



**MEETING MINUTES
SONOMA CLEAN POWER AUTHORITY
BOARD OF DIRECTORS
THURSDAY, MARCH 3, 2016
50 Santa Rosa Avenue, Fifth Floor
Santa Rosa, California**

I. CALL TO ORDER

Meeting called to order by Chair Patrick Slayter at 8:45 A.M.

Directors Present: Slayter, Landman, Wysocky, Cox, Kearney (for King), Schwartz, Gorin
(For Carrillo)

Staff/Consultants Present: CEO Geof Syphers, General Counsel Steve Shupe, Internal
Operations Manager, Stephanie Reynolds

General Counsel Shupe gave the Oath of Office to Director Kearney.

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve the February 4, 2016 meeting minutes of the Sonoma Clean Power Authority
Board of Directors. (8:46 A.M.)

Motion to accept minutes by Director Cox

Seconded: Director Gorin

Motion approved: 7-0-0

Director Okrepkie arrived at the meeting at 8:47 A.M.

III. BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Operations Update and provide direction as appropriate. (8:46 A.M.)
Present: CEO Syphers

A major rate change by Pacific Gas & Electric on 1/1/16 affected all SCP customers.
Another significant rate change coming on 3/1/16, with impacts to commercial and
non-residential customers. This change will be an increase to delivery charges, not
generation charges.

Revenues were reported to be approximately \$4M ahead of schedule. CEO Syphers
stated there is a need to work on more accurate forecasts as SCP matures. Staff
working to better understand markets and forecasting and will continue to be slightly
conservative, but closer to budget.



The Procurement team has been working to obtain better deals and negotiate for better contracts for power during the current low period in market prices. Three contracts for power were signed in February.

Lake County asked Sonoma Clean Power to respond to their RFP for service. A copy of the response was provided to the board and public at the meeting.

At the request of Director Schwartz, CEO Syphers will begin providing information to the board and public on procurement and the grid. CEO Syphers discussed SCP's upcoming EV program as an example of how to manage supply and provide a high level of renewable energy on the grid. Discussion on the challenge of making an accessible system with current price expectations. Director Gorin asked about the issue of investing in an infrastructure that may be obsolete in a few years. CEO Syphers stated that anything the Authority invests in should be part of a 50-year infrastructure plan.

Public Comment:

Bob Williamson – commented on obtaining more information on volumes for future planning

Woody Hastings – Introduced CCP's new intern Ross Martin and commented on CCA expansion throughout CA, energy storage and the benefit of looking at various technologies and cost trend/benefit analyses.

3. Review and authorize a new Time of Use (TOU) customer rate to ensure continuous customer coverage, and authorize an interim adjustment to E-7 rate to protect customers. 9:31 A.M.

Present: CEO Syphers and Customer Care Manager Erica Torgerson

Context provided by CEO Syphers. SCP needed to create a new rate equivalent to a new PG&E rate to avoid current SCP customers being switched back to PG&E when their current rate was discontinued. Staff created a transitional rate to allow customers to stay with SCP unless choosing to opt out. The new SCP rate mirrors PG&E's time of use (TOU) rate minus 1%.

Erica Torgerson explained that PG&E was allowed an extension on their rate change, but SCP will continue to go forward with the new SCP rate. CEO Syphers reiterated that the new rate is temporary and any permanent rate changes would go through the normal public ratemaking process.

Director Landman stressed the need for a statewide CCA trade organization

Public Comment:

Art Deicke – asked about the loss of SCP customers during this change to the new rate. Erica Torgerson clarified that some customers had proactively switched rates, so no noticeable loss.



Ken Wells – expressed frustration with process as a former E7 customer. The letters and discussions have been very confusing.

Director Schwartz stated that this would be an example of a needed change in the JPA allowing staff to change rates in exceptional circumstances.

Motion by Director Schwartz to approve with the addendum that staff be directed to include a flexible solution in future JPA amendments.

Seconded by Director Wysocky

Motion approved: 8-0-0

4. Receive State Legislative Update and provide 9:45 A.M.
Present: Geof Syphers

Shorter report because 2000 bills were introduced in the last few weeks, currently working through with lobbyist to analyze what bills affect CCAs and SCP customers.

Report on AB1110, working with author on language. No confirmation on adjustments that assure out-of-state hydroelectric and wind power can be reported as zero carbon.

Public Comment: None

5. Review draft Budget and Rates for Fiscal Year 2016/2017 and provide input and direction to staff as appropriate 9:47 A.M.

Present: CEO Syphers; Mike Maher, CPA; Art Deicke, Chair, Ratepayer Advisory Committee

CEO Syphers reviewed the timeline and meeting to be held during the budget process. The Business Operations Committee (BOC) was presented with the proposed program budget, then the draft budget was presented to the Ratepayer Advisory Committee (RAC) on February 16, 2016. The presentation to the Board of Directors included suggested changes from the RAC meeting. Overall intention is to reduce rates to temper the PG&E increased delivery charges. Three options were presented originally, with two additional options added after the RAC meeting. CEO Syphers referenced a letter to the BOD by RAC member Joe Como, which was provided to the public and Directors at the meeting.

The draft budget also proposed a reduction in the EverGreen premium to 2.5 cents per kWh to match the actual cost to SCP.

CEO Syphers stated his view is to build reserves as much as possible above the minimum contribution levels during good markets. He encouraged planning for programs one year at a time while still building operational and program reserves.



He also noted that any expansion costs are not included in the budget and those expenses would need to be brought to the Board as a budget adjustment.

In the February RAC meeting, staff were suggesting that Sonoma County Water Agency loan be kept open. After the meeting, that option had been changed with current plans to pay off the loan in FY 15-16.

RAC Chair Art Deicke reported on the February meeting. He stressed the need to increase reserves as SCP is still a new organization.

Discussion held on the need to fund the EV program and continue to follow the JPA goals. Dir Gorin stated we should move programs forward that make it possible for households of all income levels to own and operate electric vehicles.

Director Wysocky asked about focusing on reported abuse by PG&E working with the CPUC. CEO Syphers stated the budget addresses it with an increased focus on lobbying and legal work in Sacramento and that the biggest factor that will protect CCAs in the future will be more CCAs that allow for a stronger voice in the legislature.

Director Schwartz requested that staff show a breakdown on how funds directed to programs (including Net Green) impact a customers' monthly bill, for transparency reasons.

Recess for break: 10:44 A.M.

Reconvene from Break: 10:57 A.M.

Public Comment:

Bill Mattinson - commented re balance points between rates, programs and reserves. His understanding of program budget is not specifically for EV budget, but for any programs that may come up and will be reviewed by BOC and BOD before any large expenditures are made. Any funds left over will go to reserves.

Joe Como - agrees with basic premise that if we are going to make investments do it in a way that benefits most of SCP's customers.

George Beeler - stated it was dangerous to feel that the primary way to build customer loyalty is by rates and it would be helpful to promote energy efficiency as a way to lower rates.

Paul Brophy - commented that rates should be set on what SCP needs, not always relative to what PG&E does. He expressed his opinion on increasing reserves to insure against risk.

Bob Williamson - stressed that when talking about rates, realized that rates affect the local economy. He also noted the importance of measuring how much return there is on program investments, whether in energy saved or lower rates.

Director Gorin departed meeting at 11:13 A.M.



Director Okrepkie stated that Alternative C presented is a correct balance while staying conservative. Director Kearney sees importance of building reserves but at same time important to programmatically see how investments compare with greenhouse gas reductions. Agrees with staff proposed amount. Director Schwartz stated he is not ready to commit to a proposal without seeing more detail on proposed greenhouse gas benefits. Director Landman stated he was concerned with further reducing rates to avoid more opt-outs. Director Cox concurred with the staff proposal. Director Wysocky agreed with the concept of retaining customer loyalty with competitive rates. He stated Programs should include a local preference policy. He would like both committees to weigh in and have more specifics before stating a preference. Director Slayter would like to see more detail on a program budget of \$6M and was in favor of Alternative C with a more modest program budget.

RAC Chair Deicke stated he would like to have a third party do an analysis of how the \$50 million saved to SCP customers has affected the local economy.

IV. BOARD MEMBER ANNOUNCEMENTS (11:37 A.M.)

Director Schwartz spoke about the opportunity of using local green waste in an energy project. CEO Syphers stated a company, ReBio, is currently working with Sonoma County Permit and Resources Department on a local project.

V. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA (11:39 A.M.)

None.

VI. ADJOURN

Meeting adjourned at 11:39 A.M. by Chair Slayter

Respectfully submitted,

Stephanie Reynolds
Internal Operations Manager