



AGENDA
SONOMA CLEAN POWER AUTHORITY
BUSINESS OPERATIONS COMMITTEE
Wednesday, December 16, 2015
9:00 A.M.

Sonoma Clean Power Authority
50 Santa Rosa Avenue, 5th Floor
Santa Rosa, California

I. CALL TO ORDER

II. BUSINESS OPERATIONS COMMITTEE REGULAR CALENDAR

1. Approve the November 12, 2015 joint committee meeting minutes of the Sonoma Clean Power Business Operations and Ratepayer Advisory Committees (action)
2. Receive Operations update and provide direction as appropriate
3. Receive training on Energize customer engagement tool, information on scheduled beta testing and provide direction as appropriate (information)
4. Receive update on the option to provide service to new regions, with presentation of a preliminary analysis on Mendocino and Lake Counties and provide direction as appropriate

III. COMMITTEE MEMBER ANNOUNCEMENTS

IV. 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.)

V. 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.

JOINT MEETING
BUSINESS OPERATIONS AND RATEPAYER ADVISORY COMMITTEES
MEETING MINUTES
THURSDAY, NOVEMBER 12, 2015

I. CALL TO ORDER:

Meeting called to order by BOC Chair Dick Dowd at 9:03 A.M.

Committee Members Present:

RAC: Chair John Parry, Art Deicke, Peter Renfro, Margaret Spaulding. Bob Williamson absent with notice. Chris Romo and Susan Amato absent.

BOC: Chair Dick Dowd, Bill Mattinson, Paul Brophy, George Beeler

Staff/Consultants Present: CEO Geof Syphers, Director of Power Services Deb Emerson, Program Manager Amy Rider and Internal Operations Manager Stephanie Reynolds

II. JOINT MEETING CALENDAR

1. Business Operations Committee (BOC) approval of the minutes from the August 17, 2015 BOC meeting.
CM Mattinson noted a typographical correction to be made.

Motion to accept 8/17/15 minutes, as corrected by CM Brophy.

Seconded by CM Mattinson.

Motion carried 4-0-0

2. Ratepayer Advisory Committee (RAC) approval of the minutes from the May 19, 2015 RAC meeting.

Vote initially tabled, due to lack of quorum. Vote taken at 9:56 A.M., after item #3.

Motion to approve minutes as presented by CM Spaulding.

Seconded by CM Deicke

Motion carried 4-0-0.

3. Operations Report (Information) Present: CEO Syphers

CEO Syphers stated the Ad Hoc Committee for the BOC and RAC recruitment has met and the committee will be making a recommendation to the Board of Directors on 12/3 that the Board will vote on, or reject. Announcements on positions will be made after that time.



Procurement – CEO Syphers discussed current short and long-term contracts. An item not acknowledged in SCP’s portfolio is behind the meter solar. Staff is working to get better data from PG&E on interconnects. Approximately 20% of total peak load is solar. Staff is looking for projects in California that support repowering. Repowering is working with current facilities that are improving due to environmental and productive improvements. Ex. Wind turbines improved to decrease bird strikes.

Departing load charges (PCIA) will be changing significantly in January, 2016, due to PG&E’s loss of customers causing financial loss due to forward procured power. The increased charge does not affect SCP finances, but does affect our customers and how we compare with PGE in overall cost. Staff has asked PG&E for a long term or at least 10 year forecast so rates can be planned based on PCIA changes. More information will be available after 1/1/16 to be used during rate setting.

Pisenti & Brinker finished the 2014-2015 FY audit. The audit was favorable, no adjustments required. They continue to recommend Noble perform an external audit of a type that could be used by SCP to validate how data is managed. SCP improved net position from \$101,000 to \$13.6M with all bank debt paid off. Only remaining debt is to the Sonoma County Water Agency at 3% interest. Forecast looks strong due to favorable wholesale market. Staff goal is to contract for power during these favorable conditions and improve reserves for programs or price increases.

CEO Syphers discussed the issue of SCP’s expansion into other regions and the requests that SCP has received over the last 3 years. Staff had recommended to Board and committees that Sonoma County be served first then work on a policy to use for the expansion process. The Board also asked for data from nearby regions and a formal request from Mendocino and Lake Counties. Any consideration will be weighted carefully. No timeline set at present, other than May, 2017 would be the soonest date to provide service to other areas.

CM Brophy asked about amounts designated for reserves. CEO Syphers stated that data was still being calculated to determine the available funds for deposit. CM Brophy also asked if the expansion policy would include whether or not to expand, or just the process and if different types of memberships would be available. GC Shupe stated that different types of memberships are possible, but would require an amendment to the JPA.

CM Mattinson asked about the number of applicants for the BOC and RAC positions and if there was a limit to expansion. CEO Syphers stated there were approximately 11 applicants for each committee. He also stated that the only legal limit to SCP’s expansion would be to stay in California.



CM Beeler asked about the term of wind contracts. CEO Syphers stated that the terms are approximately 15-20 years, similar to solar contracts. CM Beeler hopes to see larger purchases that aid in the development of more renewable sites. He also stated that when discussing expansion, he wants to keep Sonoma County as priority.

Chair Dowd asked the CEO's opinion on the PCIA fee. What impact will the increase in PCIA have on new CCAs or communities considering formation of a CCA? CEO Syphers stated that it would be a large impact and that is why SCP and other CCAs are asking for a 10 year forecast.

CM Spaulding asked if staff is working in a consultant role with other counties looking at expansion. CEO Syphers stated that SCP is currently not charging staff time to other regions, but not a lot of time has been spent, only basic assistance. If a region asked for a more dedicated time commitment, it could change into a consulting process.

CM Renfro asked if there are any specific reserves set aside for ratepayer relief from the PCIA increases. CEO Syphers stated one of our options is to use reserves. To use as ratepayer relief, it would require going through the ratemaking process then to the Board.

CM Deicke asked if there an opportunity for PG&E to blame cost increases on CCAs. CEO Syphers stated the charges are figured using complex calculations with a number of inputs redacted and the information is provided to the CPUC only. The more visibility SCP can get during validations will help to ensure charges are calculated correctly. CM Deicke asked for the benefits of expanding outside Sonoma County. CEO Syphers stated there is an operational benefit, environmental benefit and expansion strategically helps with regulatory and legislative issues.

Chair John Parry asked how the PCIA 10 year forecast would that be determined as new CCAs form and change the departing load. CEO Syphers stated PG&E has a forecast of what they expect final departing load to be.

Public Comment: None

4. Programs Update - Program Manager Amy Rider, CEO Syphers

Chair Dowd updated that the programs working committee met recently and discussed opportunities.

PM Amy Rider stated that electric vehicles (EV) is an important focus of SCP staff. Specific hurdles are how to make change, education and availability of charging stations to the public and at work. Two RFPs were issued, one for educational tools, one for EV outreach and development. 4 consultants responded with 13 ideas.



Switch Vehicle grants were awarded to 4 local schools, in addition to Analy High School, which already had a program in place. Two more 1Mw contracts were signed under the ProFit program. CEO Syphers stated that FIT projects allow us to offer Evergreen with a mix of 50/50 geothermal and solar.

CEO Syphers stated that SCP staff is working with Senior CAISO staff and LBNL staff on how to work on EV expansion and a program outline. A meeting has been planned with the Governor's office to inform them on the possibilities.

CM Deicke asked about consideration given to used EVs with stigma on battery life, etc. CEO Syphers stated that used EVs are being looked at as a potential opportunity based on residual value. SCP is looking to help solve EV outreach issues with our customers as increased users of those EVs, which may be easier to purchase.

Chair Parry asked about the EverGreen outreach. CEO Syphers stated SCP is waiting to see what PG&E's new similar program will offer.

CM Beeler stated proposals regarding EVs can be premature if there have not been more discussions with LNBL and CAISO regarding the load. CM Beeler asked why there are challenges to getting more ProFit applicants. Amy Rider stated that the main issues remain/interconnection and permitting.

Chair Dowd stated he would like to focus on new things being built and suggested working with PRMD and local jurisdictions building departments so that new builds include energy upgrades while the facilities are being built. CM Beeler also stated that SCP should be working with PRMD and permitting departments regarding EV upgrades.

Public Comment: None

5. Electric Vehicle Technical Assistance contract – Program Manager Amy Rider

PM Rider gave background on the need for education in the area of EVs. This item specifically focused on how to better educate consumers of Sonoma County on EVs including contractors, auto sales personnel and consumers. The contract scope included a market assessment, a guidebook and dealer awareness.

CM Brophy asked for more details on the proposed contractor, ICF. PM Rider stated that ICF is an international consulting firm with dedicated branches for marketing, research. CM Mattinson asked if the proposed survey instrument will be available online. PM Rider stated both paper and electronic versions will be available. Chair Dowd stated that monthly progress reports showing fiscal responsibility are appreciated and should be shared with the Board when received.



CM Deicke commented on the need to continue Spanish outreach. PM Rider will work with the consultant to ensure the Spanish speaking community are connected with during Contacts 3 and 4 of the scheduled period. CM Deicke also commented that Spanish interviews may be needed at dealerships, and it is important to continue to outreach to that demographic.

Public Comment: None

Back to BOC for motion to recommend the contract to the Board of Directors.

Motion by CM Beeler
Seconded by CM Brophy
Motion carried: 4-0-0

*Recess for break at 10:55 A.M.
Reconvene from break at 11:08 A.M.*

6. Budget planning and timeline for meetings and deadlines for presenting draft budget and rates to the Board of Directors. CEO Syphers

CEO Syphers stated that lessons learned from previous budget cycles show that adopting rates in May or June does not allow time for current rates to be published in the joint-rate comparison mailer with PG&E that goes out each June. He is moving the process one month earlier to allow for publishing new rates in the joint mailer. Staff is working with outside consultants MRW in Oakland to understand the aspects of rate setting and reviewing PG&E rate data.

CM Brophy noted there was no mention of the BOC in the timeline and asked if there is an official area where the BOC can participate? CEO Syphers stated the BOC members can be noted when making comments during public comment. CM Beeler stated that during public comment, important commentary on the budget may be cut short. Chair Dowd agreed with allowing BOC input towards the budget. CM Spaulding stated that BOC input is invaluable and necessary and vital, early in the process. Chair Parry asked about a joint format meeting. Chair Dowd stated he feels concerns have been stated clearly and staff can address the issue.

Public Comment: None

7. Discuss options for improving committee interactions and productivity. Review of RAC and BOC Duties and Powers.

CEO Syphers thanked John Parry for his service as a valuable member of the RAC during the difficult startup period of SCP.



CM Deicke stated the way overlapping items are set up doesn't allow for joint input. Would it be possible to set up the budget review process with the BOC seated at the table as non-voting members. GC Shupe stated there would be no legal impediment but from a Brown Act perspective it would be better to have the presence of both committees agendized. CEO Syphers stated it would be important to note that the recommendations to RAC from BOC are not directive and clear which committee is making the decisions.

CM Mattinson stated that during the discussion of JPA language and overlapping duties it would be good to gather public input, perhaps from the website. CM Brophy stated he understands the difficulties and that the solution may be to have one larger committee with the use of ad hoc committees to cover detailed issues and present to the larger committee a summary memorandum. CM Spaulding stated that when the JPA formed there was no model to follow and it is important to go back and modify the JPA to clarify roles and possibly improve on ratepayer representation. Marketing, outreach, education and feedback need to be improved so ratepayers are informed outside committee meetings. CM Renfro reiterated CM Spaulding's comments. Ratepayers are being asked to consider items that are new ideas and they need more education on items. Our outreach to customers can be redefined through education and committee work. He asked for clarification on Section 4.5.2.2 on reporting to the Board. GC Shupe stated how the committees have turned out in practice is very different than imagined. The idea of a single committee may be something to consider in the future.

Public Comment: None

8. Establish dates for future committee meetings.

CEO Syphers showed prospective Committee meeting dates, which reflected staff's effort to have a Board meeting and a committee meeting each month.

III. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

IV. ADJOURN (11:56) by Chair Parry

Respectfully submitted,

Stephanie Reynolds,
Internal Operations Manager



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Staff Update – Item 2

To: Sonoma Clean Power Business Operations Committee

From: Geof Syphers, CEO

Issue: Operations Report

Date: December 16, 2015

Annual Report

The annual report was released in November for the 2014-15 period, showing excellent results on greenhouse gas emissions savings and financials.

Reserve Contributions

With the close-out of the 2014-2015 Fiscal Year, SCPA's accountants have calculated the final available net position to be transferred into the new reserve fund. A contribution of \$6,273,000 was made into general Operating Reserves, and a contribution of \$1,107,000 was made into the dedicated Program Reserves.

PG&E Fee Increase

After many years of virtually no changes, PG&E has proposed to increase the Power Charge Indifference Adjustment (PCIA) by nearly 100% starting on January 1, 2016. This would cause customer bills to rise about 7%. The huge increase in the PCIA is reportedly the result of a very low natural gas commodity price, although serious concerns about how the fee is calculated have arisen. Staff have recently learned that CPUC staff have not validated any parts of PG&E's calculation, --an essential component of the process, given that much of the data is confidential and cannot be released to SCP. While it is difficult to change a proposed decision, SCP is actively working to do so.



Electric Vehicle Grid Services

Interest in a major electric vehicle program is growing. Staff met with the Governor's office and continue to work with the California ISO, Lawrence Berkeley National Lab and the Sonoma County Transportation Authority to identify and clarify opportunities.

At the core of idea is a large network of special EV charging stations that are responsive to signals from the ISO. The stations can vary the current flowing to vehicles to increase or decrease demand as an aggregated resource, making it possible to have a significant impact on shaping SCP's customer load. This capability will be increasingly necessary to accommodate higher levels of solar and wind power because of the variability of those sources. The ISO compensates SCP for this service, and the savings are passed on via lower charging costs to EV drivers.

The rate of adoption of electric vehicles is very slow, however, and making charging infrastructure available and affordable will probably not be sufficient to change that. As a result, staff have been working to understand the slow market transition and identify ways to accelerate it. Several factors have been identified, and further research has also begun:

- Dealer apathy – auto dealers earn much less from the sale or lease of an electric vehicle because their primary profit is from maintenance, which is significantly less with EVs. As a result, dealers steer customers toward internal combustion cars.
- Lack of Awareness – many people are simply not aware that modern, mature, reliable EVs exist.
- Purchase Price – it is more difficult for low and moderate income drivers to lease a vehicle because people with lower credit scores are usually required to purchase rather than lease. Given that leases embed the full federal tax credit, this effectively prices sales higher than leases, at least on a short-term basis.
- Financing Risk – banks are reticent to finance EV leases because it is harder to estimate their residual value (the value at the end of their lease term). This is due to the concern that the technology is evolving so fast, that people will not want a three-year old EV. As a result fewer banks are participating in the lease market, and at worse commercial rates.
- Lack of Confidence – drivers sometimes equate electric with wimpy or poorly made. The emergence of performance EVs is beginning to change that, but



this image still persists for more basic models. This changes quickly, however, drivers test a vehicle.

- Range – concerns still exist about vehicle ranges, but this turns out to be the easiest problem to address, since numerous longer range vehicles are expected in the next two years.

SCP is pursuing further test drive events, education, web tools, and possible marketing to promote EVs and to overcome some of the barriers described above. The option to develop car “share” clubs with EVs, re-lease used vehicles, or provide other incentives to use them is under review as well.

Procurement

A wind power contract is currently in late stages of negotiation, but was not ready in time for this meeting. It will be brought to the next BOC meeting for review.

This focus on wind is the result of working to diversify the CleanStart portfolio, provide additional rate stability, and further reduce emissions by adding a long-term wind power purchase. The preferred contract will be:

- Located in California and sold as Category 1 renewable energy;
- Preferably from a re-powering project where the replacement of existing turbines will significantly reduce bird strikes;
- Between 20 and 80 MW.



SCPA Business Operations Committee Agenda Items and Ideas for Future Meetings

Updates proposed by Chair Briski with input from CEO Syphers

Last Revision 06/29/2015

Priority High/Med/Low (H/M/L)	Proposed Agenda Item	Date added
H - ongoing	Immediate business issues: Any topic needed to ensure the business runs smoothly and works towards achieving the JPA goals.	2013 -fall
H - ongoing	Business fundamentals performance monitoring: Staff provide info (at least at the end of each quarter per the JPA) such that the BOC can understand how the business is performing including the following types of items: <ul style="list-style-type: none"> • Financial performance • Participation rates, number of accounts, amount of power delivered • SCP performance against the JPA goals • Various programs against their performance goals (e.g.: FIT, NEM, and new programs as they are developed) 	2014-02-26
H	Resource Plan: Continue to develop, review and articulate concepts, philosophy, criteria, and strategies to be used in the Resource Plan and resource planning decisions. <ul style="list-style-type: none"> • Use cost estimates as possible to assist in resource planning decisions 	2014-02-26
H	Committee roles and responsibilities, including a continuation of joint committee conversations	2014-11-02
H	Program Development: As a full committee, receive report-outs from the BOC-RAC team working with staff on selection criteria and programs.	2015-04-09
H (as of 6/29)L	Evolution of the JPA to clarify and adjust rules, roles, responsibilities, etc. (as timing becomes appropriate)	2014-11-02
H	Monitor existing and new legislative and regulatory actions that would affect SCP	
M	Bilateral agreements vs. RFPs: Discuss appropriate use of each at relevant times in decision-making.	2014-02-26
M	Big Audacious Goal: Consider whether a big audacious goal should be set to drive progress (assumes business fundamentals continue to be done well).	2014-02-26
M	Informational presentations/workshops related to understanding the business, including resource planning. Possible topics include: <ul style="list-style-type: none"> • RECs (renewable energy credits): how they work, the various categories, regulations regarding them • RA (resource adequacy): types, requirements • CRR (Congestion Revenue Rights): how they work • Various demand-side programs (energy efficiency), or supply side (renewables, etc.) 	2013 - fall
M	Discussion on Electric Vehicles	2015-02
L	Local customer service: Consider if and when it makes sense to internally staff the customer call center rather than using a contracted service.	2013 - fall



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Staff Report – Item 3

To: Sonoma Clean Power Authority Board of Directors

From: Amy Rider, Program Manager and Geof Syphers, CEO

Issue: Training and information on Energize and beta testing

Date: December 16, 2015

No written materials for this item. Slides to be provided at the meeting during training.



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Staff Report – Item 4

To: Sonoma Clean Power Authority Business Operations Committee

From: Geof Syphers, CEO

Issue: Discussion and feedback on the option to provide service to new regions, with presentation of a preliminary analysis on Mendocino and Lake Counties.

Date: December 16, 2015

Requested Action

Discuss options for service, and receive preliminary information on electrical load, population and demographics of Lake and Mendocino County. Provide input into further analysis needed to make a decision on whether to provide service to these regions.

Background

There is broad agreement that SCP should support community choice in more parts of California to ensure:

1. Continued progress on greenhouse gas emissions reductions;
2. A stronger regulatory and legislative coalition;
3. An increase in local control over energy programs; and
4. Financial benefits to customers and local communities.

The kind of support SCP currently offers largely depends on proximity, with closer regions receiving more staff time and more distant regions receiving more limited conference calls and occasional presentations. SCP staff plan to continue this work



and add to our ability to assist other communities to implement community choice programs over time.

This item focuses on options to support service to either Lake or Mendocino Counties, or both. Staff has identified the following options, all of which would produce significant greenhouse gas benefits:

- A. Development Assistance – facilitate the development of a wholly independent program.
- B. Limited Service – provide electric service and funding for local administration of all programs, with limited or no representation of the new service areas on the Board of Directors.
- C. Full Service – provide electric service and programs with full Board representation.

Development Assistance

SCP could consider providing a financial guaranty to support the launch of a new program in one of our neighboring counties, as well as facilitate the hiring of local staff, issuing RFPs, conducting interviews and administering the contracting process for consulting and service organizations. SCP staff could serve as advisors throughout the first years of power procurement and compliance, and support local staff development. This option would put SCP into a similar position that the Sonoma County Water Agency played in the formation of SCP.

The advantages of this option are that, following the start-up period, SCP could retain its exclusive focus on Sonoma County: program decisions, power choices and rates would still uniquely represent Sonoma County's interests. Governance of SCP would remain entirely with our existing nine directors. Also the brand of "Sonoma Clean Power" would remain strong and relevant, while new regions would have the ability to brand differently.



The disadvantages of this option are that (a) SCP staff would need to provide a significant amount of support to a region for the first two years---likely more time than required to expand SCP's territory, (b) a financial guaranty to another region may raise questions about the value and risk to SCP's customers, and (c) any potential value from a larger program would not be captured (e.g., EverGreen could potentially be expanded to include biomass in Mendocino or geothermal in Lake). It is also conceivable that this option would delay roll-out of service to a new region (e.g., maybe 2018 instead of summer of 2017).

Early feedback: The SCPA Board of Directors were skeptical of this approach in the December 3, 2015 meeting, and asked staff to either focus on alternative approaches or bring a proposal forward for Development Assistance that appears to be more favorable to SCP.

Limited Service

The SCPA Board of Directors has expressed interest in ensuring that Sonoma County representatives continue to have a strong voice in making decisions even if SCP provides service to areas outside of Sonoma County. In addition, staff has concerns about providing demand-side programs across a large territory. A limited service model may provide a means to achieve both objectives.

Limited service means that Sonoma Clean Power would provide electric energy to a new region, including all procurement and compliance activities and all billing and call-center service. However, rather than extending SCP's demand-side programs and community events into new regions, SCP would apportion program funds to flow into restricted accounts so that each new region would have the ability to direct those funds toward energy programs of their choosing, using their own staff or contractors to implement the programs. This model also proposes limited board representation, such as one new director per county, though the details of that option might be refined.



Advantages of this model include maintaining a relatively small Board of Directors, limiting the need for agreement across regions on some program priorities, and limiting staff time for implementing demand-side programs in other regions. Some communities may find that having greater autonomy over their local programs is an advantage. Expansion of the potential local supply area is another potential advantage, since Lake has known geothermal and solar resources, and Mendocino has potential biomass resources. This model is also likely faster to implement than the “Development Assistance” model, and could probably provide service by the summer of 2017.

Disadvantages include (a) potential dilution of focus on Sonoma County during rate setting and in connection with supply-side programs such as NetGreen, ProFIT and potential future community solar programs, (b) potential loss of brand value for having to transition from “Sonoma Clean Power” to “SCP” in order to serve regions outside of Sonoma County, and (c) potential loss of EverGreen value when extending definition of “local” to other neighboring counties. The larger geographic territory creates challenges for staff to maintain a high level of customer engagement, and the number and distribution of public events in these new territories might need to be different than in Sonoma County. A disadvantage relative to the “Development Assistance” model is that procurement of long-term renewable contracts would make it very difficult to divide the program at any point in the future. A decision to serve a new region should be made under the assumption that it will create a permanent partnership.

Early feedback: The SCPA Board of Directors was interested in this approach, but cautioned that some regions may not wish to implement their own programs and that the funds dedicated for program use would need to conform with Prop 26 rules (i.e., be dedicated to the benefit of customers via energy-related projects). The Board generally liked the notion of limited representation for new regions.



Full Service

A full service model would be similar to the limited service, but with full program implementation. Governance could be with one director per county and incorporated city (as defined under the existing JPA) or could be done with more limited representation after amending SCPA's Joint Powers Agreement.

Advantages of a full service model include the advantages of Limited Service, except for the value of Mendocino and Lake having greater autonomy over customizing their local programs. In addition, there may be some advantage of demand-side program effectiveness at producing climate benefits, if centrally administered. Both Lake and Mendocino Counties would also likely appreciate support with program implementation staffing as well.

Disadvantages include the same disadvantages of Limited Service plus the challenges of staff covering demand-side program implementation in a large territory.

Early feedback: The SCPA Board of Directors seemed divided over whether Limited Service or Full Service was preferable, with the Chair noting that Full Service with limited representation may be his preference.

Information on Lake and Mendocino Counties

Data on the following pages provides background information to evaluate the impacts of service to one or both of Lake and Mendocino Counties.

Directors on SCPA Board, assuming all incorporated cities eventually join	No Changes to JPA	Reducing Representation
Sonoma County Alone	9	9
With just Mendocino	13	9-10
With just Lake	12	9-10
With both Mendocino+Lake	16	9-11



Demographics of Mendocino and Lake Counties

For background and further understanding of regional differences, the demographics of Mendocino and Lake Counties are compared against our current Sonoma County customer profile as follows:

Census data	Mendocino	Lake County	Sonoma
Population	71,794*	64,184	500,292
Housing Units	34,560*	35,657	207,232
Home Ownership Rate	58.2%	62.7%	60.1%
Median Household Income	\$ 43,469	\$ 36,548	\$ 63,356
Persons below poverty level	20.9%	23.3%	12.4%
Land Area sq mi	3,506	1,257	1,576
Persons/sq mi	25	52	307
Climate Zones	1, 2, & 16	2	1 & 2

*Mendocino County population and housing units exclude the City of Ukiah.

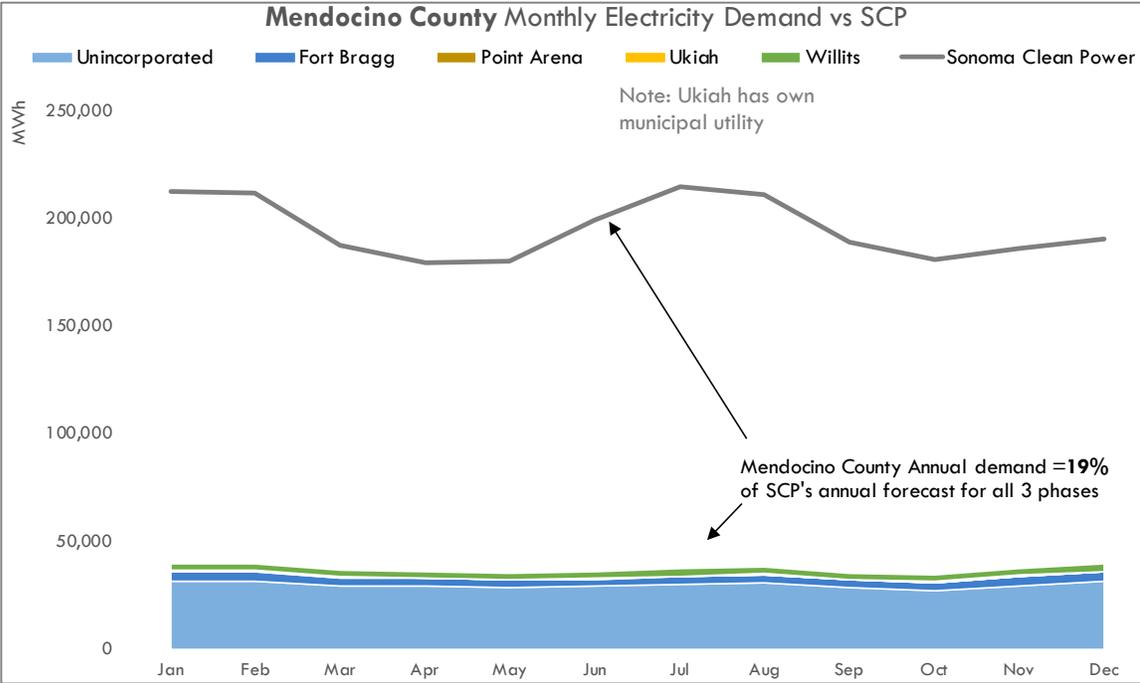
Electricity Load of Mendocino and Lake Counties

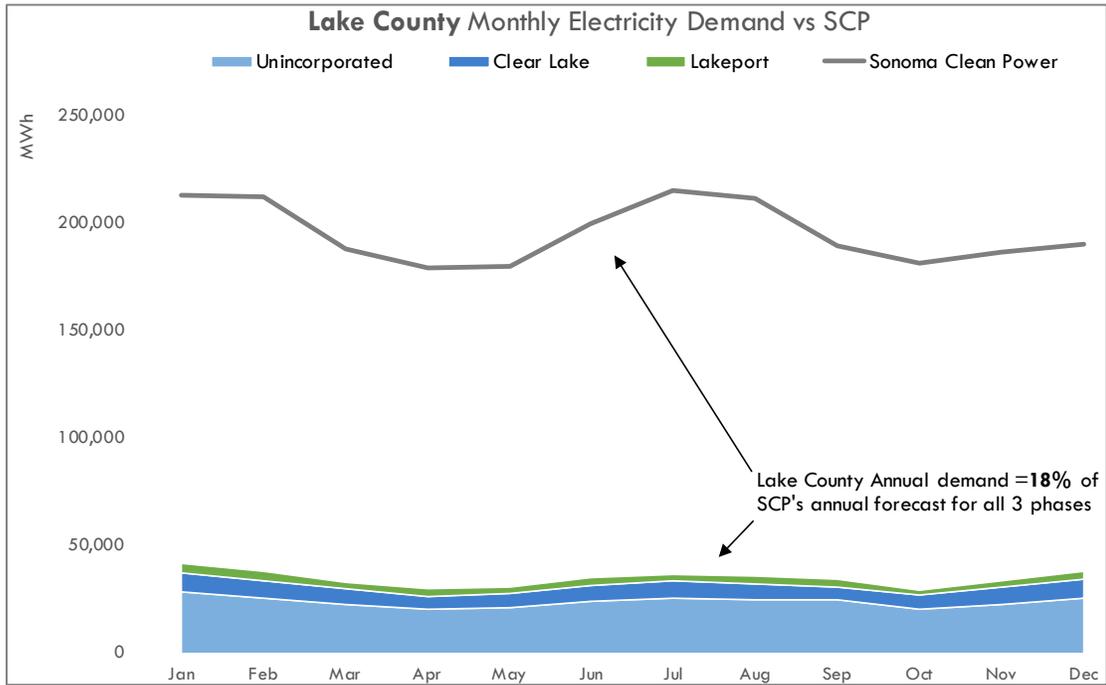
The historical annual electricity load of Mendocino County is approximately 19% of the Sonoma Clean Power 2016 forecasted annual load (the city of Ukiah is excluded because they have their own municipal utility). Historically, Lake County's load was approximately 18% of SCP's load, however, the effects of the devastating fires has not been evaluated. Ignoring the impacts of the fires, the total electricity load of all incorporated cities (excluding Ukiah) and unincorporated areas within Mendocino and Lake Counties is approximately 37% of the current Sonoma Clean Power load.

	Total Load MWh	% Resid.	% non-Resid.
Sonoma Clean Power	2,344,867	50.0%	50.0%
Mendocino County	443,829	57.4%	42.6%
Lake County	413,748	68.6%	31.4%

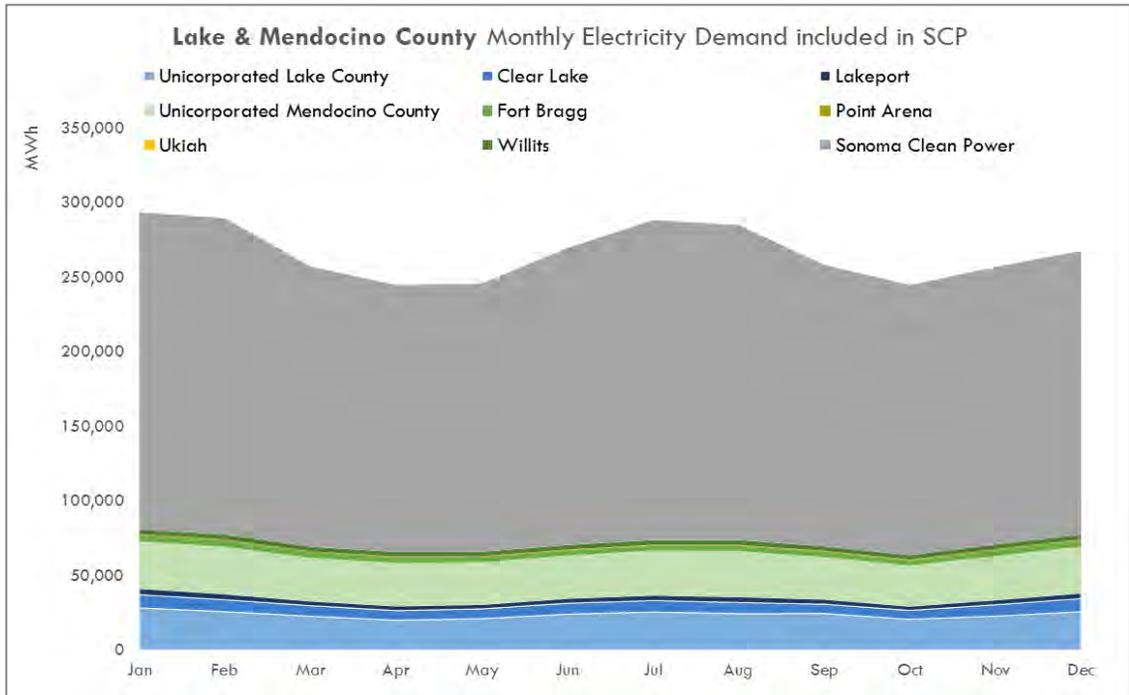


The seasonal electricity load profile for Mendocino County has a slight increase in summer and winter, but remains relatively constant throughout the year. SCP's current customer profile peaks in the summer and winter months and decreases in the spring and fall. The seasonal electricity load profile for Lake County more closely resembles the seasonal variation in SCP's current customer electricity load profile.





The addition of all eligible areas within Mendocino and Lake Counties would increase the summer and winter monthly electricity loads to almost 300,000 MWh/month in peak months with lower spring and fall electricity loads of approximately 250,000 MWh/month.



Greenhouse Gas Impacts

The greenhouse gas savings of SCP would increase proportional to the increase in load. This means that savings would increase about 31%, reflecting the increase in load from 2,345 GWh per year to 3,074 GWh. This assumes 85% participation.

Preliminary Financial Analysis

Providing the “Development Assistance” model to Mendocino and/or Lake Counties would carry financial risk if those programs did not eventually serve customers or failed in the first year or two. The level of risk would need to be refined if this model is pursued, but if the full start-up costs and guaranty were provided it would likely be between \$1.5 million and \$2.5 million per new program. Given the favorable long-



term margins in community choice programs, a fee could be charged for such a guaranty in proportion to the deemed risk. Risks would also be significantly mitigated by the close involvement of SCP staff in structuring any new program, selecting contractors and training staff.

Serving the additional areas of Mendocino and/or Lake County with either the Limited Service or Full Service model would likely have a very small beneficial impact on long-term rates, but could have a small increase in rates through 2020.

The additional load does not significantly change SCP's negotiating position vis-à-vis its power suppliers. On the plus side, it would somewhat increase our volume purchases and make us slightly more attractive to energy sellers. On the minus side, we have significantly filled SCP's energy needs at favorable prices through 2020, and expanding the territory would require additional purchases that are more likely to be at higher prices as the market probably moves upward.

Impacts on customer rates are difficult to forecast, but are probably limited. Staff's estimate of the range of likely impacts to customer rates are as follows:

2017-2020	2021 and beyond
-1% to +3%	-1% to 0%

The net income per unit of energy sold would not be significantly impacted, but would probably increase very slightly (e.g., perhaps about 0.5%, on average) due to the efficiency of using shared staff to serve more than one county and covering other related fixed costs with a higher overall volume of sales.

Staff seek input from the Business Operations Committee on the question of whether to serve Mendocino and/or Lake Counties, and the pathways of Development Assistance, Limited Service, Full Service, or other options not yet explored.