November 5, 2020** |

## COVID-19 IMPACTS TO SCP

Staff continues to closely monitor the impact of COVID-19 on energy usage and revenues for SCP. Residential usage per meter continues to be slightly higher due to shelter-in-place offset by lower small commercial usage per meter. We continue to offer customers energy savings suggestions through our website and social media. SCP has still not yet observed the decline in meter counts anticipated in the budget for this fiscal year due to the business closure impacts of COVID. Accordingly, total energy use is projected to be 11% above and revenue is projected to be over 8% above COVID adjusted budget for September.

## JPA FOR JOINT PROCUREMENT

Work continues on developing draft language for a "super JPA" for joint procurement across multiple CCAs, with a goal of presenting a full draft to the Board at the December meeting. To recap our prior meetings, this entity would:

- Exist for the purpose of creating the opportunity to jointly procure energy, storage and capacity resources among CCAs
- Have no obligations to purchase any resources; all transactions would be voluntary

- Have relatively modest administrative costs for all members, and try to place the majority of operating costs onto specific transactions, where participating members would share the costs
- Have decisions made by procurement experts (e.g., Directors of Procurement or CEOs)
- Leave the costs and credit terms for each deal outside the scope of the JPA, and subject to negotiation among the parties to each deal

The drafting of the JPA presumes this entity should be capable of procuring any type of energy products. However, the first intended use is to facilitate procuring long duration energy storage, perhaps as early as the first quarter of 2021. Long duration energy storage is defined as having the capability of delivering electricity to the grid for eight or more hours, and a wide range of technologies is expected to submit offers to our current Request for Offers (RFO), including batteries, pumped hydropower, compressed air, thermal storage, gravity based/mechanical, hydrogen production, and more.

As of October 29, the CCAs participating in the JPA development and the related Long Duration Energy Storage RFO include:

- Central Coast Community Energy (formerly Monterey Bay)
- Clean Power SF
- MCE
- Peninsula Clean Energy
- Redwood Coast Energy Authority
- San Jose Clean Energy
- Silicon Valley Clean Energy
- Sonoma Clean Power

The approach to using a JPA to facilitate procurement of potentially large resources is common among public power providers, and is best known locally through the model of the Northern California Power Agency (NCPA) which provides this service to the Cities of Healdsburg and Ukiah, among other municipal utilities.

Staff hope to be able to bring a full draft of the JPA to the CAC and Board in December, in time to consider joining and participating in long-duration storage procurement in early 2021.

## SCHEDULING COORDINATOR SERVICES

SCP Staff issued a Request for Offers (RFO) on January 28, 2020 for Scheduling Coordinator (SC) Services for a term length of January 1, 2021 – December 31, 2024. Responses were due February 11th, 2020. SCP received 10 responses for SC Services of which SCP staff short-listed 4 respondents. In-depth interviews were conducted with each of the short-listed respondents through March 9, 2020 and references were contacted to inform the final selection. The Northern California Power Agency (NCPA) was selected through this competitive solicitation process. Staff has been negotiating the terms of the agreement with NCPA during Q2 and Q3 2020 and a final Services Agreement was executed on 10/2/2020.

NCPA and SCP have already begun working toward the transition and NCPA will officially start scheduling SCP's load and resources into the CAISO system on January 1, 2021. In addition to scheduling load and resources, NCPA will also provide day-ahead forecasting services and bidding optimization services to reflect changing circumstances such as PSPS events, natural disasters, weather events, pandemics, etc. NCPA will provide data and assist with compliance filings, manage and validate CAISO settlement charges, provide outage coordination and management for resources, provide performance reporting, and provide SCP with access to a suite of tools including deal capture and management, data portal, risk management and credit tools, and bid-to-bill support applications.

NCPA is a sister public agency that serves most of the municipal utilities in Northern California, including Healdsburg and Ukiah. In addition to serving its members, NCPA provides contracted services to two other CCAs, San Jose Clean Energy and East Bay Community Energy.

## ENERGY RESILIENCY AUDIT PROGRAM (ERAP)

SCP has enrolled the Sonoma County Indian Health Project in ERAP. The local clinic serves the needs of the local indigenous community and is expected to be a COVID-19 vaccine dispenser with refrigeration needs. This customer was originally enrolled in SCP's Technical Assistance Advisory Program (TAAP) and through conversations, discovered that they may face restrictions on employing gas generators at their location due to the surrounding residential neighborhoods. Even though this customer has not experienced a PSPS in the past, these potential restrictions and the need for medical refrigeration during power outages made them a good candidate for ERAP to determine the feasibility of battery energy storage for resilience.

Our consultant, the Center for Sustainable Energy (CSE), is actively working on the analysis and has stated that they are excited to be working on this project. Their ERAP report is forthcoming.

SCP staff is evaluating the potential of other medical clinics with similar refrigeration needs.

*Enrollment to date*

- Customer sites enrolled: 28 (Six of those became non-responsive after we sent the initial questionnaire.)
- Customers engaged: 22
- Stage One reports delivered: 22
- Customers ended ERAP after Stage One report: 16
- Customers considering entering Stage Two: 6 *(Likely probability is that fewer than four might continue to State Two.)*

Stage One reports provide customers with an estimation of implementation costs based on their individual operation and historical electrical usage. If energy storage is deemed a viable option, a Stage Two analysis is undertaken.

Stage Two reports provide a final implementation study, including an in-depth review of existing electrical infrastructure and recommended infrastructure upgrades.

## CPUC WILDFIRE PROGRAM OVERVIEW

On September 15th, SCP staff served as a panelist for a CPUC workshop to unveil the Wildfire and Natural Disaster Resiliency Rebuild (WNDRR) program. The WNDRR program, funded through SB 1477, is proposed to offer a $5 million per year budget for incentives to help single-family homeowners and multi-family properties impacted by a natural disaster rebuild all-electric in alignment with the state's long-term climate and energy goals. While the CPUC staff is still seeking feedback on the program model, the CPUC staff proposed a carbon-based incentive structure with additional "kicker" incentives for income qualified customers and for customers that pursue Passive House certification. The staff proposal also provides mechanisms for incentive stacking and encourages the IOUs to adopt an increased baseline allowance for homes that have electric water heating. A full text of the CPUC staff proposal is provided here:

https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M345/K591/345591050.PDF.

| Annual GHG Avoided Tier (metric tons/year) | WNDRR Incentive Value ($) |
|---|---|
| 1.00 – 1.99 | $11,000 |
| 2.00 – 2.99 | $22,000 |
| 3.00 – 3.99 | $33,000 |
| 4.00 – 4.99 | $44,000 |
| 5.00 – 5.99 | $55,000 |

**PROGRAMS UPDATES:**

***Advanced Energy Build (AEB)***

The Advanced Energy Build (AEB) new construction program was launched on July 1, 2020. The program has a goal of 500 homes and includes incentives for electric-ready and all-electric homes, along with additional funds for battery storage integration. Staff recently increased the incentive amount for low-income housing to $5,000 per home and expanded eligibility for battery storage incentives on multi-family housing.

***Self-Generation Incentive Program (SGIP)***

The SGIP Assistance program provides residential customers with SGIP incentives upfront and assistance with applications to install battery energy storage systems. As of September 17, our revolving fund of $2,150,000 has been fully allocated, providing upfront incentives for over 100 battery storage projects. Most applications submitted through our SGIP Assistance Program were for Equity Resiliency incentives, which cover up to 100% of the battery costs. We will re-open the program to available incentive categories once we receive SGIP incentive reimbursement from PG&E to replenish the fund.

SGIP Equity Resiliency incentives are currently fully subscribed for PG&E's territory. PG&E is accepting applications for the waitlist. They will be processed in order of receipt as funds become available through cancellations.

More information can be found at:
www.sonomacleanpower.org/programs/sgipassistance.

### *School Storage Study*

SCP Staff is working with consultant, TerraVerde Energy, to provide free financial and technical feasibility assessments for deploying battery energy storage systems at school facilities in SCP territory. SCP and TerraVerde have reached out to all school districts in SCP territory to encourage School Districts to submit any of their school locations that have existing solar for consideration. Applications were due by October 16th. TerraVerde Energy will coordinate with Districts to collect electricity usage & billing data, as well as information about the existing solar at each location. Upon review of the applications and data received, up to 50 school locations will be selected for further analysis. Selected schools will be provided with a project analysis including equipment specifications, costs, available incentives, and financial & backup power benefits.

### *Sonoma Coast Incentive Project – CALeVIP*

The Sonoma Coast Incentive Project, which provides incentives for the installation of electric vehicle charging infrastructure, started accepting applications on July 8, 2020.

As of October 2020, 256 applications were received. The total funding requests exceed available project funds. There are over $29.8M in applications received, more than the $6.75M total project budget. These applications are being processed by the Center for Sustainable Energy (CSE), the Statewide project implementer, with $2.85M of Funds Reserved across 16 projects. The table below shows the applications that have moved to a "Funds Reserved" stage. Combo applications are ones where a Direct Current Fast Charger (DCFC) and a Level 2 chargers (L2) are installed on the same site.

| Territory | COMBO | DCFC | L2 | Grand Total |
|---|---|---|---|---|
| **Mendocino County** | **1** | | **4** | **5** |
| Fort Bragg | 1 | | | 1 |
| Laytonville | | | 1 | 1 |
| Point Arena | | | 1 | 1 |
| Ukiah | | | 2 | 2 |

| | | | | |
|---|---|---|---|---|
| **Sonoma County** | **5** | **5** | **1** | **11** |
| Geyserville | | 1 | | 1 |
| Healdsburg | | 1 | | 1 |
| Monte Rio | 1 | | | 1 |
| Petaluma | | 1 | 1 | 2 |
| Rohnert Park | 2 | | | 2 |
| Santa Rosa | | 1 | | 1 |
| Sonoma | 1 | 1 | | 2 |
| Windsor | 1 | | | 1 |
| **Grand Total** | **6** | **5** | **5** | **16** |

Level 2 projects have nine (9) months to complete the project, while Combo and DCFC projects have fifteen (15) months to complete the project.

Of the 256 applications received, five are in a Disadvantaged Community in Sonoma (Mendocino does not have any eligible DACs), 35 applications in Mendocino and 67 applications in Sonoma are in a Low-Income Community, and 16 applications in Mendocino and 63 applications in Sonoma are in unincorporated areas.

Please note, that this represents gross applications received and not all these applications will receive funding. To date, 17 applications have been cancelled. As CSE processes the applications and funds are reserved, these numbers will continue to change.

As a reminder, the total Sonoma Coast Incentive Project budget is $6.75M broken down into the following categories:

| **County** | **DCFC Funding** | | **L2 Funding** | | |
|---|---|---|---|---|---|
| | **CEC** | **SCP** | **CEC** | **SCP** | **NSCAPCD** |
| **Mendocino** | $ - | $300,000 | $300,000 | $150,000 | $ - |
| **Sonoma** | $3,300,000 | $ - | $1,500,000 | $1,050,000 | $150,000 |
| | **$3,300,000** | **$300,000** | **$1,800,000** | **$1,200,000** | **$150,000** |
| | **$3,600,000** | | **$3,150,000** | | |

| County | Allocation | Amount Allocated |
|---|---|---|
| **Sonoma** | 25% to unincorporated areas | $1,500,000 |
| **Mendocino** | 25% to Disadvantaged and Low-Income Communities | $187,500 |
| | **Total** | **$1,687,500** |

*Reminder: applications with an installation address in the cities/towns of Laytonville, Leggett, Ukiah, and Willits are not eligible for DCFC funds as the CEC has previously invested in DCFC infrastructure in these locations.*

The rebates (incentives) are up to $80,000 for Direct Current Fast Chargers (DCFC) and up to $7,500 for Level 2 chargers for the design, engineering, purchase, and installation of the charging infrastructure.

***Lead Locally (CEC Grant)***

The fifteen Phase 1 pilot homes have had their new technologies and monitoring equipment installed: Radiant Ceiling Panel, Hydronic Fan Coil, Mini-Split, and phase change materials.  One commercial daylighting site remains to be evaluated as a viable site to complete the recruitment for this phase.

In Phase 2 we have installed pre monitoring equipment at forty-one residential and eight commercial sites for night ventilation, grid integrated heat pump water heaters, Aeroseal, heat recovery dish machines, and induction cooktops.  The research teams last recruitment efforts are for the final six commercial phase change materials sites and one commercial induction site.

Multiple manufacturers and distributors of both Phase 1 & 2 technologies are under contract to participate at the Advanced Energy Center and website.

***Advanced Energy Center***

The Advanced Energy Center interior renovation is nearing its completion. New flooring (see all construction photos at the end of this report) will cure until late October and will be followed by the installation of the retractable Nanowall in the classroom area. The classroom also serves as a test site for the Lead Locally Phase 1

Daylighting research. The team installed a Solatube system that amplifies natural light into the center of this large enclosed space. Additionally, there will be interior work to complete AV, electrical, and security systems, install furniture, and complete any punch list items.

Although we are expected to complete the interior upgrades in 3-4 weeks, we have been ordered by the City of Santa Rosa to replace the building's main switchgear and electrical panel. This additional project requires 8-12 weeks to procure equipment and schedule a power outage for the 4th street block to replace the switchgear. This is required before we can approach a final inspection from the City and receive our certificate of occupancy.

## MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date growth in net position is slightly under projections due primarily to greater than expected expenses. Revenue from electricity sales is greater than projections by approximately 9%, and cost of energy is over expectations by approximately 30%. SCP anticipates this spike in cost to smooth out during the year, as August experienced unusual price volatility. Year-to-date electricity sales reached $40,749,000

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive $120,643,000, which indicates healthy growth as SCP continues to make progress towards its financial goals.

Overall, other operating expenses continued near or slightly below planned levels for the fiscal year.

## BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2020/21 budget amendment approved by the Board of Directors in June 2020.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2020/21 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is greater than the year-to-date budget by approximately 9%.

The cost of electricity is greater than the budget-to-date mostly due to market price volatility. SCP anticipates this cost category to normalize throughout the year. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

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

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

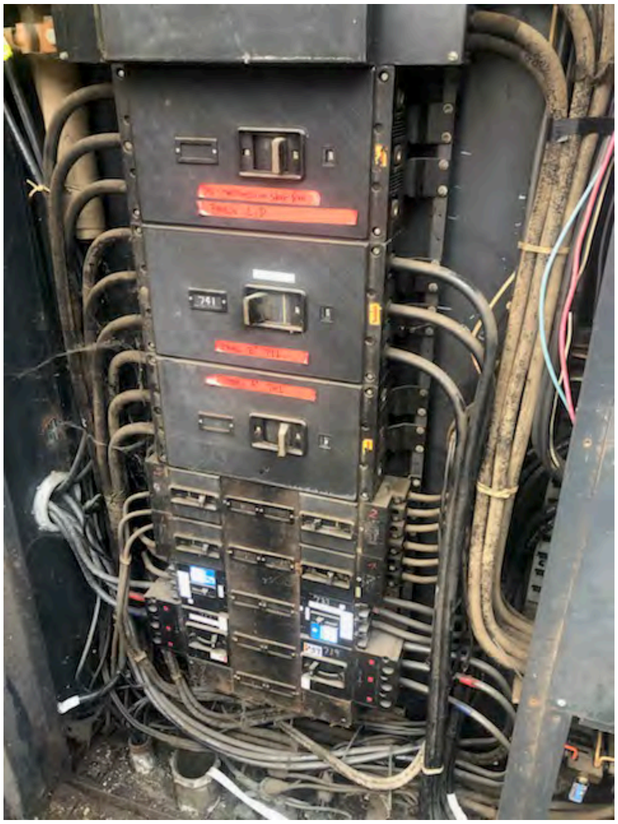
**UPCOMING MEETINGS:**

**CAC – November 16, 2020 at 1:00 P.M.**

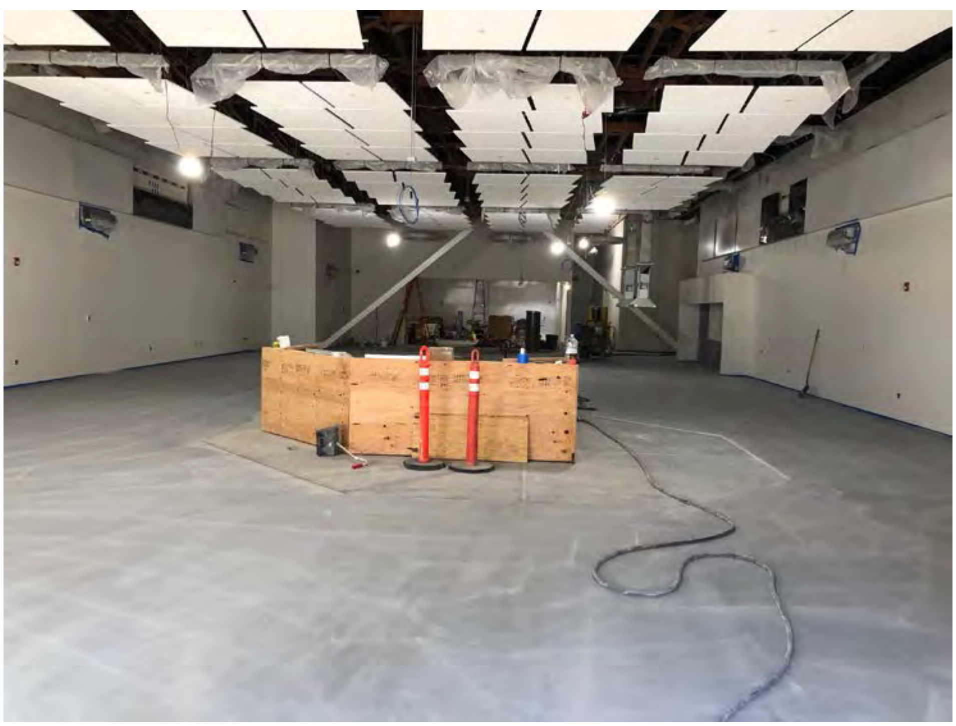
**BOD – December 3, 2020 at 8:45 A.M.**

**ATTACHMENTS**

Current Photos of the Advanced Energy Center construction
Super JPA formation slides
August Financial Reports



**THE INFAMOUS ELECTRICAL PANEL**

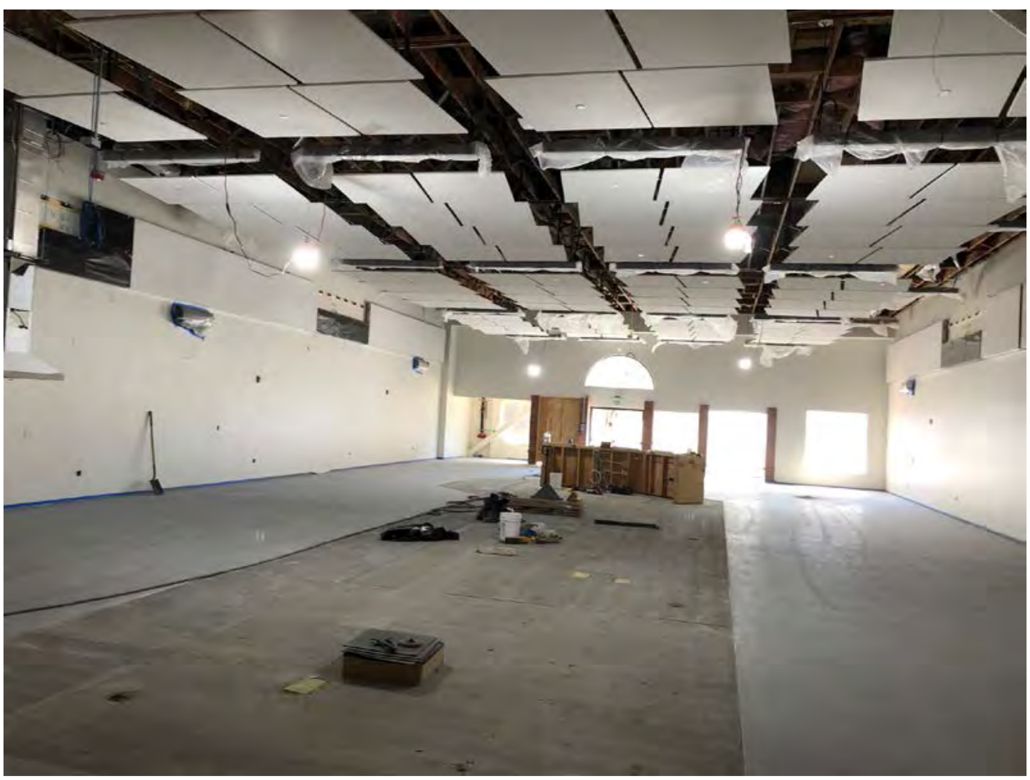


**THE VIEW JUST INSIDE THE FRONT DOOR**

**OFFICE SPACE AND STORAGE**

**CLASSROOM - NOTE THE SOLATUBES**

**KITCHEN DEMONSTRATION AREA**



**VIEW FROM THE BACK OF THE AEC TOWARDS THE FRONT (4TH ST)**

Central Coast Community Energy | CleanPowerSF Same Service • Cleaner Energy | MCE My community. My choice. | PENINSULA CLEAN ENERGY
REDWOOD COAST Energy Authority | SAN JOSE CLEAN ENERGY | SILICON VALLEY CLEAN ENERGY | Sonoma Clean Power

# LONG DURATION STORAGE

## Joint Procurement with Eight Community Choice Aggregators

In fall 2020, eight Community Choice Aggregators (CCAs) issued a Request for Offers for 500 MW of long-duration storage (LDS). This is the largest known single procurement effort for this amount of LDS.

### What is Long-Duration Storage?

LDS is an energy storage technology that can store and discharge energy for long periods of time. Typical storage technologies that many CCAs and other utilities have been procuring are utility-scale, lithium-ion batteries backed by solar resources which can store and discharge 4 hours of energy. LDS can be a variety of technology solutions that can go beyond 4 hours and does not have to be paired with a renewable resource such as solar but can be charged by the transmission grid. In this Request For Offers, the CCAs are seeking an LDS that has the ability to charge and discharge at a minimum of 8 hours. LDS is currently undefined by the California Public Utilities Commission (CPUC).

### Example LDS Technologies

- Lithium-Ion
- Chemical Flow
- Compressed Air
- Pumped Storage Hydro
- Thermal Storage
- Gravity-Based
- Hydrogen Production
- Other Concepts

### Why Long-Duration Storage?

LDS is one solution in maintaining grid reliability and resiliency as California transitions to a cleaner grid. As California pursues its 2045 carbon-free energy goal, and the CPUC's target to install LDS by 2026, as well as the clean energy goals for the nearly three million customers in the communities served by the joint CCAs, LDS provides the flexibility needed due to the intermittency of renewables.

For most of the year and particularly during the middle of the day, California produces an excess amount of renewable energy leading to the curtailment of clean power. When renewable energy is plentiful, LDS will take the excess energy and discharge power for longer periods of time when supply is low. LDS will be able to supply energy for longer stretches of time and give grid operators the flexibility of a full day's (8+ hours) worth of discharging capacity.

## How does Long-Duration Storage help meet state goals?

LDS is just one component of energy storage that is pivotal in providing reliability to the power grid. The CCAs believe there will be a suite of solutions, in addition to all forms of storage, necessary for this transition to a clean grid.

The Joint CCAs are procuring LDS to aid in meeting California's greenhouse gas reduction targets by 2030 as outlined in the CPUC's 2021-2030 Integrated Resource Plan (IRP). The IRP identified LDS as a resource necessary to meet required GHG reductions by 2026. Additionally, because these are capital intensive projects that may take years to develop, the Joint CCAs wanted to get ahead of future procurement requirements with enough time.

## Media

- **California Community Choice Aggregators Issue Request for Long-Duration Storage,** *Joint Announcement*
- **The First Major Long-Duration Storage Procurement Has Arrived,** *Greentech Media*
- **California Community Choice groups seek up to 500MW of long-duration energy storage,** *Energy Storage News*
- **California community choice aggregators issue RFO for long-duration storage,** *American Public Power Association*

**Learn More: www.svcleanenergy.org/joint-lds-rfo**

## About Community Choice Aggregators

Community Choice Aggregators, or CCAs, are not-for-profit, public agencies providing competitively priced, clean energy choices to their communities while reinvesting revenues into local and statewide projects and programs, supporting sustainability, and enhancing their local economies. There are 23 CCAs in California serving more than 10 million customers.

Through CCA, communities can join together to pool (or aggregate) their electricity load in order to purchase clean energy and develop local projects and programs on behalf of their residents and businesses. CCAs work in partnership with the region's existing Investor-Owned Utility, which continues to deliver power and maintain the grid.

To date, CCAs have contracted for more than 5,000 megawatts of new clean generation capacity through long-term power purchase agreements with terms of 10 years or more. Learn more: cal-cca.org/cca-impact.

# Long Duration Storage Procurement Efforts and Formation of a Super Joint Powers Agency

Core Deck for Sharing

October 9

Version 1.0

# Purpose

- Overview of Super Joint Power Agency
- Long-Duration Storage Goals and Procurement
- Seek Board feedback
- Timeline
- Next Steps

# Business Need for Long-Duration Energy Storage (LDES) & Joint Procurement Super-JPA

**Long Duration Energy Storage**

- California Climate Goals require a clean electric grid & large-scale procurement of renewable power
- Keeping the lights on with high penetrations of renewable power requires energy storage
- CPUC has IRP requirements for Long Duration Energy Storage (LDES)
- Bills in 2020 session have included LDES
- Rolling blackouts result in  more interest in storage

**Joint Procurement Super JPA**

- CCAs are proactive in purchasing cleaner power and are also focused on affordability & reliability
- LDES investments may be too large for any one CCA to successfully complete
- LDES is technically complex and has associated financial risk
- Joint procurement de-risks technology and financial risk

# 9 CCA's are taking steps to form a joint procurement Super-JPA

San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission
CleanPowerSF
*Same Service • Cleaner Energy*

Central Coast Community Energy

EAST BAY COMMUNITY ENERGY

MCE | My community. My choice.

PENINSULA CLEAN ENERGY

REDWOOD COAST ENERGY AUTHORITY
REDWOOD COAST EnergyAuthority

SAN JOSE CLEAN ENERGY

SILICON VALLEY CLEAN ENERGY

Sonoma Clean Power

# Super JPA Highlights

**Objective:** Develop a cost-effective, risk-minimized, CCA-controlled structure to develop or acquire necessary resources exceeding the procurement needs of a single CCA.

**Structure:** Joint Powers Authority composed of CCAs; Enabling Agreement with Opt-in Project Participation

**Target Projects:** Stand-alone storage and renewable resources exceeding individual CCA demand

- Long Duration Storage – first project

**JPA Timeline:** Form JPA by end of 2020 and not later than early 2021

# Super JPA - Joint Procurement Benefits

- Economies of Scale
- Enhanced Negotiating Power
- Shared Risk – execution, development and performance
- Potential for Shared Financing – prepay/bonds
- Strategic value in demonstrating CCA self-procurement, reliability contributions (if successful)

# Super-JPA - Joint Procurement Non-Benefits

- ***Joint Procurement allows for sharing of risk but does not eliminate underlying risk***

  - Project Development and Performance Risk
  - Regulatory, Policy and Market Risk
  - Potential for establishment and/or expansion of centralized procurement entity or mandated procurement

- ***Sharing risk with other members may increase risk for individual members due to step-up and/or other contract provisions***

# Proposed Super JPA Structure

- Enabling Agreement – allows for CCAs to potentially participate in projects – ***no obligation***
- Super JPA intended to be the direct party to any contract with storage or project developers
  - We will learn details on this as we go through the solicitation process
  - CCAs that chose to participate will sign Project Participation Agreement(s) with Super JPA

***First Joint Procurement Project Target:***

***Long Duration Storage Agreement by September 2021***

# Super JPA Agreement Schedule

- First Draft of JPA Enabling Agreement circulated to potential JPA member attorneys in late September
- Collaborative revisions are ongoing
- Draft JPA Agreement is scheduled for completion by the end of October 2020
- Potential Members are targeting November-December timeframe for individual governing body consideration and approval
  - Some potential JPA members may take a bit longer for local approval processes

# Long Duration Energy Storage ("LDES")

- LDES are energy storage technologies with 8-hour minimum discharge duration
- Technologies – lithium ion, chemical flow batteries, gravity, pumped hydro, compressed air, etc.
- Can be grid-charged – not renewable
- Used to integrate renewables onto the grid and support reliability

***CPUC's Integrated Resource Plan (IRP) - LDES needed to meet GHG reduction goals***

# LDES Procurement Goals

- Target up to 500 MW of LDS from one or more projects with on-line date no later than 2026
  - Notional value $2 billion
- Assess Project Viability, Uncertainty & Risk
- LDS should not be procured for compliance alon*e – must have market and/or strategic value and be **cost-effective***
  - Cost, Energy value, Resource Adequacy, Ancillary Services

# LDES Procurement Efforts

- June 2020
  - Multi-CCA Request for Information (RFI)
  - 13 CCAs Participated
  - Over 58 Projects submitted
- Sep-Oct 2020
  - Stakeholder Outreach – CPUC, CAISO & Legislature
- October 2020
  - Multi-CCA (8) Request for Offers/Proposal

# Super JPA & LDS Procurement Timeline

**June 2020**

Initiate Super JPA Formation Agreement

**October 2020**

Finalize Super JPA Agreement

Issue LDES RFO

**Dec to February 2021**

CCA Super JPA Board Approvals

Evaluate RFO Proposals

**March to September 2021**

Negotiate/Execute LDES Project(s)

CCA Board Approvals for Project Participation Agreement

# Super JPA & LDS Procurement Timeline

| | 2020 | | | | 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| **1. Long-Duration Energy Storage (LDES) RFO & Transaction** | | | | | | | | | | | | | | | | |
| a. RFI (done) | | | | | | | | | | | | | | | | |
| b. RFO | | | | | | | | | | | | | | | | |
| c. Shortlist Projects | | | | | | | | | | | | | | | | |
| d. Negotiate LDES & Participation Agreements | | | | | | | | | | | | | | | | |
| **2. Super JPA Enabling Agreement & Project Principles** | | | | | | | | | | | | | | | | |
| a. Develop Enabling-Agreement Super JPA document | | | | | | | | | | | | | | | | |
| c. Obtain individual member approvals of SuperJPA | | | | | | | | | | | | | | | | |
| d. Hire lead negotiator and associated support | | | | | | | | | | | | | | | | |
| d. Negotiate LDES & Participation Agreements | | | | | | | | | | | | | | | | |

These two tasks are identical and merge the RFO and SuperJPA tracks

MAHER
ACCOUNTANCY

## ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended August 31, 2020, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

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

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

Maher Accountancy

San Rafael, CA
September 23, 2020


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

**SONOMA CLEAN POWER AUTHORITY**
**OPERATING FUND**
**BUDGETARY COMPARISON SCHEDULE**
**July 1, 2020 through August 31, 2020**

| | 2020-21 YTD Budget | 2020/21 YTD Actual | 2020/21 YTD Budget Variance (Under) Over | 2020/21 YTD Actual / Budget % | 2020/21 Budget | 2020/21 Budget Remaining |
|---|---|---|---|---|---|---|
| **REVENUE AND OTHER SOURCES:** | | | | | | |
| Electricity (net of allowance) * | $ 37,156,342 | $ 40,601,772 | $ 3,445,430 | 109% | $ 161,517,700 | $ 120,915,928 |
| Evergreen Premium (net of allowance) | 74,955 | 146,856 | 71,901 | 196% | 582,000 | 435,144 |
| Inflow from Operating Account Fund Reserves | - | - | - | 0% | 15,433,300 | 15,433,300 |
| CEC Grant | 638,333 | 220,000 | (418,333) | 34% | 3,830,000 | 3,610,000 |
| BAAQMD grant | - | 34,000 | 34,000 | 0% | 50,000 | 16,000 |
| Interest income | 129,500 | 212,845 | 83,345 | 164% | 750,000 | 537,155 |
| Miscellaneous Income | - | 6,500 | 6,500 | 0% | 80,000 | 73,500 |
| Total revenue and other sources | 37,999,130 | 41,221,973 | 3,222,843 | 108% | 182,243,000 | 141,021,027 |
| **EXPENDITURES AND OTHER USES:** | | | | | | |
| CURRENT EXPENDITURES | | | | | | |
| Cost of energy and scheduling | 27,035,804 | 35,150,558 | 8,114,754 | 130% | 149,468,000 | 114,317,442 |
| Data management | 530,307 | 533,359 | 3,052 | 101% | 3,182,000 | 2,648,641 |
| Service fees- PG&E | 161,325 | 161,144 | (181) | 100% | 968,000 | 806,856 |
| Personnel | 860,000 | 765,105 | (94,895) | 89% | 5,680,000 | 4,914,895 |
| Outreach and communications | 188,334 | 66,183 | (122,151) | 35% | 1,130,000 | 1,063,817 |
| Customer service | 137,922 | 44,949 | (92,973) | 33% | 383,000 | 338,051 |
| General and administration | 96,666 | 82,572 | (14,094) | 85% | 580,000 | 497,428 |
| Legal | 60,000 | 43,488 | (16,512) | 72% | 360,000 | 316,512 |
| Regulatory and compliance | 66,167 | 30,113 | (36,054) | 46% | 397,000 | 366,887 |
| Accounting | 36,166 | 27,000 | (9,166) | 75% | 217,000 | 190,000 |
| Legislative | 13,000 | - | (13,000) | 0% | 78,000 | 78,000 |
| Other consultants | 26,666 | 29,404 | 2,738 | 110% | 160,000 | 130,596 |
| CalCCA Trade Association | 63,334 | 58,160 | (5,174) | 92% | 380,000 | 321,840 |
| Program implementation | 1,225,000 | 366,062 | (858,938) | 30% | 5,100,000 | 4,733,938 |
| Program - CEC grant | 2,220,000 | 300,260 | (1,919,740) | 14% | 5,660,000 | 5,359,740 |
| Total current expenditures | 32,720,691 | 37,658,357 | 4,937,666 | 115% | 173,743,000 | 136,084,643 |
| OTHER USES | | | | | | |
| Capital outlay | 1,416,667 | 1,515,054 | 98,387 | 107% | 8,500,000 | 6,984,946 |
| Total Expenditures, Other Uses and Debt Service | 34,137,358 | 39,173,411 | 5,036,053 | 115% | 182,243,000 | 143,069,589 |
| Net increase (decrease) in available fund balance | $ 3,861,772 | $ 2,048,562 | $ (1,813,210) | 53% | $ - | $ (2,048,562) |

** Represents sales of approximately 406,000 MWh for 2020/21 YTD actual.*

| RESERVES | Current Balance | % of Long-Term Target | Long-Term Target Balance |
|---|---|---|---|
| Operating Cash Reserve | $ 59,070,345 | 65% | $ 91,121,500 |
| Program Cash Reserve | 10,813,334 | 59% | 18,224,300 |
| Collateral Cash Reserve | 2,202,979 | 15% | 14,946,800 |
| | $ 72,086,658 | 58% | $ 124,292,600 |



See accountants' compilation report.

## SONOMA CLEAN POWER AUTHORITY

### OPERATING FUND
### BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
### July 1, 2020 through August 31, 2020

| | | |
|---|---|---|
| Net increase (decrease) in available fund balance per budgetary comparison schedule: | $ | 2,048,562 |
| Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position: | | |
| Subtract depreciation expense | | (12,353) |
| Add back capital asset acquisitions | | 1,622,790 |
| Change in net position | $ | 3,658,999 |

**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 August 31, 2020, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

Accounting principles generally accepted in the United States of America require that deferred inflows of financial resources be presented in the statement of net position. As of the date of issuance, the amount of the rate stabilization contribution has not been determined and is presented as $0 in the statement of net position. Further, net position as of the beginning of the period is subject to change pending the results of the audit of the annual financial statements for the year ended June 30, 2020.

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

Maher Accountancy

San Rafael, CA
September 23, 2020



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

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION
## As of August 31, 2020

| | |
|---|---|
| **ASSETS** | |
| Current assets | |
| Cash and cash equivalents | $ 69,933,277 |
| Accounts receivable, net of allowance | 24,388,159 |
| Other receivables | 3,487,798 |
| Accrued revenue | 11,746,096 |
| Prepaid expenses | 1,063,433 |
| Deposits | 357,079 |
| Investments | 20,291,718 |
| Total current assets | 131,267,560 |
| Noncurrent assets | |
| Land and construction-in-progress | 9,603,463 |
| Capital assets, net of depreciation | 216,183 |
| Deposits | 5,430,922 |
| Total noncurrent assets | 15,250,568 |
| Total assets | 146,518,128 |
| **LIABILITIES** | |
| Current liabilities | |
| Accounts payable | 2,356,932 |
| Accrued cost of electricity | 21,930,895 |
| Advanced from grantors | 154,875 |
| Other accrued liabilities | 868,322 |
| User taxes and energy surcharges due to other governments | 563,711 |
| Total current liabilities | 25,874,735 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Rate Stabilization Fund | - |
| **NET POSITION** | |
| Investment in capital assets | 9,819,646 |
| Unrestricted | 110,823,747 |
| Total net position | $ 120,643,393 |

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## July 1, 2020 through August 31, 2020

| | | |
|---|---|---|
| **OPERATING REVENUES** | | |
| Electricity sales, net | $ | 40,601,772 |
| Evergreen electricity premium | | 146,856 |
| Grant revenue | | 254,000 |
| Total operating revenues | | 41,002,628 |
| **OPERATING EXPENSES** | | |
| Cost of electricity | | 35,150,558 |
| Contract services | | 1,325,525 |
| Staff compensation | | 765,105 |
| General and administration | | 208,158 |
| Program rebates and incentives | | 101,275 |
| Depreciation | | 12,353 |
| Total operating expenses | | 37,562,974 |
| Operating income | | 3,439,654 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Interest income | | 212,845 |
| Other nonoperating revenue | | 6,500 |
| Total nonoperating revenues (expenses) | | 219,345 |
| **CHANGE IN NET POSITION** | | 3,658,999 |
| Net position at beginning of period | | 116,984,394 |
| Net position at end of period | $ | 120,643,393 |


See accountants' compilation report.

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS
## July 1, 2020 through August 31, 2020

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from customers | $ 36,949,745 |
| Other operating receipts | 428,320 |
| Payments to electricity suppliers | (28,380,805) |
| Payments for other goods and services | (1,585,730) |
| Payments for staff compensation | (821,388) |
| Tax and surcharge payments to other governments | (491,392) |
| Payments for program rebates and incentives | (120,180) |
| Net cash provided (used) by operating activities | 5,978,570 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Payments to acquire capital assets | (1,312,030) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest income received | 176,296 |
| Net cash provided (used) by investing activities | 176,296 |
| Net change in cash and cash equivalents (including County Investment Pool) | 4,842,836 |
| Cash and cash equivalents at beginning of year | 65,090,441 |
| Cash and cash equivalents at end of year | $ 69,933,277 |


See accountants' compilation report.

## SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS (continued)
## July 1, 2020 through August 31, 2020

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | | |
|---|---|---|
| Operating income | $ | 3,439,654 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | |
| Depreciation expense | | 12,353 |
| Revenue adjusted for allowance for uncollectible accounts | | 515,805 |
| (Increase) decrease in: | | |
| Accounts receivable | | (3,250,011) |
| Other receivables | | (632,827) |
| Accrued revenue | | (1,550,638) |
| Prepaid expenses | | 14,814 |
| Deposits | | 428,320 |
| Increase (decrease) in: | | |
| Accounts payable | | 429,247 |
| Accrued cost of electricity | | 5,131,395 |
| Advance from grantors | | (34,000) |
| Accrued liabilities | | 1,479,888 |
| User taxes due to other governments | | (5,430) |
| Net cash provided (used) by operating activities | $ | 5,978,570 |


See accountants' compilation report.

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Sonoma Clean Power

**Staff Report – Item 06**

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**To:** **Sonoma Clean Power Authority Board of Directors**

**From:** **Neal Reardon, Director of Regulatory Affairs**
**Geof Syphers, Chief Executive Officer**

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

**Date:** **November 5, 2020**

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**Requested Board Action:**

Receive Legislative and Regulatory Updates and Provide Direction as Appropriate.

**Regulatory Update**

PG&E Order to Show Cause for Violations

Following the enormously disruptive and damaging PSPS events from last Fall, the CPUC opened an investigation into PG&E's practices.

As background,  On October 9, 2019, PG&E shut off power to approximately 729,000 customer accounts, and between October 23, 2019 and November 1, 2019, PG&E initiated three PSPS events which, at one point, impacted approximately 975,000 customer accounts. PG&E is ordered to explain why they should not be sanctioned.

CalCCA and SCP, as well as a host of local governments, have intervened in this proceeding over the course of the year. Most recently, on September 21, the assigned Administrative Law Judge issued a Ruling requiring PG&E to provide responses to specific questions about their actions during those 2019 events.

PG&E Energy Resource Recovery Account (ERRA)

On October 22nd, a coalition of CCAs, the Public Advocate's Office, and PG&E filed a joint motion to adopt a settlement in PG&E's 2019 ERRA Compliance Application. This Application, filed by PG&E in February of 2020, proposed cost recovery for the utility based on a review of their generation operations, portfolio allocation balancing accounts, energy recovery account entries, contract administration, and economic dispatch of electric resources in the 2019 calendar year. Joint CCAs identified multiple instances where PG&E made accounting errors and judgements that were not supported by Commission policy.

This settlement agreement resolves all but two of these issues. It is now before the Commission for approval, rejection, or modification. If adopted as proposed, it would result in a net reduction of $136 million in PCIA charges across all Northern California CCAs. These savings are spread by load share, with SCP representing 7.2% of PG&E's CCA load, our customers would see a reduction of $9.8 million beginning in 2021.

August Outages

Following the outages experienced amidst very high temperatures on August 14th and 15th, the California Independent System Operator issued a report identifying root causes. The report found that:

- The current Resource Adequacy construct did not provide for reliability: some units did not operate as expected during critical hours, gas generators were at reduced capacity and it some cases offline, renewable generators did not provide sufficient energy in the early evening, and imports were not as available as expected.

- High temperatures persisted across the West, causing increased demand in other jurisdictions and corresponding reductions in energy they had available for export.

- Demand response programs played a critical role in reducing the scope of these outages and preventing additional outages in the following week.

The full report is available online at:

http://www.caiso.com/Documents/Preliminary-Root-Cause-Analysis-Rotating-Outages-August-2020.pdf

CalCCA also recommended policy and legislative improvements for Governor Newsom to consider. The CalCCA letter to the Governor is available here:

https://cal-cca.org/wp-content/uploads/2020/09/9-9-2020_CalCCA-letter-to-Governor-Newsom.pdf

**Legislative Update**

There are no written materials for the Legislative Update. A verbal update will be provided to the Board as appropriate.

October 22, 2020

California Energy Commission
Docket Office
1516 Ninth Street
Sacramento, CA 95814-5512

Joint Agencies: California Energy Commission (CEC), California Public Utilities Commission (CPUC), and California Air Resources Board (CARB)

**RE: Joint Load Serving Entities Comments on the SB 100 Joint Agency Report's September 2, 2020 Draft Modeling Results Workshop; Docket No. 19-SB-100**

Dear Commissioners and Board Members:

San Diego Gas & Electric, Pacific Gas and Electric, the California Community Choice Association, the California Municipal Utilities Association, and Turlock Irrigation District represent a diverse set of electric load serving entities, the majority of all delivered electricity in five California balancing authorities, and are hereby referred to as the Joint Load Serving Entities (Joint LSEs). The Joint LSEs appreciate the Joint Agencies' on-going efforts to model California's future decarbonized energy system as required by SB 100. The Joint LSEs appreciate the thoughtful approach to scenario analysis and are generally supportive of the modeling effort shared at the workshop. We also appreciate the opportunity to submit the following comments regarding the September 2, 2020, Draft Modeling Results Workshop on the Senate Bill 100 (SB 100) Joint Agency Report.

Recent weather-related events make it abundantly clear that bold action is necessary to reduce carbon emissions across all sectors. California is experiencing unprecedented weather and fire patterns every year, spending billions of dollars annually on climate resilience and disaster recovery activities in response to the threats posed by climate change. The Joint LSEs are committed to partnering with the Joint Agencies and other energy agencies to model cost-effective and sustainable paths to meeting 100 percent of the state's retail electricity sales with renewable and zero-carbon resources by 2045 and further decarbonizing California's energy systems, including not only electricity and natural gas, but also the increasingly urgent transportation and industrial sectors.

Recent events also highlight that the clean energy transition must be accomplished alongside maintaining reliability and affordability, which is supported by retaining technological and strategic flexibility. The goals set forth in SB 100 call for a complete transformation of the way energy is generated, delivered and consumed. Although the paths to reach SB 100 goals remain unknown, the recent rolling blackouts of August 14 and 15 reaffirm the importance of incorporating a robust reliability analysis into modeling processes.

Similarly, evidence of severe and systemic economic disparities confirms that we must very seriously consider affordability and socioeconomic impacts as we plan California's decarbonized future. In addition to the clear policy need to mitigate customer impacts, continued public support for California's clean energy goals relies on the public's faith in reliable and affordable energy systems.

In this letter, the Joint LSEs wish to emphasize the importance of appropriate consideration of energy system reliability and affordability in each of the SB 100 scenarios. Further, given the broad nature and deep view taken in the SB 100 proceeding, its conclusions should be viewed by policymakers as directional and illustrative rather than specific in their policy guidance. While policymakers may wish to utilize the results of the SB 100 study to inform long-term planning and policymaking, its broad strokes results should not be considered a replacement for or competing view relative to other existing planning processes, such as the Integrated Resource Planning (IRP) process, other state agency planning programs, or the CAISO's Transmission Planning Process (TPP), where a narrower scope has allowed more precision and rigor with regard to reliability, affordability and feasibility.

The Joint LSEs urge the Joint Agencies to incorporate the following recommendations into the current modeling efforts so that the report submitted by the Joint Agencies to the Legislature meets the goals set by SB 100 in the most effective way possible. The Joint LSEs understand changes to the current models are not possible prior to January 2021. It is important that the SB 100 Report be based on the latest knowledge and incorporate thorough reliability modeling. The Joint LSEs thus encourage the Joint Agencies to work with the Legislature to address the concerns put forth in this letter that would allow necessary modeling updates to be implemented and utilized in the creation of the first SB 100 Report. We suggest issuing the first SB 100 Report with caveats that further modifications to the modeling need to occur prior to the next study in four years. The Joint LSEs also strongly urge the Joint Agencies to be clear, <u>in all SB 100 reports</u>, that the SB 100 modeling results are directional-only and do not represent a "State Plan" to reach SB 100. The Joint LSEs believe it is imperative to make clear the directionality limitation of the SB 100 Reports to the Legislature, state agencies and the public.

**A. Reliability**

SB 100 requires that the Joint Agency report include an "evaluation identifying the potential benefits and impacts on system and local reliability associated with achieving" the goals of SB 100. The Joint Agencies need to ensure that the modeling scenarios that they are relying on to inform and guide the report incorporate reliability planning standards that guarantee the reliability needs of the system are met around the clock and that all costs, including transmission and distribution upgrades needed to integrate additional zero-carbon resources, are accounted for. To that effect, the study should include a reliability assessment performed by the California Independent System Operator (CAISO), or additional analysis to ensure that the energy needs of the system are met at all times such as a full loss of load study and production cost modeling. Given the outsized role of storage resources in a decarbonized future, assessing energy sufficiency and other storage-related constraints will be critical to an accurate assessment of scenario reliability.

Further, the modeling should prioritize resources with full deliverability, or, to the extent resources with limited deliverability are selected, the model should explicitly account for the costs of associated transmission upgrades. The Joint LSEs echo CAISO's recommendation at the SB 100 workshop to complement the SB 100 study with CAISO's Transmission Planning Process. This reliability assessment is critical to confirm that the RESOLVE resource portfolio adequately addresses operational reliability needs and that any incremental costs associated with the infrastructure upgrades, needed to integrate additional zero-carbon resources, are included in the cost analysis.

Additionally, the Joint LSEs note that, for prior California studies, E3 developed cost and supply estimates of multiple technologies, such as drop-in renewable fuels, that were excluded from the SB 100 modeling.[1] The Joint LSEs believe that adopting technology and resource inclusivity will increase the model's access to resources that provide reliable and affordable solutions to meet SB 100 and that the current modeling studies, rather than moving the conversation forward, are a step back from what was done previously as they ignore a more inclusive approach.

At the Workshop, Joint Agency staff concluded that meeting SB 100 goals is achievable with current technologies. The Joint LSEs agree with the laudable policy intent of SB 100 goals and the broad conclusion that it will be achievable by 2045. However, the Joint LSEs caution that fully decarbonizing the electric system will require investment and innovation on an unprecedented scale. Given the aforementioned modeling limitations within the SB 100 study, it would be premature to utilize the current results of the SB 100 study to make conclusions regarding how to achieve SB 100 goals by 2045. The Joint LSEs look forward to working with the Joint Agencies to refine this long-term reliability analysis through the SB 100 proceeding, the CPUC and CEC IRP processes, and other statewide planning efforts.

**B. Affordability**

The draft modeling results showed total cost impacts for some scenarios but did not answer whether each of those scenarios was "affordable and reasonable." Section 5 454.53 (b)(2) requires that the Joint Agencies prevent unreasonable impacts to electricity rates. Realistic modeling that incorporates comprehensive cost inputs and

[1] *The Challenge of Retail Gas in California's Low-Carbon Future*; https://ww2.energy.ca.gov/2019publications/CEC-500-2019-055/CEC-500-2019-055-F.pdf

assumptions, including those related to transmission and distribution upgrades, must be utilized to realistically estimate costs and prevent unreasonable impact to rates. As stated above, cost estimates without an adequate reliability study implies an inaccurate level of precision of the Joint Agency findings.

While significant investments will be necessary to achieve SB 100 goals, it is critical that investments be thoughtfully targeted and managed to minimize cost impacts on energy consumers. Beyond the intrinsic harm of energy cost increases on socioeconomically disadvantaged communities and energy-intensive businesses, failure to appropriately manage energy costs may jeopardize the transition to Zero Emission Vehicles and decarbonized buildings.  Long-term analysis should also include regular and transparent evaluations of cost impacts on consumers and implications for fuel switching, particularly from the transportation sector. Such evaluations should consider affordability metrics, such as hours at minimum wage, the affordability ratio, and the Socioeconomic Vulnerability Index.

**C. Directionality and Report Timing**

In addition to the above comments on reliability and affordability, the Joint LSEs agree with the Workshop presentation that the SB 100 Joint Agency Report to the Legislature should be clearly characterized as a directional study to provide insight to state agencies for further analysis and implementation considerations to achieve SB 100.  Specifically, the SB 100 scenarios, modeling, and Reports do not represent a "State Plan" and should provide insight for, but not mandates to, other state planning policies such as the Integrated Resource Plan (IRP). For instance, it would be inappropriate to mandate technology adoption or exclude a particular technology from adoption in the IRP, or other proceedings, based on a technology's inclusion or exclusion from the SB 100 study. The Report should also clearly state that the SB 100 modeling will be continuously refined as new information and improved modeling is made available.

As stated above the Joint LSEs also recommend that the January 2021 Report include clear caveats that full reliability assessments were not available in that iteration of SB 100 Reports, but future subsequent Reports will include reliability assessments using analysis such as loss of load studies and production cost modeling and, which would include an energy sufficiency test, to ensure system needs are met at all times.  The Joint LSEs further suggest that the second SB 100 Report should be issued as soon as possible after SB 100 modeling incorporates reliability and should not wait until January 2025.

The Joint LSEs look forward to partnering with the state to design the policies and plan necessary to make SB 100 a reality. In the spirit of this collaboration, the Joint LSEs request that the Joint Agencies make the model and associated data accessible on the CEC docket such that stakeholders are able to further analyze the modeling and assumptions to collectively (Joint Agencies and stakeholders) improve the SB 100 study and Reports.  The Joint LSEs appreciate this opportunity to provide input to the Joint Agencies on how best to incorporate this important study into the many on-going regulatory processes which are further analyzing the long-term plan for the state's decarbonized energy system. The Joint LSEs appreciate the Joint Agencies' commitment to sponsor a detailed study of SB 100 scenarios and the evaluation of the potential solutions to reach California's clean energy future. The Joint LSEs are available to meet with the Joint Agencies and discuss the issues brought forth in this letter and other related SB 100 and clean energy related topics. Finally, the Joint LSEs would like to stress our support of this continued body of work and look forward to seeing how comments are incorporated into the draft report in November.

Cordially,

Miguel Romero
Vice President, Energy Supply
San Diego Gas & Electric

Beth Vaughan
Executive Director
California Community Choice Association

Fong Wan
Senior Vice President, Energy Policy and Procurement
Pacific Gas and Electric

Barry Moline
Executive Director
California Municipal Utilities Association

Dan Severson
Assistant General Manager-Power Supply
Turlock Irrigation District

October 22, 2020

The Honorable Chris Holden
Assembly Utilities and Energy Committee
State Capitol
Sacramento, CA 95814

**RE: Near-term Actions to Enhance California Electric System Reliability**

Dear Chair Holden:

Our Coalition appreciates the prompt and thorough release of the Preliminary Root Cause Analysis (Preliminary Analysis) by the California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), and California Energy Commission (CEC), in response to Governor Newsom's request to investigate the rolling blackouts that occurred on August 14 and 15, 2020. While the Preliminary Analysis recommends near and longer-term actions the State should take to improve reliability, there are immediate opportunities available to enhance California's Resource Adequacy (RA) program to address existing reliability issues and support more preferred energy resources. We propose the following specific, immediate regulatory actions in response to the near-term, preliminary recommendations in the Preliminary Analysis:

I. **Provide Certainty for the Reliability Value of 4-hour Energy Storage Resources:** The CPUC should guarantee the RA counting of existing energy storage resources at the time of development.
II. **Ensure Energy Storage Resources Can Respond to Grid Stress:** The CAISO should reevaluate its Minimum Charge Requirement proposal to ensure storage resources can continue to contribute to reliability within the CAISO's footprint.
III. **Fully Value Behind the Meter Energy Storage:** The CAISO should amend the Proxy Demand Resource tariff to allow exported energy from BTM storage resources to satisfy a market bid and the CPUC should devise a clear and straightforward methodology for assigning capacity value to those resources.
IV. **Eliminate Limitations on the Procurement of Demand Response:** The CPUC should suspend their recently adopted DR procurement cap for 2021.
V. **Streamline and Simplify CPUC Load Impact Protocol Process:** The CPUC should take measures to reduce the cost and complexity of LIP evaluations to DR providers. Additionally, the CPUC should update LIPs or devise a new, separate process to assign capacity value to aggregated BTM storage.

We appreciate the consideration of the above measures, detailed below, that will expedite the development of additional clean energy resources to bolster the reliability of California's grid in 2021 and beyond.

Sincerely,

The California Clean Resource Adequacy Coalition

California Efficiency and Demand Management Council

California Energy Storage Alliance

Central Coast Community Energy

Clean Power Alliance

CleanPowerSF

East Bay Community Energy

Enel North America

Leap Energy

Marin Clean Energy

OhmConnect

Silicon Valley Clean Energy

Sonoma Clean Power

Sunrun

Tesla

Voltus

CC:
Governor Gavin Newsom
CA Assembly Utilities and Energy Committee Members
CA Senate Energy, Utilities and Communications Committee

CPUC President Marybel Batjer
CAISO CEO Eliott Mainzer
CEC Chair David Hochschild

**About the CA Clean RA Coalition:**

Our coalition is made up of a group of California load-serving entities (LSEs), clean energy technologies, generators, demand response providers, trade organizations and advocates who are, or represent, active participants in the California electricity market. We hold shared goals of building California's clean energy future through the deployment of clean sources of electricity and reliability. Jointly, our coalition serves over 8 million Californians, has deployed over 10,000 MWs of clean electricity generation and employs thousands of individuals in the state's clean energy workforce.

**Actions to Accelerate the Deployment of Energy Storage Resources**

**I. Provide Certainty for the Reliability Value of 4-hour Energy Storage Resources**

Regulatory certainty is needed in order to swiftly bring the volumes of additional resources online that the CEC, CAISO and CPUC agree are required to meet reliability needs. The CPUC, CAISO, and the CEC have recognized that the integration of significant renewable generation calls for the addition of complementary resources able to shift their electric output to the times of greater grid stress. In this context, the Coalition requests that the CPUC provide much-needed assurance about the future reliability value of standalone energy storage resources. Currently, LSEs and developers face risk that this Resource Adequacy (RA) value will erode over time, jeopardizing the ability to invest in the quantities of storage resources that the state's planning processes indicate are required to ensure reliability.

The CPUC should clarify how existing storage resources will be treated in the event of a transition to an alternative reliability counting methodology, by committing to guarantee the RA counting of existing energy storage resources at the time, or by applying a marginal counting approach that would ensure a resources marginal RA value will be respected so that the expected reliability value of energy storage resources does not decrease as new incremental storage is brought online.

**II. Ensure Energy Storage Resources Can Respond to Grid Stress**

The events of mid-August 2020 highlight the need for resources that are able to rapidly respond to grid conditions in order to mitigate net load variations derived from the integration of renewable generation. Given California's commitment to decarbonize its electric sector, as embodied by the passage of Senate Bill (SB) 100, the need for flexibility and responsiveness within the State's grid will continue to grow in coming years. The Coalition is thus concerned with the CAISO's proposal within the RA Enhancements initiative to restrict the participation of storage assets by applying a minimum charge requirement (MCR) that would effectively nullify these resources' ability to respond to real-time conditions. The CAISO's proposal would seriously hinder market participation by eroding the necessary revenue streams available to storage resources; increasing reliability risks by constraining flexible RA supply; and, potentially discriminating against storage resources while running afoul of CAISO principles of competition and efficient market-oriented policy. As such, the coalition requests the CAISO reevaluate this proposal in light of the need for flexibility and pursue market-oriented modifications to ensure these resources continue to contribute to reliability within the CAISO's footprint.

**Actions to Fully Value Behind the Meter Energy Storage Resources**

## III. Amend the Proxy Demand Resource Tariff and CPUC RA Treatment to Fully Value Behind the Meter Energy Storage

Homes and businesses across California have increasingly been installing battery storage resources paired with rooftop solar over the past few years to provide backup power during the seasonal power shutoff events. When aggregated together and intelligently dispatched in response to CAISO grid conditions, these solar-charged batteries can provide hundreds of MWhs of clean peaking energy generation to help alleviate power shortages.

At present, however, California does not have policies and programs in place to allow these resources to make full use of their capacity to help the grid during power shortages and to be fairly compensated for that service. Tariffs and programs that allow behind-the-meter (BTM) resources to participate in wholesale markets were designed either for demand-reducing technologies or large wholesale generators – and not aggregations of small/medium batteries. For example, CAISO's Proxy Demand Resource (PDR) tariff was designed for load reduction only and does not recognize energy sent to the grid from behind the meter, making it unworkable for customers with variable daily load and incompatible with maximizing battery dispatch during Flex Alert Events and other times when energy consumption is already reduced.

CAISO should amend the PDR tariff to allow exported energy to satisfy a market bid, even if exports are not compensated in the wholesale market, and the CPUC should devise a clear and straightforward methodology for assigning capacity value to those resources. Doing so would allow CCAs to develop programs that enable BTM battery customers to provide RA capacity value on the same basis as that assigned to large-scale batteries and fossil power plants. CCAs would then be able to compensate battery customers through an RA contract or program to help them finance the cost of the battery.

**Actions to Develop Additional Demand-side Resources**

## IV. Eliminate Limitations on the Procurement of Demand Response

While the Preliminary Analysis highlights the need to develop additional demand-side resources by 2021, the CPUC recently capped procurement of DR resources by LSEs at 8.3% of their respective RA requirements. However, because non-IOU LSEs receive a share of the RA capacity from IOU DR programs, they are limited in the amount of additional third-party DR they can procure because the unused DR headroom from one LSE cannot be used by another LSE. Further, LSEs that choose not to procure DR effectively cap the amount of incremental DR that can collectively be procured to below the level intended by the CPUC. This is contrary to the primary recommendation in the Preliminary Analysis that more resources, specifically DR, be procured for 2021. DR is especially well-positioned to help avoid a similar situation to the events of mid-August 2020 because it can be made available quickly compared to many other resources and it is available in the early evening hours when the Stage 3 alerts went into effect.

## V. Streamline and Simplify CPUC Load Impact Protocols for Demand Response and Behind-the-Meter Energy Storage

As of the 2020 RA program year, all DR resources - whether they are run by IOUs or third-parties - are required to qualify the capacity they may count as RA using the CPUC's Load Impact Protocols (LIPs). Adopted in 2008, the LIPs were intended for application to IOU-run DR programs that are structured and managed much differently than third-party DR programs. The current LIP process is unnecessarily complex and expensive for third-party DR providers and presents a significant barrier to competing in California's RA market. Moreover, the current process is unable to provide a real-time understanding of third-party DR providers' portfolios given the backward-looking nature of the LIPs. The state should therefore take measures to reduce the cost and complexity of LIP evaluations to third-party DR providers - for example, by providing public funds for independent LIP evaluators and waiving LIP reporting requirements not essential to qualifying DR providers' capacity for RA. The LIP process should also be modified to allow for more frequent updates to RA capacity values to incentivize continued innovation by third-party DR providers.

While the Coalition supports the measures to improve the overall efficiency of the LIP process, additional consideration is needed with regards to their suitability for different types of new demand-side technologies. As energy storage systems become increasingly common at homes and businesses, these resources are likely to comprise a growing portion of the state's DR portfolio. Since provision of energy from BTM storage devices is fundamentally different from traditional load reduction, the CPUC should either update the LIPs with a section addressing the unique attributes of aggregated battery storage or devise a new process separate from the LIPs to assign capacity value to aggregated BTM storage. These changes are necessary because the current LIPs utilize regression analysis to normalize DR program performance to average weather conditions which is more appropriate for load-backed DR. However, DR backed by battery storage is less temperature-dependent and can be measured using a metering device attached to the battery, making the existing LIP process ill-suited for these technologies.

Organizations in SUPPORT
of the Proposed Executive Order Addressing

# Equitable Building Electrification

Association for Energy Affordability Inc.

The Greenlining Institute

Earthjustice

CCAC Central California Asthma Collaborative

Mothers Out Front — Mobilizing for a Livable Climate

California Environmental Justice Alliance

San Jose Clean Energy — A Program of the City of San José

SPUR

PSR LA Physicians for Social Responsibility Los Angeles

CCAEJ

NRDC Natural Resources Defense Council

AIA CC California Council

Center for Biological Diversity

Sierra Club

Alliance of Nurses for Healthy Environments

City of Berkeley

Bay Area Regional Collaborative

Sonoma Clean Power

Ceres — Sustainability is the bottom line.

EDF Environmental Defense Fund — Finding the ways that work

Rocky Mountain Institute

Redwood Energy

PSR Physicians for Social Responsibility San Francisco Bay Chapter

Peninsula Clean Energy

BEI Building Electrification Initiative — Cities Driving Change

City of Oakland

East Bay Community Energy

Climate Health Now

Silicon Valley Clean Energy

San Diego 350 Climate Action

Climate Action Campaign

the Energy Coalition

# Proposed Executive Order Addressing
# Equitable Building Electrification

WHEREAS the state is grappling with the devastating impacts of COVID-19 and the ongoing challenges of rising homelessness, severe housing shortages, aging infrastructure, misaligned workforce, changing climate and most importantly, addressing intersecting racial inequities. California needs to look at every available resource and build a new path forward to make neighborhoods stable, inclusive, healthy, and resilient for all Californians; and

WHEREAS four million Californians live in households that are unable to pay their rents, an estimated 1 in 5 California homeowners are behind on mortgage payments, and more than 2.5 million California workers are now jobless due to COVID-19, with millions of dollars of unpaid utility bills accruing, impacting more than 800,000 children according to U.S. Census Bureau survey data taken in July; and

WHEREAS nine of the ten largest fires in California history have burned in the past decade, and 2020 has already shattered the all-time record with 3.6 million acres burned so far; and

WHEREAS the costs associated with direct climate change impacts by 2050 will be dominated by human mortality, health care costs, damages to properties resulting from fires and sea-level rise, and the potential for droughts and mega-floods, thereby resulting in potential costs in the order of tens of billions of dollars; and

WHEREAS the costs and burdens of climate change impacts will continue to disproportionately negatively impact black, Indigenous and people of color (BIPOC) and disadvantaged communities, thereby resulting in exacerbated inequities; and damaging impacts on individuals' physical health, safety, and economic well-being; and

WHEREAS if global greenhouse gas emissions are reduced substantially from the current business-as-usual trajectory, the economic impacts could be greatly reduced; and

WHEREAS California is a global leader in greenhouse gas emissions reduction targets, including returning to 1990 levels by 2020, 40 percent below 1990 by 2030, and carbon neutrality by 2045; and

WHEREAS the state has already established policy requiring renewable energy and zero-carbon resources supply 100 percent of electric retail sales to end-use customers by 2045; and

WHEREAS the state has already established policy requiring progress toward maximizing the contribution of energy efficiency savings in disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code; and

WHEREAS buildings are responsible for 25 percent of all emissions of greenhouse gases in California and direct emissions from the combustion of fossil fuels in buildings, primarily for space and water heating, accounts for 10 percent of all emissions of greenhouse gases in California; and

WHEREAS housing, particularly all affordable housing, is foundational infrastructure for a climate resilient California; and

WHEREAS decarbonizing California's buildings is essential to achieve the state's greenhouse gas emission reduction goals at the lowest possible cost; and

WHEREAS the grid increasingly supplies low-carbon electricity, and switching from gas space and water heating to high-efficiency electric alternatives significantly reduces carbon emissions; and

WHEREAS there is a need for statewide coordination in strategically approaching the decarbonization of buildings; and

WHEREAS many low-income Californians already experience unsustainable energy burdens forcing difficult household spending choices between necessities like food, utilities and health care costs, and low-income Californians require dedicated energy costs protections; and

WHEREAS the majority of low-income residents in California live in subsidized and unsubsidized affordable housing as renters with little access to decarbonization, clean energy and energy efficiency programs as evidenced by their high energy burdens and rates of disconnection; and

WHEREAS California needs more than 1.3 million affordable rental homes to meet its housing needs and the State must address the dual priorities of providing affordable healthy housing and climate change; and

WHEREAS prioritizing BIPOC, low-income, disadvantaged and other vulnerable populations in building electrification efforts is needed to address historic disinvestment, disparate socio-economic and climate burdens, and poor indoor air quality, as well as to improve indoor environmental quality for communities already overburdened by environmental harms; and

WHEREAS investment and subsidies for low-income residents and communities to electrify buildings, without displacement, should be identified immediately; and

WHEREAS there is a need to ensure that equitable building electrification leads to high quality jobs and improves access to career-track jobs, especially for populations that have been traditionally underrepresented, such as formerly incarcerated people; and

WHEREAS a disorganized and unplanned transition from fossil fuels threatens the livelihoods of utility and skilled craft workers and other unionized workers in the energy industry; and

WHEREAS a just transition will involve industry-based, worker-focused training partnerships to build skills for California's "high road" employers that compete based on quality of product and service achieved through innovation and investment in human capital, and can thus generate family-supporting jobs where workers have agency and voice; and

WHEREAS the longer that California delays planning for the decarbonization of buildings the more expensive and difficult it will be.

Now, therefore, I, Gavin Newsom, Governor of the State of California, in accordance with the authority vested in me by the Constitution and the statutes of the State of California, do hereby issue the following order to become effective immediately:

It is hereby ordered that:

1. By 2045, all CA homes and buildings will be fossil-fuel free and efficient with the following intermediate milestones:
    a. By December 31, 2021, the State shall identify barriers and policies to support the transition of BIPOC, low-income, disadvantaged and other vulnerable populations away from the use of fossil fuels as the highest priority building decarbonization pathway in light of public health, housing, and sustainability goals. These communities should be directly engaged in the development of this analysis.
    b. By December 31, 2021, an end to all subsidies and incentives that support new buildings to connect to the natural gas pipelines infrastructure; this includes but is not limited to any subsidies and incentives under the purview of the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the California Air Resources Board (CARB) and the Office of Planning and Research (OPR). Instead, the State will facilitate electrification in new construction by expanding incentives and technical assistance.
    c. By 2023, 100 percent of all new construction will be all-electric construction
    d. By 2030, 3 million buildings will be all-electric, with priority given to those sheltering low-income and disadvantaged Californians.

2. The State shall ensure that the transition from gas to electricity prioritizes and benefits the disadvantaged communities that bear a disproportionate burden of the existing gas system. The State should ensure that bill savings and other benefits of this transition accrue to disadvantaged community members.

3. The State shall ensure that equitable building electrification leads to high quality jobs and improves access to career-track jobs.

4. The State will ensure subsidized and unsubsidized affordable housing owners and tenants have priority access to incentives and support to enable their transition from gas to electricity for both new construction and retrofits.

5. The State will ensure a coordinated effort to support load serving entities or energy providers and local jurisdictions in their transition from gas to electric service in homes and commercial buildings, with an emphasis on public benefits, safety, apprenticeship-based career pathways and providing for the needs of low-income, disadvantaged and rural communities.

6. The State will assess and develop guidance for how to avoid future nonessential natural gas pipeline infrastructure as we meet our greenhouse gas emission goals, including: a)

conducting a statewide assessment of existing gas infrastructure, b) making public gas system data to help program implementers and local governments target strategic decommissioning of the gas system, c) developing rate adjustments and/or other financial mechanisms that ensure low-income customers do not see bill increases as a result of the transition, and d) ensuring a just transition for the gas delivery system workforce.

7. To attain these goals, the Office of Planning and Research (OPR) will convene a multi-agency working group to develop a comprehensive strategy and implementation plan to ensure that state and local agencies are developing infrastructure policies, plans, and programs to support residential and commercial buildings to meet the state's 2045 climate goals. The strategy will address barriers for consumers, landlords, tenants, homeowners, local governments, developers, and manufacturers and provide concrete anti-displacement protections and affordability protections.
    a. The working group will include the California Energy Commission (CEC), the California Air Resources Board (CARB), the California Public Utilities Commission (CPUC), the Workforce Investment Board, the Employment Development Department (EDD), Department of Housing and Community Development (HCD), Governor's Office of Business & Economic Development, the Strategic Growth Council (SGC), and representatives from the Low-income Oversight Board (LIOB) and the Disadvantaged Communities Advisory Group (DACAG). In addition, this working group should establish a tenants rights advisory council that includes tenants rights and housing equity representatives and a workforce advisory council composed of representatives from labor unions, retrofit program implementers, joint labor-management apprenticeship programs, workforce training centers, and contractor associations. The working group should also engage with other relevant entities such as the Tax Credit Allocation Committee (TCAC).
    b. The working group will ensure that the strategy and implementation plan addresses public health, structural inequity, greenhouse gas emissions reductions, energy reliability, energy burden, front-line community engagement, bill protections for low-income people, availability of programs and resources for disadvantaged BIPOC communities, localized solutions to address regional diversity, housing security and homelessness, and resiliency of our energy infrastructure.
    c. The working group will ensure low-income, disadvantaged and BIPOC communities are meaningfully included in the development of the strategy and implementation plan, and benefit from these policies in a manner that is consistent with environmental principles defined in AB 1628 (Rivas).
    d. OPR should ensure that the strategy and implementation plan directs the benefits of the transition from gas to electric to the communities that bear a disproportionate burden of the existing gas system.
    e. The strategy and implementation plan shall reduce the carbon footprint of buildings in coordination with the State's goals to double energy efficiency by 2030, and to have all of the state's electricity be supplied by renewable energy and zero-carbon resources by 2045.
    f. OPR will review existing outreach, research, and planning efforts to make sure local governments are fully supported in benchmarking existing carbon intensity of their residential and commercial facilities and reducing the carbon footprint of residential and commercial facilities.
    g. OPR will ensure that policies, plans and programs do not exacerbate inequities or pollution burdens and maximize benefits to overburdened and disadvantaged communities.

h. OPR will produce a report on actions taken by the working group members no later than December 2021.

8. The CARB within 12 months will assess the total annual air pollution, greenhouse gas emissions, and healthcare costs from gas appliances in residential and commercial facilities and develop a plan and regulations to reduce them and phase out gas appliance sales over time.

9. The SGC will review its grant programs to ensure they are only incentivizing infrastructure to support equitable and beneficial electrification of the state's residential and commercial facilities with a high-road workforce earning family supporting wages and benefits.

10. The SGC will provide meaningful technical assistance for projects located in disadvantaged communities and subsidized and unsubsidized affordable housing to advance environmental justice consistent with AB 1628 (Rivas) and create high-road job opportunities for local workers.

11. The CPUC will review rate structures, financial mechanisms, incentive programs, potential technologies, and allowances to prioritize and incentivize electrifying residential and commercial buildings, increasing grid resiliency and strategically decommissioning the natural gas system while maintaining and strengthening labor standards for transitioning workers.

12. The Department of General Services will require all-electric construction with a skilled and trained workforce for all state buildings starting in January 2021 while pursuing community workforce agreements for future projects, and direct other state agencies to purchase high-efficiency, electric appliances upon burnout, and facilitate the electrification of schools.

13. The Workforce Investment Board will review and modify job programs to support training and high-skill and high-wage job growth job growth related to the installation and modification of energy efficiency, renewable energy, and electrification infrastructure needed to reduce the carbon footprint of residential and commercial buildings. The Workforce Investment Board will support High Road Construction Careers and High Road Training Partnerships to advance equitable building electrification.

14. The Governor's Office of Business & Economic Development and the CEC will survey manufacturers of technologies of fossil-fuel free and efficient appliances to assess barriers to market entry in California and propose solutions.