



**MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS MEETING
THURSDAY, FEBRUARY 2, 2017**

Director of Customer Service and Notary Public Erica Torgerson swore in new SCP Board of Directors Kearney, Gore, Rogers, Bagby, Belforte and Hamburg.

I. CALL TO ORDER

The meeting was called to order at 9:03A.M. by Chair Slayter

Present: Chair Slayter, Directors Kearney, Landman, Gore, Okrepkie, Rogers, Bagby, Belforte and Hamburg.

Public Comment: None

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve the minutes of the December 1, 2016 and January 5, 2017 meetings of the SCPA Board of Directors.

Motion to approve 12/01/16 minutes as amended by Director Belforte

Second: Director Okrepkie

Motion approved: 9-0-0

Public Comment: None

Motion to approve 01/05/17 minutes by Director Landman

Second: Director Belforte

Motion approved: 9-0-0

Public Comment: None

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Appoint Chair and Vice Chair of the Board of Directors for 2017.

Chair Slayter welcomed new Board members and thanked past Board members, members of advisory committees, Sonoma Clean Power staff and the public.

Chair Slayter asked for nominations for a new Chair person. Director Landman nominated Director Okrepkie.

Second: Director Kearney

Motion approved: 9-0-0

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Director Slayter asked for nominations for a new Vice Chair. Chair Okrepkie nominated Director Hamburg.

Second: Director Landman

Motion approved: 9-0-0

3. Presentation on the progress of CCAs in California by Shawn Marshall, LEAN Energy

CEO Syphers introduced Shawn Marshall of LEAN Energy and stated how important of a consultant she has been to the industry and helping community choice programs get off the ground. Ms. Marshall presented the history and progress of Community Choice Aggregation in the United States and specifically in California.

CEO Syphers gave a brief explanation of the Power Charge Indifference Adjustment (PCIA) fee paid by SCP's customers.

Director Landman asked to what degree is the PCIA a problem that can be solved through negotiation, is it a political solution and what are the best use of our resources to help make things come together.

CEO Syphers stated that General Counsel Steve Shupe and Regulatory Affairs Manager Neal Reardon have been very active at leading the statewide conversation about this fee. He stated that the CPUC has asked SCP and Southern California Edison to lead the process and on April 6 [Note: the correct date is April 5] there will be recommendations made to the Commission about how to address the fee. He stated that he is not optimistic that there will be agreement on major changes between the parties because there are opposite interests. He stated that we may make progress on transparency and the process on how the fee is calculated, but ultimately any big shifts in how the customer fees are calculated may take the legislature.

Counsel Shupe stated that it is important to remember that the PCIA was put in place in the same bill that allowed CCAs to form. He stated that if the PCIA goes down, then PG&E's customers pay more and generation from the IOU perspective is just a pass-through and PG&E doesn't make any money on generation. He stated that this also means that PG&E has no incentive to keep generation costs low because there is no institutional or shareholder value. He stated that SCP wants to make sure that the PCIA is fair and that the process has been great educationally and it gives all of the parties insights on what is possible.

Director Landman asked for a timeline on the process.

CEO Syphers stated that a timeline cannot be given and although it is the number one issue in terms of regulatory topics, there are many parties involved. He stated SCP has been planning for worst case scenarios prior to launching and is prepared for this. He stated that the bad news is that customers are paying more than they should and this needs to be fought.

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Director Slayter asked for more information regarding federal impacts and influence on California and specifically SCP.

CEO Syphers stated that fundamentally most of the federal agency impacts don't impact SCP compared with energy suppliers that directly import energy themselves from other states. He stated that the Federal Energy Regulatory Commission is a body that we do report to but there is not much we do with them. He stated that the potential impacts from what might come from federal agencies is still unknown and that he does not think that SCP will feel the effects of changes to management of federal agencies early.

Director Gore asked how important are the Geysers to our portfolio and is it difficult for other CCAs to not have a local source of renewable energy close to them.

CEO Syphers stated that the Geysers are incredibly important but not for financial reasons but because it is a 24/7 baseload renewable resource and immensely valuable in moving towards a very low carbon portfolio. He stated that it is a more expensive resource than solar and wind and we pay a premium for it but the premium is offset by the baseload quality and that it employs a couple hundred people from Sonoma County.

Director Gore asked what are some exciting things that other CCAs are doing. CEO Syphers stated that he is excited about Lancaster Choice Energy because it is a staunchly republican city, it has 46% low income customers, they were the first city in CA to adopt a solar homes requirement and last week they just required all new construction to be "zero energy." He stated that these are conservative people in inland areas of CA addressing climate issues because of the economy. He also stated that they just contracted to completely convert their entire bus fleet to electric.

Director Belforte asked if there is an opportunity for strong CCAs to expand. Shawn Marshall of Lean Energy stated that it is possible and this is why CalCCA is so important and that she thinks there will be more operational standardization to protect against failure. CEO Syphers stated that there is an important distinction in what happened in the energy crisis and why community choice was developed to help solve that problem. SCP buys long-term contracts and SCP has a significant amount of its energy delivered through fixed-price long-term contracts, which gives SCP a lot of certainty about pricing.

Director Kearney stated that Lancaster gives him hope to expand into areas where privatization of the power and water systems occurred.

Public Comment:

Woody Hastings congratulated new Board members. He stated the Center for Climate Protection was very involved in getting SCP up and running. He thanked Shawn Marshall and noted Lean Energy's community choice monthly market calls that offer good information and updates. He mentioned cleanpowerexchange.org

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and its helpful information. He also thanked SCP for the sponsorship of the Local Energy Symposium.

Dick Dowd congratulated new Board members and thanked Shawn Marshall for her presentation. He stated that he supports the concept of the CalCCA and that as the CalCCA grows, there needs to be concentration on both regulatory and legislative sides. He stated he wants CalCCA to work on the concept of resource adequacy.

4. Receive Operations Update and provide direction as appropriate.

Internal Operations Manager Stephanie Reynolds welcomed new Board members. She stated that the annual report was released, it is available on SCP's website and it will be used for marketing, outreach to Mendocino and public meetings. She stated that SCP has a new staff member, Danielle Baker, Customer Service Specialist. She stated that SCP is starting to schedule public outreach events in Mendocino and there is procurement activity there but nothing to report on until contracts are signed.

CEO Syphers reviewed the financials. He stated that for the year there is currently \$6.8 million of net income and that should increase very slightly by the end of the fiscal year. He stated that because of the way the rates function, most net income comes from the summer months and essentially break even in the winter. He stated that the previous Board adopted a rate reduction which goes into effect on March 1 and this will make the margins narrower. He stated how well SCP is doing on reserves and recommended the Board review this later in the year. He stated that the program reserve is intended to ensure that that program can continue even if the next fiscal year is not as good as predicted. He stated that the reserves are divided and 85% goes into general operating reserves and 15% goes into program reserves.

Director Gore asked about the good management of costs in the financials. CEO Syphers stated that SCP is still in growth mode and the reality of the personnel figure is that hiring hasn't happened as quickly as the original plan and year by year as the agency matures the figures will get closer to 100% of budget.

Public Comment:

June Brashares stated that Local Clean Energy Alliance works to advance community choice around the state and looks to promote the local development. She stated that energy right now is social engineering.

5. Receive Regulatory and State Legislative Update and provide direction as appropriate.

Regulatory Affairs Manager Neal Reardon reviewed the en banc at the CPUC on February 1. He stated that there were three different panel discussions which were liability and supply, customer facing issues and the future and he read the opportunities and challenges listed on the agenda. He stated that the commissioners seemed excited by SCP's role as an innovator and there were many

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public officials that were present and were in favor of CCAs. He stated that in response to this, education and collaboration need to happen.

CEO Syphers invited the Board to a voting meeting on April 6 at the Santa Rosa City Hall to voice their opinion about community choice.

Director Landman asked where the CPUC is on this subject. Neal Reardon stated that of the five commissioners two have recently been appointed and that education is something that needs to be worked on.

SCP's lobbyist Kate Brandenburg updated the Board with State legislation news. She stated that the senate recently passed a bill that says CA will be a sanctuary state which could lead to financial repercussions. She stated that funding could be lost due to the Affordable Care Act. She stated the Governor is very committed to climate change and will go up against the President. She stated that CalCCA recently put on a two-day event briefing staff on what is a CCA.

Director Rogers asked Ms. Brandenburg to discuss the Governor holding the Cap and Trade monies generated until he gets the 2/3 vote to extend the program past 2020. Ms. Brandenburg stated that before the Governor relinquishes the money he does want to make sure he gets that vote which she believes he will get.

Public Comment:

June Brashares stated that the en banc was a very positive step forward for community choice aggregation and the CPUC.

Bob Williamson stated that it was distressing to hear that new members of the CPUC need to be educated on the PCIA.

Woody Hastings stated he wanted to concur with the characterization that the commissioners need some education. He asked if there was a way to get questions to the CPUC on record and if there is any news on solar mandates.

6. Receive Programs Update and provide direction as appropriate.

Director of Public Affairs and Marketing Kate Kelly presented to the Board a video of the Switch Vehicle Program and discussed its benefits.

Director of Programs Jan McFarland discussed the Drive EverGreen Program and its success. Director McFarland stated that the chief complaint by customers and the participating car dealers is that it was so brief, and there is significant customer demand for additional electric vehicle programs in the future. She stated the evaluation and analysis of the Drive EverGreen program begins soon, and will be used to study the effectiveness of the program elements, discounts, incentives and messages. The evaluation will inform future program design, so SCP can plan for significantly larger electric vehicle programs, and build on the success of this one.

CEO Syphers stated that electric vehicles have become a tool not just for reducing emissions in transportation, but for reducing emissions in buildings because

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vehicle charging can help support a cleaner electric grid. Director McFarland stated that staff expects to begin working with the Community Advisory Committee on the design of the next electric vehicle program in May or June this year, following the completion of the evaluation.

Director Belforte asked about advertising and how to increase low-income participation. Director McFarland stated that many families don't have credit and that SCP will look for support from the Board for future programs and credit issues.

7. Approve updated Terms and Conditions to accommodate enrollment of customers in Mendocino County.

Erica Torgerson, Director of Customer Service stated that SCP is updating its Customer Service Policy and its terms and conditions have been updated to include our expanded service territory of unincorporated Mendocino County as well as the cities of Point Arena, Willits and Fort Bragg.

Motion to approve updated Terms and Conditions by Director Kearney
Second: Director Rogers
Approved: 9-0-0

IV. BOARD MEMBER ANNOUNCEMENTS

Director Gore stated that his alternate for the Board is Lynda Hopkins.

Vice Chair Hamburg stated that the three incorporated cities of Mendocino County have chosen a representative and his name is Lindy Peters and he is the mayor of Fort Bragg.

Chair Okrepkie thanked Director Slayter for his tremendous job as being Chair.

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

ADJOURN (11:34A.M.)

Respectfully submitted,

Braiden Gugel

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Executive Assistant