

**AGENDA
SONOMA CLEAN POWER AUTHORITY
BUSINESS OPERATIONS COMMITTEE
WEDNESDAY, FEBRUARY 26, 2014
9:00 A.M.**

**Sonoma County Transportation Authority Offices
490 Mendocino Avenue, Suite 206, Santa Rosa, California**

I. CALL TO ORDER

II. BUSINESS OPERATIONS COMMITTEE REGULAR CALENDAR

1. Report and discussion of public workshops, program ideas and early feedback and criteria for assessing program options.
2. Staff presentation and discussion on approach to procurement and programs.
3. Approve the January 21, 2014 minutes of the Sonoma Clean Power Business Operations Committee.
4. Discussion on agenda items for future meetings.

III. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(Comments are restricted to matters within the Committee jurisdiction. The Committee will hear public comments at this time for up to thirty minutes. Please be brief and limit your comments to three minutes.)

IV. ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk at (707) 978-3463, as soon as possible to ensure arrangements for accommodation.



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50 Old Courthouse Square, Suite 605
Santa Rosa, CA 95404

Staff Report

To: Sonoma Clean Power Authority Business Operations Committee

From: Geof Syphers, CEO, and Kelly Foley, Regulatory Director and Legal Counsel

Item: Summary Review of Public Workshops

Date: February 26, 2014

Background

Sonoma Clean Power (SCP) recently held two of three scheduled public workshops. The workshops are designed to provide an education and overview of SCP, to answer questions, and to solicit open ended feedback from interested citizens. The first workshop was held Thursday, February 13, at 7pm, in Sonoma at the Veteran's Memorial. The second workshop was held Thursday, February 20, at 7pm, in Santa Rosa at the Finley Center. The third and final workshop of the series will be held Saturday, March 1, 10am, in Sebastopol at the Community Cultural Center. This report provides a summary review of the Sonoma and Santa Rosa workshops.

Sonoma Workshop

The Sonoma Workshop was well attended, with over 50 members of the public in attendance, with mostly residential interests represented. SCP Alternate Director David Cook from Sonoma introduced SCP Board Chair Susan Gorin. Chair Gorin welcomed the public, made introductory comments, and kicked off the meeting. SCP CEO Geof Syphers then gave an educational and informative presentation.

Following CEO Syphers presentation, the forum was opened to questions and comments. Public participants provided robust feedback for the remainder of the



two-hour workshop. Public questions varied widely, ranging from basic questions regarding the roll out process to highly technical inquiries regarding Net Energy Metering and system reliability. Among others, the public participants suggested SCP consider the following:

- 1) Improved home energy audits – speakers said the current offerings are inadequate and provide no good “actionable” information
- 2) Innovations in demand side management – home area networks, demand response and other support for customer load management
- 3) Electric vehicles/electric vehicle charging – general support for encouraging more purchase and use of electric vehicles
- 4) Locally generated power – several speakers encourage researching how to best support locally-generated power
- 5) Conservation and education – example of school education programs to help kids be ambassadors for energy efficient behavior
- 6) On bill repayment – interest in seeing opportunity to finance energy efficiency retrofits (and maybe also solar) with financing repaid through energy bill charge
- 7) Solar shares – interest in learning more about community solar investment opportunities

The workshop ended at the scheduled time of 9pm. Staff stayed for an additional 45 minutes to speak with individual participants.

Santa Rosa Workshop

The Santa Rosa Workshop was equally well attended, with well over 70 members of the public in attendance. SCP Director Gary Wysocky of Santa Rosa kicked off the meeting with introductory comments, followed by a presentation by CEO Syphers similar to the one presented in the Sonoma workshop. Other representatives also in attendance were SCP Director Efren Carrillo of Sonoma



County, BOC Chair Susan Briski, BOC members Mike Gogna, Paul Brophy, and Bill Mattinson, and RAC members John Parry and Susan Amato.

Again following the same format as in the Sonoma Workshop, public participants provided equally robust and widely varied feedback and questions for the remainder of the workshop. Among others, the public participants suggested SCP consider the following:

- 1) Leveraging other resources, particularly the Sonoma County Energy Independence Program or SCEIP
- 2) Electric vehicles/electric vehicle charging
- 3) EverGreen social media campaign
- 4) Continue reaching out to a broad cross-section of the community, including hosting meetings and workshops at different times and locations to get diverse input
- 5) Link up with people in the Spanish language and bi-lingual community to learn better ways to reach that community
- 6) Education regarding a broader view of SCP's role in society
- 7) Holding energy fairs jointly with other energy-related program administrators
- 8) Virtual Net Metering – helping customers in condominiums navigate the new option of installing solar in way that helps minimize cost
- 9) Including links to other local Sonoma County resources on SCP's website
- 10) Oversizing NEM projects – finding regulatory changes that would make oversizing rooftop solar more economic
- 11) Community solar
- 12) Moving from fossil to electric fuel for vehicles – supporting electric vehicle ownership and charging stations



- 13) BayRen Windsor PAYS pilot – look at supporting the Windsor Pay-as-you-Save program and/or copying the program for use in other cities
- 14) On bill repayment – speaker noted that the PG&E program is only available to commercial customers
- 15) Driving demand for home energy audits – encouraging homeowners to use existing audit tools (e.g., at SCEIP) or providing additional tools
- 16) Educational literature in SCP communications – energy tips / program tips
- 17) Assuring that SCP projects use local resources and labor
- 18) Training and job development linkages – speaker especially encouraged linking with Roseland area job training programs
- 19) Energy efficiency
- 20) Solar ready roofs – supporting efforts (e.g., at CalGreen and in City zoning and planning) to orient new construction rooftops to maximize the potential solar output
- 21) Conservation rate design

The workshop ended at the scheduled time of 9pm. Staff stayed for 45 minutes afterwards to speak with individual participants.

Staff Report

To: Sonoma Clean Power Authority Business Operations Committee

From: Kelly Foley, Regulatory Director and Legal Counsel, and Geof Syphers, CEO

Item: Approach to Procurement and Programs

Date: February 26, 2014

Background

At a very preliminary level, Staff has initiated an analysis of strategic resource planning needs and approaches. The key principles guiding this analysis are found in the Joint Powers Agreement (JPA) that guides and governs Sonoma Clean Power Authority (SCP). The JPA enumerates the following purposes for entering into the agreement:

- 1) Reducing greenhouse gas emissions related to the use of power in Sonoma County and neighboring regions;
- 2) Providing electric power and other forms of energy to residents at a competitive cost;
- 3) Carrying out programs to reduce energy consumption;
- 4) Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
- 5) Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.

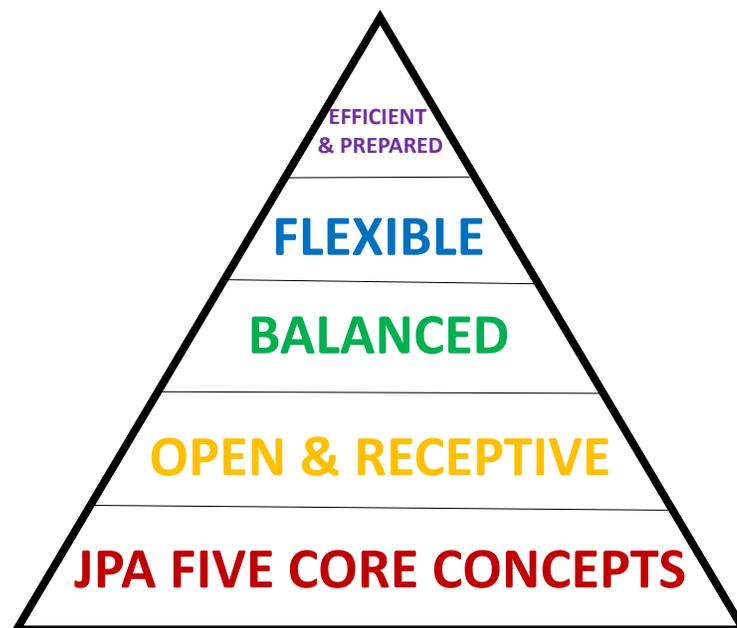
These five core concepts form the foundation for guiding Staff in resource planning approaches.



Notably, however, these five elements may at times compete with each other and in other instances may not always be completely within SCP purview. For instance, efforts to reduce greenhouse gas emissions through the use of increasing amounts of renewable power may result in costs that become increasingly less competitive with Pacific Gas and Electric Company (PG&E) or other provider's generation rates. Similarly, depending on how the distribution and transmission grids are planned and operated by PG&E and the California Independent System Operator, SCP's local control of electric generation resources may not necessarily increase energy security and reliability.

To remain responsive to the JPA core concepts while also recognizing the potential tension within the core concepts, Staff proposes a foundational building approach to resource planning criteria.

Resource Planning Criteria



Foundational Building Approach to SCP Resource Planning Criteria



JPA Five Core Concepts: As discussed above, these are the basic principles upon which all strategic resource planning criteria must rely.

Open & Receptive: Resource planning must be open and receptive to the needs and preferences of our customers. To be open and receptive requires that the SCP Board, Committees and Staff: 1) always be transparent in all of our decision making and action taking, and 2) actively seek Customer input and feedback. Communication between the SCP Board and Committees must also be clear, constant and transparent. An example of this criteria in action is the open ended public education and feedback workshops currently being held in three different areas of SCP's service territory, and during times of greater public accessibility (i.e. evenings and weekends).

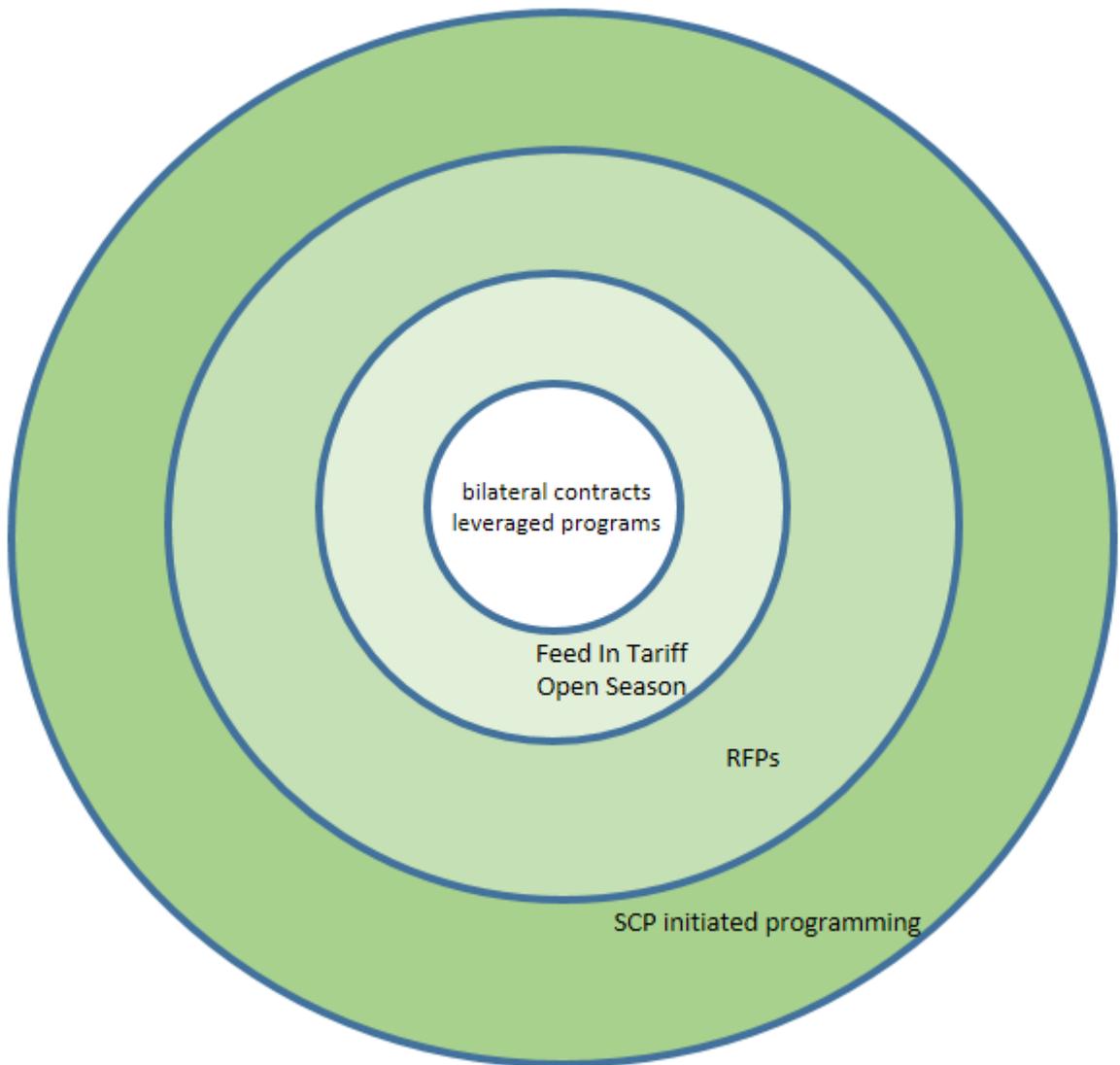
Balanced: As discussed above, the JPA Five Core Concepts, due to their inherent conflict potential, require careful consideration and balanced analysis. Customer feedback must then be introduced to the process. A careful balancing of the JPA Five Core Concepts + Customer feedback = fundamental resource planning guidance. An example of this criteria in action is the partial use of unbundled RECs for the value priced CleanStart and the use of 100% local, bundled renewable power for the premium priced EverGreen.

Flexible: While the JPA Five Core Concepts are essentially stable, Customer feedback may range in variability. Also, market and regulatory conditions are frequently subject to change. SCP resource planning must be prepared to flexibly adjust to changes in these inputs. An example of this criteria in action is the timely action to secure bilateral procurement of power from Calpine's Geysers paired with the longer term planning horizon to roll out a renewable Feed In Tariff.

Efficient & Prepared: Adherence to the first four planning criteria naturally lends itself to efficient and prepared SCP resource planning. Efficient and prepared resource planning prioritizes efforts based on ease of implementation and probability of success. In other words, pursue the low hanging fruit first, working up the tree at a pace appropriate to the abilities of the organization. The following



chart is a preliminary and conceptual assessment of Staff's current thinking. Progression is from the center circle outward.



Resource Planning Project Progression



Bilateral Contracts and Leveraged Programs: Bilateral Contracts require the least amount of resources and can often yield the greatest net benefit. Pursuit of bilateral contracts does, however, require a readiness to pursue opportunities as they arise. An example of a well-timed bilateral contract is the inclusion of large hydro within the larger Constellation contract at a price that, considering California's drought, will likely prove highly competitive. Leveraged Programs are programs with SCP partners that remove at least some, if not all, of the core resource burden on SCP. Currently, no such Leveraged Programs exist, but Staff is actively considering possibilities. Staff must exercise due diligence in analyzing the value of these types of proposals and ensure that selected partners are well qualified and vetted.

Feed In Tariff and Open Season (a common term in the energy business): Staff is currently analyzing the parameters for a Feed In Tariff and an Open Season to be rolled out later this year. Generally speaking, a Feed In Tariff provides a mechanism for providers of distributed renewable generation to sell power to SCP at fixed or semi-fixed terms and conditions. Open Season provides well-qualified entities the opportunity to meet directly with Staff and pitch proposals supportive of SCP's mission. Feed In Tariffs and Open Season are firmly planned projects, but unlike Bilateral Procurement contracts and Leveraged Programs, they require Staff to build all of the underlying framework and thus will take 3 to 6 months until they are ready for roll out.

RFPs: Requests for Proposals are attractive because they create an "apples to apples" environment for comparing projects. At this time, however, RFPs are not as efficient as the currently utilized elements of Bilateral Contracts, Leveraged Programs, Feed In Tariffs and Open Season. RFPs require both a considerable amount of proactive as well as reactive Staff resources. The framework for the RFP must be developed, the RFP must be issued and culled, and then the selected proposal or proposals must then proceed to final negotiations. Staff recommends this resource intensive process be implemented only if or when a need clearly exists.



SCP Initiated Programming: Internally developed, implemented and run programming presents the most resource intensive proposition, while at the same time potentially presenting SCP with the most far ranging ability to provide unique and customer responsive services. Staff recommends eventually pursuing this type of programming, but only after SCP is firmly established and customer and other business metrics are fully developed. Examples of this type of programming are a full-scale new energy efficiency program and SCP owned and operated generation.



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SONOMA CLEAN POWER -- BUSINESS OPERATIONS COMMITTEE (BOC) **Record of Proceedings for January 21, 2014**

Call to Order:

Meeting called to order at 9:02 A.M.

Attendance:

Susan Briski, Harry Davitian, Michael Gogna, Bill Mattinson, Paul Brophy, CEO Geof Syphers, SCPA Counsel Steve Shupe, SCP Executive Assistant Stephanie Reynolds, and over forty members of public present.

Amendment to Agenda:

Chair Briski noted that item number three, "Discussion on agenda items for future meetings," would be moved to the end of the agenda, to follow the Resource Planning discussion.

Selection of a Vice Chair:

A review of the duties of the Vice Chair provided by Chair Briski and CEO Syphers. Discussion on the benefits of having the roll filled by a four-year board member.

Public Comment: None

Motion by CM Gogna to appoint CM Davitian fill the roll.
Motion Seconded by CM Paul Brophy.

Action approved by unanimous vote: 5-0-0.

Approval of the November 18, 2013 and December 4, 2013 Meeting Minutes:

Approval of the November 18, 2013 BOC meeting minutes requested. A grammatical error noted by CM Brophy.

Public comment: None

Motion to approve as amended by CM Gogna
Motion Seconded by CM Davitian.



Action approved on a 4-0-1 vote with an abstention by CM Brophy, who was absent on the 11/18 meeting date.

Approval of the December 4, 2013 minutes of the joint Business Operations and Ratepayer Advisory Committees requested.

Public Comment: None

Motion to approve by CM Davitian.

Motion Seconded by CM Harry, Second by CM Mattinson.

Action approved on a 5-0-0 vote.

SCP Planning Workshop (info only)

Presentation by CEO Syphers. Welcome by Syphers and thank you to the public for attending the meeting.

Dates and times for upcoming public workshops noted for those present (2/13 in Sonoma, 2/20 in Santa Rosa and 3/1 in Sebastopol). Interested parties were encouraged to visit the newly redesigned website, which will be unveiled on 1/31 for more information.

Slides reviewed the plans offered by SCP; planning for future energy procurement, how future events (such as drought) may affect procurement, and how the process is open for input and will evolve and be improved on as SCP moves forward with the current, self-imposed, timeline.

A thank you to outside groups such as Net Zero Energy and the Climate Protection Campaign (Woody Hastings present at meeting), and to many members of the public for offering input and advice.

July of 2014 was stated as the target for a draft resource plan.

Discussion on the creation of an “open season” for presentations by energy providers wanting to sell energy to SCP. By channeling these conversations into a short time period each year, SCP staff can limit the time spent evaluating proposals and focus on the other tasks of providing customer service and other program work. The committee responded favorably to this idea.

Metrics for the tracking of SCP’s progress were noted as critical for future planning. In addition to the metrics offered by staff, a request was made that staff recommend a general financial metric.



Staff recommended using the percentage of eligible customers participating in SCP. The committee recommended tracking reasons customers choose to opt out.

Staff recommended tracking the pounds of CO₂-equivalent emissions per kilowatt-hour. The committee recommended taking care to somehow recognize the value of customer-owned renewable energy production.

Staff recommended tracking the portion of money spent inside Sonoma County. The committee responded with significant concerns and caution because of the inherent difficulty in determining appropriate value for many types of transactions. Two examples included payments to companies with out-of-county headquarters but using local staff and payments to local companies using foreign-made equipment.

The committee also asked staff to consider how metrics on a per-capita basis might be useful.

Discussion was held on the upcoming public workshops and format. CEO Syphers stated the primary purpose of the workshops is to listen to the public and receive ideas now that SCP is a “real” entity. Basic grounding and introduction will be needed but the intent will not be to spend the entire workshop on education. The goal is to receive good quality input from the public.

Changes to website discussed, including an opt-out button equal in size to the SCP options. Transparency and honesty cited as important factors in the design of the home page and how the options were listed. Ads and educational messages will also be in print media and radio to outreach to potential customers not using the internet.

Chair Briski suggested a similar method as Interface Flor by adopting a high-level goal and creating a step-wise approach to making progress toward that goal.

CEO Syphers suggested that in February and March that the BOC review ideas proposed by the public and return for discussion at the April committee meeting for review. CM Gogna asked staff to recommend criteria for evaluating these proposals.

CM Mattinson commented that the SCP JPA lists specific mandates to follow, not goals. CM Gogna echoed that comment, noting that the JPA describes the purpose for SCP to exist.

CM Gogna stated the need for an SCP Controller to be in place. CEO Syphers stated that the current controller for SCP is the County of Sonoma Auditor Controller.

Public comment:

Ann Hancock, Alan Strachan, Bob Williamson, Woody Hastings, Ned Orrett, Peter Hirst, Dave Erickson, Andy Ferguson, Gary Gerber, Richard Sachen, John Rosenblum, Ken Wells, (Unk speaker), June Brashares, Frank Di Massa, Roy Phillips, Barbara Oldershaw



Agenda Items and Ideas for Future Meetings:

Direction to staff to have a rolling list of suggested future agenda items included with each agenda packet. Reminder that new items are to be communicated through the Chair who will discuss the priority of agendaizing the item with CEO Syphers. Items parked in our “bicycle rack” for possible discussion at future meetings include:

- Consideration of issues relating to customer service functions, particularly a local or internally-staffed customer call center, including the timing of a transition from contracted service.
- Consider formation of an ad hoc committee (2 members) to review contract negotiations.
- Discuss and have presentations on energy efficiency strategies, portfolio elements and the need to have flexibility to purchase more or less local power based on need.
- Resource planning. If an ad-hoc committee is formed to handle this topic, CM Davitian volunteered to be on the committee.
- Discuss criteria for reviewing proposed program and procurement activities.
- Report out from upcoming public workshops in February and March, to include public comments.
- Updates on status of non-participating cities (info only).
- Any information needed to make the launch successful.
- Prioritization of JPA goals

Future Meeting Dates:

February 26 - 9:00 A.M. - Noon

March 26, 2014 - 9:00 A.M. - Noon

April 23, 2014 - 1:00-4:00 PM

Public Comment on Matters Not Listed on the Agenda:

There was no public comment on non-agenda items.

Adjournment:

Meeting adjourned by Chair Briski at 12:14 p.m.