



**AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, MARCH 2, 2023
9:00 A.M.**

MEMBERS OF THE BOARD OF DIRECTORS MAY PARTICIPATE IN THE MARCH 2, 2023, MEETING AT EITHER OF THE LOCATIONS SHOWN BELOW.

**SONOMA CLEAN POWER HEADQUARTERS
431 E STREET
SANTA ROSA, CA 95404**

**MENDOCINO COUNTY ADMINISTRATION BUILDING (TELECONFERENCE
LOCATION)
501 LOW GAP ROAD, CONFERENCE ROOM C
UKIAH, CA 95482**

MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE MEETING AT THE ABOVE PHYSICAL LOCATIONS OR REMOTELY THROUGH:

Webinar link: <https://us06web.zoom.us/j/88546704126>

Telephone number: 1 (669) 444-9171

Meeting ID: 885 4670 4126

How to Submit Public Comment When Participating Remotely:

The Chair will request public comment during the Public Comment period for all items on the agenda. Comments may be provided in person at the physical meeting locations. 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 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 up to 300 words.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format, please contact the Clerk of the Board at (707) 757-9417, or by email at meetings@sonomacleanpower.org as soon as possible to ensure arrangements for accommodation.

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

CALL TO ORDER

BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve February 2, 2023, Draft Board of Directors Meeting Minutes (Staff Recommendation: Approve) **pg. 5**

BOARD OF DIRECTORS REGULAR CALENDAR

2. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 13**
3. Receive Legislative and Regulatory Updates, Provide Direction as Appropriate and Delegate Authority to the CEO to Take Positions on Bills Supporting Remote Meetings (Staff Recommendation: Receive and File) **pg. 33**
4. Approve the Delegated Authority to the CEO or his Designee to Execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreements with Chevron New Energies, Cyrq Energy Inc., and Eavor Inc. and Find that Approval of Each Agreement is Not a Project Subject to CEQA and Exempt under CEQA Guidelines §§15061(b)(3), 15262, and 15306 (Staff Recommendation: Approve) **pg. 37**
5. Review Programs Strategic Action Plan and Provide Direction as Appropriate (Staff Recommendation: Receive and File) **pg. 43**
6. Approve the Proposed Budget Adjustments for Fiscal Year 2022-2023 (Staff Recommendation: Approve) **pg. 85**

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

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

ADJOURN

COMMONLY USED ACRONYMS AND TERMS

CAC	Community Advisory Committee
CAISO	California Independent Systems Operator – the grid operator
CCA	Community Choice Aggregator – a public power provider
CEC	California Energy Commission
CleanStart	SCP’s default power service
CPUC	California Public Utilities Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account – one of PG&E’s rate cases at the CPUC
EverGreen	SCP’s 100% renewable, 100% local energy service, and the first service in the United States providing renewable power every hour of every day.
Geothermal	A locally available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case – one of PG&E’s rate cases at the CPUC
GridSavvy	GridSavvy Rewards are available to SCP customers for reducing household energy use when needed to help California ensure reliable low-emission power. A form of ‘demand response.’
IOU	Investor-Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan – balancing energy needs with energy resources
JPA	Joint Powers Authority
MW	Megawatt is a unit of power and measures how fast energy is being used or produced at one moment.
MWh	Megawatt-hour is a unit of energy and measures how much energy is used or produced over time.
NEM	Net Energy Metering. NEM is a billing mechanism that credits solar energy system owners for the electricity they add to the grid.
NetGreen	SCP’s net energy metering bonus
PCIA	Power Charge Indifference Adjustment – a fee charged by PG&E to all electric customers to ensure PG&E can pay for excess power supply contracts that it no longer needs.
RA	Resource Adequacy – a required form of capacity that helps ensure there are sufficient power resources available when needed.
RPS	Renewables Portfolio Standard refers to certain kinds of renewable energy which qualify to meet state requirements, including wind, solar, geothermal.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day

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**DRAFT MEETING MINUTES
BOARD OF DIRECTORS MEETING
THURSDAY, FEBRUARY 2, 2023
9:00 A.M.**

******AB 2449******

****RE CORONAVIRUS COVID-19****

****HYBRID MEETING (IN PERSON AND REMOTE ATTENDANCE)****

CONSISTENT WITH THE PROVISIONS OF AB 2449, MEMBERS OF THE BOARD OF DIRECTORS PARTICIPATED IN THE FEBRUARY 2, 2023, MEETING IN PERSON AND BY REMOTE ATTENDANCE.

CALL TO ORDER

(9:04 a.m. - Video Time Stamp: 00:04:15)

Vice Chair Fudge called the meeting to order.

Board Members present: Chair Fudge, Vice Chair Hopkins, and Directors Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, and Gjerde.

Staff present: Geof Syphers, Chief Executive Officer; Michael Koszalka, Chief Operating Officer; Stephanie Reynolds, Director of Internal Operations; Neal Reardon, Director of Regulatory Affairs; Ryan Tracey, Director of Planning and Analytics; Kate Kelly, Director of Public Relations & Marketing; Sylvia Magallanes, Senior Customer Service Representative; Leif Christiansen, Commercial Accounts Manager; and Carter Bell, Quantitative Analyst

BOARD OF DIRECTORS REGULAR CALENDAR

(9:06 a.m. - Video Time Stamp: 00:06:33)

1. Approve Sonoma Clean Power Authority Resolution 2023-01 Permitting Remote Teleconference Meetings of the Board of Directors and Community Advisory Committee and Discussion of Future Remote Meetings Pursuant to AB 2449

Special Counsel Josh Nelson discussed future remote meeting rules for SCP's Board of Directors and Community Advisory Committee. He discussed different types of remote meetings including traditional public meeting rules,

modified rules pursuant to AB 361, and new guidelines pursuant to AB 2449. He stated that the rules under AB 361 would end March 1, 2023.

Director Hopkins inquired as to what the definition of a medical emergency is under AB 2449 and Counsel Nelson responded that it was not specifically defined. Director Elward mentioned that we need to be aware that one of SCP's goal is reducing carbon emissions. Director Strong asked if there could be a quorum under multiple teleconference locations and Counsel Nelson responded, not under AB 2449.

Public Comment: Woody Hastings expressed his support for continuing to allow members of the public to attend and participate in public meetings remotely.

Motion to Approve Sonoma Clean Power Authority Resolution 2023-01
Permitting Remote Teleconference Meetings of the Board of Directors and
Community Advisory Committee and Discussion of Future Remote Meetings
Pursuant to AB 2449 by Director Rogers

Second: Director Hopkins

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong,
Fudge, Gjerde, Hopkins

BOARD OF DIRECTORS CONSENT CALENDAR

(9:23 a.m. - Video Time Stamp: 00:23:38)

2. Approve December 1, 2022, Draft Board of Directors Meeting Minutes
3. Receive Geothermal Opportunity Zone Update
4. Approve Emergency Consumer Protections for Natural Disaster in Sonoma Clean Power Authority Service Territory
5. Ratify Generation Rates Effective February 1, 2023, Consistent with Prior Board Direction

Public Comment: None

Item 3 was pulled for discussion.

CEO Syphers gave an update on upcoming cooperation agreements and background for the GeoZone including Cyrq Energy's grant application with the Federal government.

Director Rogers asked if SCP provided the only 24-hour local renewable energy in the United States and CEO Syphers answered in the affirmative. Director Elward asked what the time frame for the Cirq Energy grant was and CEO Syphers responded 2 to 3 weeks. Director Bagby asked about the feasibility of including Lake. Director Hopkins inquired if local tribes had been engaged and CEO Syphers stated that two have so far.

Motion to approve the February 2, 2023, Board of Directors Consent Calendar by Director Bagby

Second: Director Elward

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

BOARD OF DIRECTORS REGULAR CALENDAR (continued)

6. Nominate and Approve the Appointments of Chair and Vice Chair of the Board for One-Year Terms

(9:36 a.m. - Video Time Stamp: 00:35:58)

Motion to Nominate and Approve Deborah Fudge as Chair of the Sonoma Clean Power Authority for a One-Year Term by Director Bagby

Second: Director Rogers

Public Comment: None

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

Motion to Nominate and Approve Lynda Hopkins as Vice Chair of the Sonoma Clean Power Authority for a One-Year Term by Director Rogers

Second: Director Bagby

Public Comment: None

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

7. Accept the Independent Draft Report for the Financial Statements from Fiscal Years Ending June 30, 2021, and June 30, 2022

(9:41 a.m. - Video Time Stamp: 00:41:12)

Stephanie Reynolds, Director of Internal Operations introduced Kellin Gilbert of Pimenti & Brinker to discuss the audit. Mr. Gilbert discussed the unmodified opinion including risk assessments, revenue recognition, and cash on hand. He mentioned areas of focus being the accrued cost of electricity, liabilities, financial statements, notes of disclosure, and required government communications.

Public Comment: None

Motion to Accept the Independent Draft Report for the Financial Statements from Fiscal Years Ending June 30, 2021, and June 30, 2022 by Director Hopkins

Second: Director Bagby

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

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

(9:54 a.m. - Video Time Stamp: 00:54:30)

Director Reynolds explained the purpose of the Internal Operations report for the benefit of new Board Members and then she discussed the Advanced Energy Center. She then introduced Sylvia Magallanes, Senior Customer Service Representative, who gave an update on SCP's recent customer inquiries. Leif Christiansen, Commercial Accounts Manager, announced that Point Arena has become the first city in Mendocino County to upgrade to EverGreen service.

Chair Fudge noted that social media has been abuzz with complaints of high energy bills but added that SCP had been quite helpful to customers.

Director Barnacle asked if SCP could get SCP's Customer Service Representative's voices out to the public to demystify rates.

Then COO Koszalka discussed SCP's financials and participation rates.

Director Ford asked if participation tables could be broken down by power delivered to jurisdictions and CEO Syphers responded that they could. COO Koszalka then discussed SCP's Unaided Brand Awareness survey.

Director Gjerde commented on energy use in areas of high poverty and asked if CalCCA recommended legislation for energy efficient retrofitting. Director Rogers discussed local business efficiency standards and Director Bagby asked that an article regarding planning be distributed to the Board. Director

Barnacle asked if customer use of SCP incentives was higher in December and CEO Syphers responded that they were, in part because SCP has shifted incentives to go directly to customers. Vice Chair Hopkins asked if there were any incentives from the Inflation Reduction Act (IRA) on the horizon and CEO Syphers mentioned that [cleanenergy.gov](https://www.cleanenergy.gov) and the SCP website were the best places to find updates on the IRA.

Public Comment: Ben Peters mentioned growth and inquired as to the amount of direct access customers in SCP territory and when SCP would add Lake County to its territory.

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

(10:36 a.m. - Video Time Stamp: 01:35:47)

Neal Reardon, Director of Regulatory Affairs, introduced and gave background on the regulatory report. He mentioned California Energy Commission (CEC) funding for zero emission vehicle infrastructure and the denial of the Diablo Canyon extension application by the federal Nuclear Regulatory Commission. He also mentioned that Karen Douglas became the newest member to the California Public Utilities Commission (CPUC).

CEO Syphers gave a legislative update and mentioned new State legislature appointments and committee assignments.

Director Barnacle asked what SCP does to encourage energy efficiency reform and Director Reardon responded that this is done at the local level through programs SCP offers. Director Barnacle then asked if SCP had sponsored any bills and CEO Syphers responded not yet this year.

Public Comment: None

10. Approve Sonoma Clean Power Authority's Updated Legislative Platform

(10:51 a.m. - Video Time Stamp: 01:51:22)

CEO Syphers discussed SCP's updated Legislative Platform by providing a summary of the Platform and discussing the two proposed changes: adding language around fast-trip shut off devices to the Energy Resilience section and adding a new Geothermal section to the Platform.

Vice Chair Hopkins asked if PG&E's "Fast-Trip" program was their answer to undergrounding electric lines and CEO Syphers responded that it was unclear

due to PG&E's lack of communication, oversight, and discussion. Vice Chair Hopkins then asked if SCP knew where the locations of the "fast-trips" are and CEO Syphers responded that customers only find out after the fact.

Public Comment: None

Motion to Approve Sonoma Clean Power Authority's Updated Legislative Platform by Director Rogers

Second: Director Elward

AYES: Bagby, Ford, Barnacle, Elward, Rogers, Zollman, Farrar-Rivas, Strong, Fudge, Gjerde, Hopkins

11. Receive Power Procurement Update

(10:58 a.m. - Video Time Stamp: 01:58:09)

Carter Bell, Quantitative Analyst, discussed SCP's 30MW standalone battery project with Strata Clean Energy.

Public Comment: Ben Peters stated that he looks forward to the permitting process due to the location of the project and its possible impacts to the area's residents.

12. Receive 2022 Annual Report

(11:04 a.m. - Video Time Stamp: 02:04:12)

Kate Kelly, Director of Public Relations & Marketing, discussed SCP's 2022 Annual Report entitled "Powering Everyday Moments." She pointed out the highlights including: Notes from the CEO, the Advanced Energy Center, Fast Charge For All, Power Procurement, Leadership, Financials, and Caring for Customers.

Public Comment: None

BOARD OF DIRECTORS MEMBER ANNOUNCEMENTS

(11:08 a.m. - Video Time Stamp: 02:08:28)

Chair Fudge mentioned that the Town of Windsor was making progress in the discussion to upgrade to EverGreen and then discussed the all-electric Clearwater Senior Living Center Project.

PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

(11:10 a.m. - Video Time Stamp: 02:10:03)

Public Comment: None

ADJOURN

(11:10 a.m. - Video Time Stamp: 02:10:43)

The meeting was adjourned by unanimous consent.

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Staff Report - Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations
Mike Koszalka, Chief Operating Officer

Issue: Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate

Date: March 2, 2023

ANOTHER NONPROFIT HAS MADE THE SWITCH!

With the assistance of the SCP Nonprofit Electric Vehicle incentive program, the nonprofit Face to Face office in Santa Rosa has purchased an all-electric van. Face to Face is celebrating 2023 as their 40th year of working in the field of HIV/AIDS in Sonoma County and SCP is proud to support them and other nonprofit agencies making the switch to electric vehicles!



ENERGY EDUCATION PROGRAM UPDATE

Looking ahead, SCP has a few programs scheduled in Mendocino County over the next few months:

- ZunZun musical assembly will perform in Fort Bragg at Redwood Elementary on 4/6/2023 and in Ukiah at Zeek Elementary (this was approved, though outside service area)
- 4th Grade and Middle School in-class presentations scheduled at Manchester School on 3/30/23
- Attending Mendocino Science Fair in Ukiah to share STEM activity and provide cash awards for exceptional projects related to renewable energy on 3/18/2023

Mendocino teachers have been slow to reach out since COVID. Every school has a copy of our brochure and emails have been sent directly to several teachers. There is also a digital brochure for Mendocino teachers.

SCP's Water and Energy Education Staff through Sonoma Water are hoping to gain exposure through the science fair and are also involved in a regular meeting with other informal educators organized by the Mendocino County Office of Education.

Throughout SCP Service Territory

The Water and Energy Education staff are also busy traveling from school to school across Sonoma and into Mendocino County sharing interactive, hands-on lessons directly with students. Students in grades 3-12 are introduced to the importance of renewable energy development as a solution to climate change and investigate science questions with solar panels, light bulbs, and wind turbines. ZunZun musical assembly performs outdoors and inspires students to move to their music as they learn key messages about water and energy conservation. The high school climate change program continues to grow in popularity and students are enjoying their field trips to the Advanced Energy Center. Teachers are also receiving class sets of pencils, pencil sharpeners, and rulers with the Sonoma Clean Power logo and the message that "Saving Water, Saves Energy!" We are looking forward to seeing several stewardship projects come to life funded by the small grant program, "A Call to Action."

January 2023 (1,408 students from 75 classes)

- Three high schools received the Climate Change Class Visit and Advanced Energy Center Field Trip from Santa Rosa and Rohnert Park (85 students)
- Two ZunZun musical assemblies (599 students)
- Three 4th Grade school visits with content about renewable energy, climate change, and a focus on solar power from Sebastopol to Healdsburg (104 students)
- Eleven 3rd Grade school visits with content about renewable energy, climate change, and simple solutions to reduce electricity and greenhouse gas emissions. Rohnert Park, Santa Rosa, Geyserville, and Petaluma (522 students)
- Two Middle School visits with content about renewable energy, climate change, and wind energy in Santa Rosa and Petaluma (98 students)
- Selected 4 recipients for the A Call-to-Action Program (\$3,760 awarded)

February 2023 (1,622 and 55 classes-projected)

- One high school will receive Climate Change Class Visits (4 classes-120 students) 2 Advanced Energy Center field trips (31 students)
- Two ZunZun musical assemblies (estimate 300 students attending)
- Two 4th Grade school visits (59 students)
- Fourteen 3rd Grade school visits (751 students)
- Seven Middle School visits (361 students)

March 2023 (1,320 students and 26 classes-projected)

- Three Advanced Energy Center field trips (90 students) and Climate Change Class Visit (90 students)
- Four ZunZun musical assemblies (600 students)
- Three 4th Grade school visits (88 students)
- Five 3rd Grade school visits (190 students)
- One Middle School visit (15 students)
- Mendocino County Science Fair (250+/- students)

ZunZun Assembly at Gravenstein Elementary



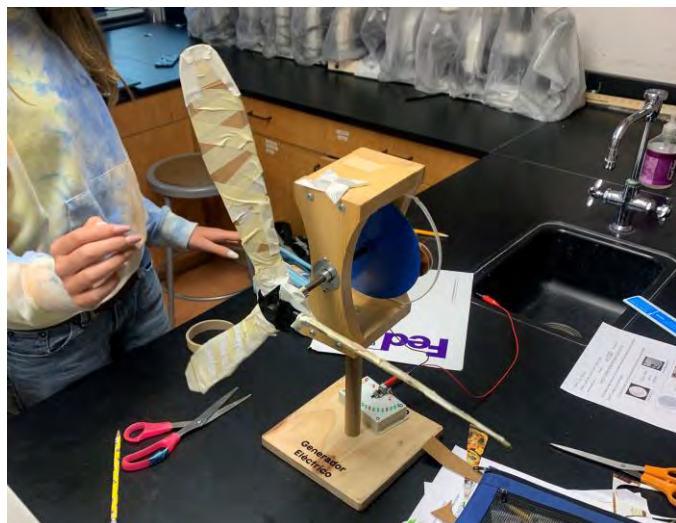
A Call to Action Project in Windsor



4th Grade Solar Exploration



Variety of Wind Blades and Middle School Wind Activity



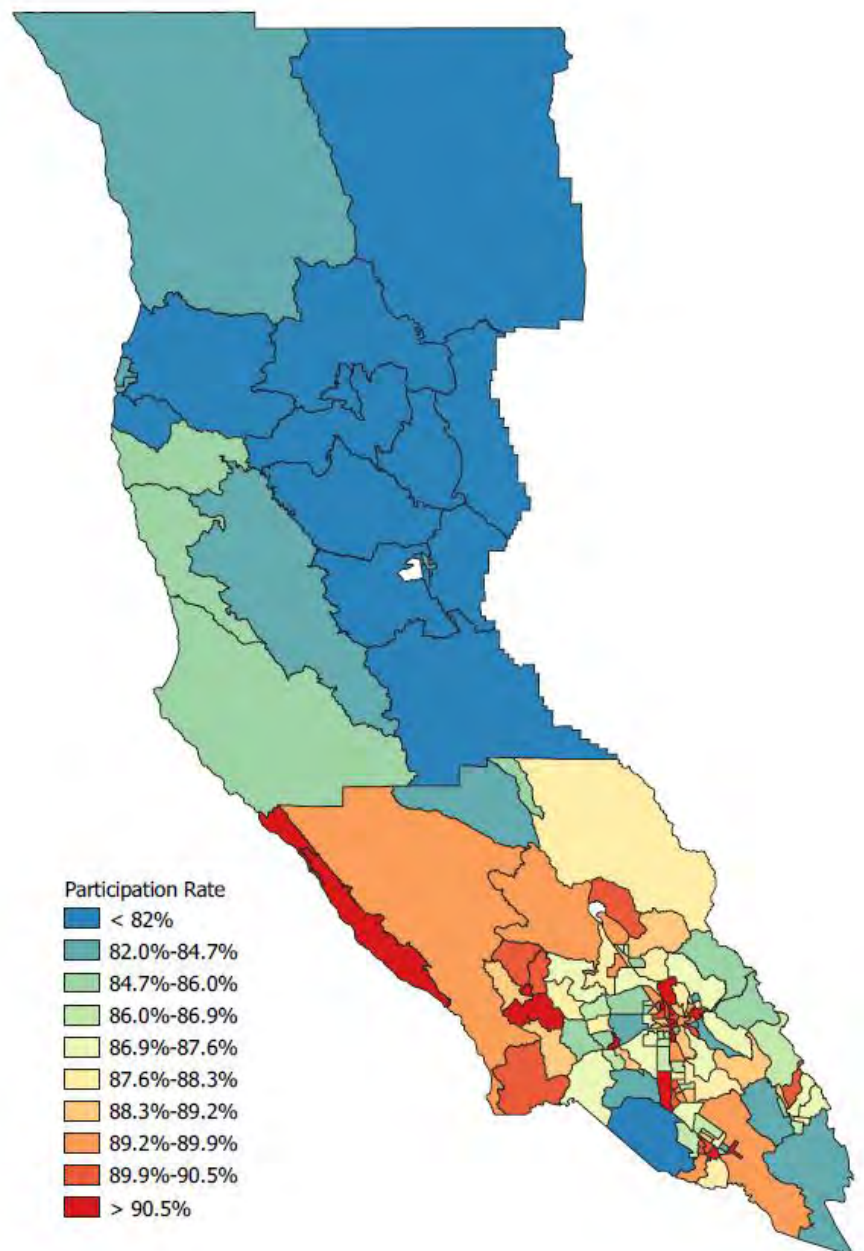
CENSUS TRACT PARTICIPATION REPORT

At the February 2, 2023, Board of Directors meeting, Director Hopkins requested a more granular representation of participation rate than the town-or-territory (TOT) breakdown staff routinely provides each month. It was noted that neighborhood-specific data could equip the Board and staff to target recruitment of SCP customers, especially given current community concerns around the cost of energy and the measurable savings offered by SCP service.

In response, staff has prepared a report breaking down participation rate (% of total meters enrolled in SCP service) and the pace of opt-outs in 2022 (measured in opt-outs per 1,000 SCP meters) by census tract. A map of the participation rate by census tract is shown and tabular data is included as an attachment to this report. Participation varies from a low of 64.1% in the Potter Valley to a high of 94.7% in downtown Santa Rosa. The 2022 opt-out rate varies from a low of 1.32 opt-outs per 1,000 SCP meters in the Brush Creek neighborhood of Santa Rosa to a high of 46.7 opt-outs per 1,000 SCP meters in the outskirts of Ukiah.

LOAD CONCENTRATION BY JURISDICTION

In the February 2, 2023, Board of Directors meeting a request was made by Director Ford to share a breakdown of energy usage by jurisdiction to compare alongside participation rates. Below is a table showing energy usage of



SCP customers by town-or-territory for the period of December 1, 2021, through December 1, 2022.

Town-or-Territory	% of SCP Energy Usage
CLOVERDALE INC	1.29%
COTATI INC	1.17%
PETALUMA INC	11.12%
ROHNERT PARK INC	7.39%
SANTA ROSA INC	26.44%
SEBASTOPOL INC	1.29%
SONOMA INC	1.93%
UNINC SONOMA CO	31.16%
WINDSOR INC	3.50%
FORT BRAGG INC	1.45%
POINT ARENA INC	0.11%
WILLITS INC	1.51%
UNINC MENDOCINO CO	11.64%

MONTHLY COMPILED FINANCIAL STATEMENTS

The year-to-date change in net position is greater than projections. Year-to-date revenue from electricity sales exceeded budget by 12% and cost of energy exceed budget projections by 18%. Year-to-date electricity sales reached \$145,815,000.

SCP maintains a balanced portfolio by procuring electricity from multiple sources. Net position reached a positive \$159,647,000, which indicates growth as SCP continues to make progress towards its reserve goals. Approximately \$95,207,000 is set aside for operating reserves as of June 30, 2022.

Aside from cost of energy, most other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2022/23 budget approved by the Board of Directors.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2022/23 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 over budget by approximately 12% at the end of the reporting period. The cost of electricity is more than the budget-to-date by approximately 18%. 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.

ATTACHMENTS

- December 2022 Financials
- Census Tract Participation Report

UPCOMING MEETINGS

- Community Advisory Committee - March 16, 2023
- Board of Directors - April 6, 2023
- Community Advisory Committee - April 20, 2023
- Board of Directors - May 4, 2023



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying budgetary comparison schedule of Sonoma Clean Power Authority (a California Joint Powers Authority) for the period ended December 31, 2022, 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
February 3, 2023

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Six Months Ended December 31, 2022

	2022/23 YTD Budget	2022/23 YTD Actual	2022/23 YTD Budget Variance (Under) Over	2022/23 YTD Actual / Budget %	2022/23 Budget	2022/23 Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	\$ 129,218,313	\$ 144,515,203	\$ 15,296,890	112%	\$ 244,400,000	\$ 99,884,797
Evergreen Premium (net of allowance)	1,222,393	1,299,419	77,026	106%	2,312,000	1,012,581
CEC Grant	707,000	85,930	(621,070)	12%	1,414,000	1,328,070
Investment income	190,000	348,282	158,282	183%	380,000	31,718
Miscellaneous Income	512,500	-	(512,500)	0%	1,025,000	1,025,000
Total revenue and other sources	131,850,206	146,248,834	14,398,628	111%	249,531,000	103,282,166
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	91,086,096	107,649,438	16,563,342	118%	171,380,000	63,730,562
Data management	1,338,500	1,321,049	(17,451)	99%	2,677,000	1,355,951
Service fees- PG&E	489,500	494,223	4,723	101%	979,000	484,777
Personnel	3,701,287	3,505,993	(195,294)	95%	7,650,000	4,144,007
Energy Center, marketing & communications	1,353,431	1,009,146	(344,285)	75%	2,557,000	1,547,854
Customer service	180,506	107,893	(72,613)	60%	291,000	183,107
General and administration	557,098	570,000	12,902	102%	1,140,000	570,000
Legal	215,000	127,164	(87,836)	59%	430,000	302,836
Regulatory and compliance	259,900	133,087	(126,813)	51%	460,000	326,913
Accounting	129,000	139,400	10,400	108%	258,000	118,600
Legislative	110,000	48,000	(62,000)	44%	220,000	172,000
Other consultants	285,500	166,021	(119,479)	58%	571,000	404,979
Industry memberships and dues	280,000	291,892	11,892	104%	560,000	268,108
Program implementation	2,950,020	786,846	(2,163,174)	27%	6,025,000	5,238,154
Program - CEC grant	2,090,000	699,817	(1,390,183)	33%	4,180,000	3,480,183
Total current expenditures	105,025,838	117,049,969	12,024,131	111%	199,378,000	82,328,031
OTHER USES						
Capital outlay	300,000	56,157	(243,843)	19%	600,000	543,843
Total Expenditures, Other Uses	105,325,838	117,106,126	11,780,288	111%	199,978,000	82,871,874
Net increase (decrease) in available fund balance	\$ 26,524,368	\$ 29,142,708	\$ 2,618,340		\$ 49,553,000	\$ 20,410,292

* Represents sales of approximately 1,111,000 MWh for 2022/23 YTD actual.

RESERVES	Current Balance	Long-Term Targeted	% of Long-Term Target
Operating Reserve (as of June 30, 2022)	\$ 95,207,000	\$ 152,948,000	62%

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
Six Months Ended December 31, 2022

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 29,142,708
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(678,119)
Add back capital asset acquisitions	<u>56,157</u>
Change in net position	<u><u>\$ 28,520,746</u></u>



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 December 31, 2022, 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.

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

Maher Accountancy

San Rafael, CA
February 3, 2023

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of December 31, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 44,662,844
Accounts receivable, net of allowance	29,592,749
Other receivables	8,119,274
Accrued revenue	15,569,052
Prepaid expenses	1,141,630
Deposits	7,345,211
Investments	60,106,879
Total current assets	166,537,639

Noncurrent assets

Land	860,520
Capital assets, net of depreciation	18,112,042
Deposits	846,256
Total noncurrent assets	19,818,818
Total assets	186,356,457

LIABILITIES

Current liabilities

Accrued cost of electricity	19,316,466
Accounts payable	782,867
Advanced from grantors	3,074,682
Other accrued liabilities	2,778,090
User taxes and energy surcharges due to other governments	757,047
Total current liabilities	26,709,152

NET POSITION

Investment in capital assets	18,972,562
Unrestricted	140,674,743
Total net position	\$ 159,647,305

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Six Months Ended December 31, 2022

OPERATING REVENUES

Electricity sales, net	\$ 144,515,203
Evergreen electricity premium	1,299,419
Grant revenue	85,930
Total operating revenues	<u>145,900,552</u>

OPERATING EXPENSES

Cost of electricity	107,649,438
Contract services	4,276,664
Staff compensation	3,505,993
General and administration	913,454
Program rebates and incentives	704,420
Depreciation	678,119
Total operating expenses	<u>117,728,088</u>
Operating income (loss)	<u>28,172,464</u>

NONOPERATING REVENUES (EXPENSES)

Investment earnings (loss)	<u>348,282</u>
Nonoperating revenues (expenses), net	<u>348,282</u>

CHANGE IN NET POSITION

	28,520,746
Net position at beginning of period	<u>131,126,559</u>
Net position at end of period	<u><u>\$ 159,647,305</u></u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS Six Months Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 142,777,145
Receipts from grantors	3,414,694
Other operating receipts	3,353,049
Payments to electricity suppliers	(110,329,493)
Payments for other goods and services	(5,801,585)
Payments for staff compensation	(3,371,384)
Tax and surcharge payments to other governments	(1,706,973)
Payments for program rebates and incentives	(2,010,700)
Net cash provided (used) by operating activities	<u>26,324,753</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(162,271)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	396,820
Purchase of certificates of deposit	<u>(25,000,000)</u>
Net cash provided (used) by investing activities	<u>(24,603,180)</u>

Net change in cash and cash equivalents	1,559,302
Cash and cash equivalents at beginning of year	<u>43,103,542</u>
Cash and cash equivalents at end of period	<u><u>\$ 44,662,844</u></u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
Six Months Ended December 31, 2022

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 28,172,464
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	678,119
Revenue adjusted for provision for uncollectible accounts	3,126,895
(Increase) decrease in:	
Accounts receivable	(5,815,733)
Other receivables	(6,429,026)
Accrued revenue	(2,137,243)
Prepaid expenses	1,819,613
Deposits	(1,882,230)
Increase (decrease) in:	
Accrued cost of electricity	3,227,774
Accounts payable	(518,862)
Advanced from grantors	3,074,682
Accrued liabilities	1,351,668
User taxes due to other governments	81,632
Supplier security deposits	1,575,000
Net cash provided (used) by operating activities	<u><u>\$ 26,324,753</u></u>

SCP Census Tract Participation Report

February 2023

Census Tract Number	Census Tract Name	Participation Rate	2022 Opt-outs per 1,000 SCP Meters
06097152000	Downtown Santa Rosa 152000	94.70%	3.17
06097154308	Sea Ranch/Timber Cove 154308	94.41%	3.43
06097153406	North Sebastopol 153406	94.34%	1.82
06097154307	Sea Ranch/Timber Cove 154307	93.58%	1.99
06097150701	Grant 150701	92.87%	3.93
06097152201	Northern Junior College Neighborhood 152201	92.76%	7.80
06097151900	Burbank Gardens 151900	92.12%	5.39
06097151206	West Cotati/Penngrrove 151206	92.09%	6.84
06097151702	Spring Lake 151702	92.02%	6.07
06097152804	Bicentennial Park 152804	91.79%	5.07
06097152402	Fountain Grove 152402	91.39%	10.20
06097151406	Taylor Mountain 151406	90.82%	11.79
06097153708	Monte Rio 153708	90.66%	3.93
06097150611	Casa Grande 150611	90.48%	9.75
06097151506	West Bennett Valley 151506	90.45%	6.85
06097152203	Southern Junior College Neighborhood 152203	90.43%	4.65
06097153710	Guerneville 153710	90.39%	4.65
06097150901	McKinley 150901	90.29%	8.05
06097154305	Occidental/Bodega 154305	90.24%	6.40
06097153905	North Healdsburg 153905	90.24%	5.85
06097153001	Coddington 153001	90.24%	5.92
06097150306	Boyes Hot Springs/Fetters Springs/Agua Caliente East 150306	90.16%	7.19
06097151305	Downtown Rohnert Park 151305	90.00%	5.31
06097153709	Guerneville 153709	90.00%	6.94
06097151204	Downtown Cotati 151204	89.92%	5.83
06097152803	Bicentennial Park 152803	89.89%	6.99
06097152100	West Junior College 152100	89.88%	10.16
06097150902	Cherry Valley 150902	89.87%	1.43
06097151301	Rohnert Park A Section 151301	89.84%	6.81
06097152204	Brush Creek 152204	89.77%	5.45
06097153104	Roseland 153104	89.74%	6.35

06097154000	Dry Creek 154000	89.57%	5.55
06097150800	Spring Hill 150800	89.54%	5.15
06097150612	Petaluma Airport/Arroyo Park 150612	89.50%	9.35
06097151701	Spring Lake 151701	89.47%	8.25
06097153811	West Windsor 153811	89.46%	11.04
06097151405	Taylor Mountain 151405	89.42%	7.25
06097151203	East Cotati/Rohnert Park L Section 151203	89.32%	6.34
06097154304	Jenner/Cazadero 154304	89.32%	5.10
06097152801	Schaefer 152801	89.31%	5.66
06097153904	North Healdsburg 153904	89.25%	15.53
06097151800	Montgomery Village 151800	89.25%	5.86
06097153808	Central Windsor 153808	89.18%	3.79
06097151403	Kawana Springs 151403	89.14%	8.46
06097153003	Railroad Square 153003	89.10%	7.11
06097154306	Occidental/Bodega 154306	89.05%	11.03
06097151311	Rohnert Park M Section 151311	89.04%	6.01
06097153707	Monte Rio 153707	88.95%	8.23
06097150501	Kenwood/Glen Ellen 150501	88.86%	7.52
06097150305	Fetters Springs/Agua Caliente West 150305	88.82%	5.72
06097150609	Sunrise/Bond Parks 150609	88.72%	8.93
06097153403	Southeast Sebastopol 153403	88.63%	10.69
06097152903	Comstock 152903	88.62%	6.84
06097153002	West End 153002	88.53%	7.02
06097153807	Windsor East 153807	88.45%	4.69
06097152300	Rural Cemetery 152300	88.29%	4.33
06097152205	Brush Creek 152205	88.27%	1.32
06097151309	Rohnert Park SSU/J Section 151309	88.25%	11.12
06097153601	West Sebastopol/Graton 153601	88.18%	2.23
06097150702	Old Quarry 150702	88.08%	5.11
06097150204	Downtown Sonoma 150204	88.05%	4.56
06097153810	West Windsor 153810	88.01%	4.49
06097152401	Fountain Grove 152401	87.97%	11.65
06097151308	Rohnert Park D/E/S Section 151308	87.95%	9.03
06097153711	Russian River Valley 153711	87.85%	10.04
06097150603	Lucchesi/McDowell 150603	87.83%	8.11
06097152701	Larkfield-Wikiup 152701	87.80%	8.54
06097151306	Central Rohnert Park 151306	87.78%	9.13

06097152501	Middle Rincon South 152501	87.68%	3.56
06097154100	Alexander Valley 154100	87.60%	3.24
06097153705	Forestville/Rio Nido 153705	87.55%	3.61
06097151602	Annadel/South Oakmont 151602	87.51%	5.97
06097152601	Skyhawk 152601	87.44%	5.40
06097151205	West Cotati/Penngrove 151205	87.43%	16.43
06097153301	Wright 153301	87.40%	7.40
06097150610	Meadow 150610	87.38%	4.66
06097152905	Pioneer Park 152905	87.29%	5.73
06097151505	West Bennett Valley 151505	87.26%	4.71
06097153006	Olivet Road 153006	87.23%	9.13
06097153302	Wright 153302	87.19%	6.41
06097152702	Shiloh South 152702	87.13%	17.56
06097153502	Gold Ridge 153502	87.02%	6.81
06097150205	Sonoma City North/West Mayacamas Mountain 150205	87.00%	3.57
06097150206	Sonoma City North/West Mayacamas Mountain 150206	86.92%	2.12
06097153404	Southwest Sebastopol 153404	86.88%	6.56
06097150203	Sonoma City South/Vineburg 150203	86.87%	3.89
06097153712	Russian River Valley 153712	86.82%	5.62
06097153201	Bellevue 153201	86.76%	11.69
06097153103	Roseland Creek 153103	86.64%	5.22
06097151307	Rohnert Park F/H Section 151307	86.63%	5.87
06097153202	Bellevue 153202	86.58%	3.57
06097150502	Kenwood/Glen Ellen 150502	86.54%	6.44
06097150607	Sonoma Mountain 150607	86.41%	9.68
06097151310	Rohnert Park B/C/R Section 151310	86.39%	6.88
06097153806	Central East Windsor 153806	86.35%	15.11
06097153102	Sheppard 153102	86.28%	15.75
06097151000	Cinnabar/West Rural Petaluma 151000	86.21%	8.85
06097153804	Northeast Windsor 153804	86.07%	5.81
06097153809	Windsor Southeast 153809	85.99%	9.37
06097150304	Boyes Hot Springs West/EI Verano 150304	85.76%	9.09
06097152602	Skyhawk 152602	85.75%	8.31
06045011004	Mendocino 011004	85.61%	4.17
06097152904	Piner 152904	85.52%	8.22
06097150601	Miwok 150601	85.49%	7.72
06045011102	Anchor Bay 011102	85.46%	8.08

06097151601	North Oakmont/Hood Mountain 151601	85.44%	7.01
06097153602	West Sebastopol/Graton 153602	85.25%	7.80
06097152906	Fulton 152906	85.17%	7.57
06097151404	Kawana Springs 151404	85.04%	6.56
06097153405	North Sebastopol 153405	84.91%	9.47
06097154201	East Cloverdale 154201	84.79%	17.69
06045011001	Albion 011001	84.78%	3.52
06097152502	Middle Rincon North 152502	84.69%	9.32
06045011200	Boonville 011200	84.64%	6.07
06097153501	Hessel Community 153501	84.41%	5.61
06097153005	Laguna de Santa Rosa/Hall Road 153005	84.28%	8.27
06097151503	East Bennett Valley 151503	84.13%	7.10
06097150303	Arnold Drive/East Sonoma Mountain 150303	83.74%	5.38
06097151504	Central Bennett Valley 151504	83.49%	9.02
06097150602	La Tercera 150602	83.41%	3.80
06097150100	Carneros Sonoma Area 150100	83.23%	7.30
06045010500	Fort Bragg 010500	82.73%	6.83
06097154202	West Cloverdale 154202	82.68%	9.42
06045010400	Fort Bragg 010400	82.58%	7.94
06045011502	Ukiah 011502	82.31%	46.73
06045010200	Laytonville 010200	82.23%	11.95
06097151100	Two Rock 151100	81.96%	5.13
06045011003	Caspar 011003	81.17%	8.98
06045010700	Willits 010700	80.10%	18.47
06045011800	Hopland 011800	79.88%	7.43
06045010602	Brooktrails 010602	78.94%	15.20
06045010300	Cleone 010300	78.91%	10.92
06045011300	Ukiah 011300	78.47%	24.20
06045010601	Willits 010601	77.95%	15.98
06045010900	Calpella 010900	75.84%	30.48
06045010801	Redwood Valley 010801	74.74%	13.85
06045011600	Ukiah 011600	74.73%	29.41
06045011501	Ukiah 011501	74.50%	27.03
06045011700	Talmage 011700	74.29%	12.95
06045010100	Covelo 010100	74.28%	30.11
06045010802	Potter Valley 010802	64.07%	19.23

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Staff Report - Item 03

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, Provide Direction as Appropriate and Delegate Authority to the CEO to Take Positions on Bills Supporting Remote Meetings

Date: March 2, 2023

Requested Action

Receive legislative and regulatory updates, provide direction as appropriate, and delegate authority to the CEO to take positions supporting all-remote meetings of the Community Advisory Committee and Board of Directors so long as the public is also afforded the ability to participate remotely.

Regulatory Updates

Diablo Canyon Power Plant Update

In the last legislative session, Governor Newsom signed a bill extending the operation of PG&E's Diablo Canyon Nuclear Power Plant into 2030. The argument for its extension was that California cannot permit or build enough transmission plus baseload offshore wind and geothermal power fast enough to keep the lights on. On January 24, 2023, the federal Nuclear Regulatory Commission denied PG&E's application for a license extension in a sternly-worded letter, rebuking PG&E for missing regulatory deadlines, failing to provide current plant conditions, and for voluntarily cancelling its application due to findings by PG&E that the plant was not useful beyond 2026 and then attempting to restart the cancelled application several years later.

What happens now is unclear. However, SCP's focus appears more valuable than ever on pushing California to accelerate the construction of desperately-needed

transmission lines and accelerating the review and approval for interconnecting baseload renewable sources.

Legislative Update

A record number of bills have been introduced, and staff have identified nearly 100 bills that may be worth watching. Most of these bills are still in spot form and no SCP analysis is completed yet, but a few of the early themes emerging include:

Remote meetings. SB 411 (Portantino) would allow fully remote meetings for bodies whose members are appointed. It looks like the intent is to apply to advisory type committees but the current language looks broad enough that it may cover SCP's Board of Directors as well. Staff will research this further, and is proposing the Board allow the CEO to take positions to support bills like this when appropriate.

Utility service extensions & failure to maintain transmission and distribution system. Due to PG&E recently surprising dozens of cities and counties with extremely long timelines (sometimes many years) to connect new homes and businesses, and similarly long timelines for connecting new generation and storage resources, nine bills have been introduced on the topic:

- AB 50 (Wood) interconnection spot bill
- AB 643 (Berman) timeliness for interconnection of customer-owned solar and storage resources, reporting obligations and a new ability for the CPUC to fine IOUs for failing to meet timelines
- AB 772 (Jackson) timeliness for interconnection of residential EV charging infrastructure
- AB 914 (Friedman) EV infrastructure interconnection spot bill
- AB 1293 (Irwin) interconnection spot bill
- AB 1623 (Muratsuchi) interconnection spot bill
- SB 83 (Wiener) residential interconnection delays spot bill
- SB 319 (McGuire) transmission spot bill
- SB 410 (Becker): Reporting on interconnection response times for solar, EV charging, building electrification, and panel upgrades

System reliability. A number of bills are seeking to address system reliability, including SB 420 (Becker) and SB 422 (Portantino) focusing on facilitating the permitting of new transmission lines, and AB 538 (Holden) working on regionalizing the CAISO transmission operations.

Central procurement. The current budget change proposal is looking to have the IOUs or the Department of Water Resources buy certain “long lead-time resources” which appears to be offshore wind, possibly Salton Sea area geothermal, and possibly large-scale pumped hydro energy storage.

Additional resource adequacy penalties. The budget change proposal is also looking to charge electric providers additional fines on top the CPUC penalties for failing to procure all their mandatory resource adequacy. If passed, the extra fines would go to DWR to be used to build new capacity resources as part of the State’s new “Strategic Reserve.” On the surface, this is problematic for CCAs because the CPUC has ordered the IOUs to procure excess resource adequacy, which we now know has diminished the available resources below the level at which all providers can be compliant. So if these additional penalties were in place today, a large number of providers would have to pay them in 2023 regardless of their attempts to be compliant and regardless of the bid price.

Clean Transportation. AB 241 (Reyes) and SB 84 (L. Gonzalez) are working to reauthorize the CEC’s Clean Transportation Program. Additional transportation electrification and charging infrastructure bills include AB 6 (Friedman), AB 463 (Hart), AB 591 (Gabriel), AB 772 (Jackson), AB 1267 (Ting), AB 1349 (Irwin), AB 1504 (McCarty), AB 1525 (Bonta), AB 1529 (Gabriel), AB 1580 (Carrillo), AB 1614 (Gabriel), SB 30 (Umberg), SB 233 (Skinner), SB 397 (Wahab), SB 507 (Gonzalez), SB 529 (Gonzalez), SB 823 (Smallwood-Cuevas).

Offshore Wind and Geothermal. AB 3 (Zbur), AB 80 (Addis), AB 344 (Wood) and SB 286 (McGuire) on offshore wind, AB 326 (Alanis) on geothermal.

As the spot bills are filled with details, staff will work to analyze the highest priority bills in advance of the April and May Board meetings. The statewide CCA trade association, CalCCA, is the core resource for coordinating the analysis and advocacy on state legislation.

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Staff Report – Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Ryan Tracey, Director of Planning & Analytics
Geof Syphers, Chief Executive Officer

Issue: Approve the Delegated Authority to the CEO or his Designee to Execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreements with Chevron New Energies, Cyrq Energy Inc., and Eavor Inc. and Find that Approval of Each Agreement is Not a Project Subject to CEQA and Exempt under CEQA Guidelines §§15061(b)(3), 15262, and 15306

Date: March 2, 2023

Recommended Action

Approve the delegated authority to the Chief Executive Officer or his designee to execute Geothermal Opportunity Zone (GeoZone) Cooperation Agreements (substantially like the attached documents but subject to revisions approved by the CEO and reviewed by SCP's Special Counsel). The Committee will be asked for a separate vote on each of the following agreements:

- GeoZone Cooperation Agreement with Chevron New Energies
- GeoZone Cooperation Agreement with Cyrq Energy Inc.
- GeoZone Cooperation Agreement with Eavor Inc.

Although each agreement has been negotiated independently, all three outline similar expectations for the counterparty to deploy new technology to increase the capacity of local geothermal resources in a manner compatible with community values in exchange for SCP's commitment to negotiate a purchase agreement and to support community engagement and advocacy. Each agreement involves two stages: requirements to contract from a small demonstration facility (no greater than 20 MW) and separate requirements to unlock subsequent commercial projects. Given the uncertainty associated with the cost and scope of projects, the Cooperation Agreements do not include prices or other commercial terms but rather a trigger to start negotiations.

Executing the cooperation agreements is within the authority delegated to the Chief Executive Officer. However, pursuing the proposed GeoZone partnerships is a major strategic decision for the agency. Accordingly, staff is asking the Board to explicitly vote to approve each agreement.

Background

The Geothermal Opportunity Zone (GeoZone) was established by the SCP Board of Directors and the Boards of Supervisors in Sonoma and Mendocino Counties to explore expanding local geothermal power capacity. The purpose of the GeoZone is to develop the resources necessary to allow SCP to stop relying on natural gas power plants altogether. To that end, the GeoZone is seeking to sustain existing local geothermal production and add 500 MW of new geothermal capacity.

In early 2021, SCP engaged with active private developers and technology companies in the geothermal industry to identify opportunities to reinvigorate local geothermal development. Through this engagement, SCP confirmed its expectation that new technology offers the promise of delivering low-water, low-emission and affordable geothermal at-scale. Feedback from developers flagged common barriers to new development including commercial risk, stakeholder support, transmission, and permitting risks. The GeoZone public-private partnership is designed to proactively address these challenges: SCP offers on-the-ground stakeholder engagement, a commitment to negotiate for the purchase of power, and advocacy on state and local policy in exchange for a developer's commitment to utilize its technology and capital to develop new local geothermal resources that are compatible with GeoZone objectives and community values, and to offer new resources first to SCP.

The GeoZone initiative is inspired by a similar initiative undertaken by the Redwood Coast Energy Authority (RCEA) to mobilize local offshore wind development. RCEA selected private partners in 2018 to move offshore wind development forward. The partnership RCEA developed has been important in building the momentum that offshore wind currently enjoys in California electricity resource planning.

Selected Partners

SCP released a Request for Information (RFI) for prospective partners in the GeoZone on March 14, 2022. Responses to the RFI were due on April 29, 2022. A multi-discipline team including staff and experts in geology, air quality, water, geothermal development, business, and engineering completed a detailed review of proposals. A subsequent round of interviews offered the evaluation team the opportunity to ask detailed questions to ascertain technical and financial viability. Ultimately, the

evaluation team recommended three finalists to proceed to a final stakeholder engagement round.

The stakeholder engagement round served two important purposes: it provided key stakeholders with an early opportunity to provide feedback on the direction of the GeoZone initiative and allowed SCP staff to gauge the compatibility of proposals with the community and the responsiveness of potential private partners to public feedback. Following the engagement round, staff reconvened the evaluation team to discuss trade-offs between selecting one or more of the finalist proposals.

The three finalist proposals considered by staff for partnership are summarized below:

- **Chevron New Energies (CNE):** A subsidiary of Chevron proposed developing 500-700 MW of new geothermal capacity through a staged development plan including exploration wells, pilots, conventional geothermal projects, and Enhanced Geothermal Systems (EGS) and Advanced Closed Loop (ACL) development. Chevron New Energies plans to deploy its subsurface modeling expertise, well factory approach to cost reductions, financing capability, and California operating experience to achieve GeoZone objectives.
- **Cyrq Energy:** An established geothermal operator and development company in the Western US proposed deployment of thermal storage technology at existing or new geothermal resources at the Geysers. Thermal storage is heated from electric power during hours when the grid has significant solar production, and then the storage is dispatched to superheat the steam of geothermal plants to run the turbines more efficiently and reshape power supply to better match hourly market demand—improving the financial viability and flexibility of geothermal power.
- **Eavor:** A Canadian geothermal technology company proposed use of its Advanced Closed Loop (ACL) Eavor-Loop technology in the GeoZone. Eavor-Loop involves drilling and connecting two deep multilateral wellbores to circulate fluid through deep granitic base rock. The fluid flows through a heat exchanger at surface connected to a binary power cycle that is also closed-loop with no operational emissions. Eavor’s technology can target areas without permeability or water as long as heat and rock conductivity are present. A video walkthrough of Eavor’s technology is available here: <https://www.youtube.com/watch?v=3cNO2cR5Azk>.

SCP staff and the evaluation team found strong merit and potential risks in all three finalist proposals. Each proposal presented a different approach to meeting GeoZone objectives. Eavor’s proposal was specific to a technology that carries less exploration

risk and minimizes water use but is still under development. CNE's approach was to adapt the technology and development approach after investing in exploration and pilots, which carries more long-term permitting risk. Cyrq uses proven technology on existing surface equipment but will need to navigate a commercial arrangement with an existing operator at the Geysers.

Given both the strong potential and varying risks between the proposals, SCP staff and the evaluation team believed the best path forward was pursuing partnerships with all three finalists. Proceeding with three parallel approaches to enhancing local geothermal resources offers the best chance at achieving or exceeding the GeoZone objectives. Meanwhile, the need for renewable baseload power in California continues to grow and should all three proposals succeed, SCP is confident there will be a strong market for all the developed geothermal power.

SCP staff presented its recommendation to pursue negotiations of cooperation agreements with partners and execute Memorandum of Understandings (MOUs) to signal an intent to partner to the SCP Board of Directors on October 6, 2022. The Board voted unanimously to move forward.

GeoZone Cooperation Agreements

Following the October Board meeting, staff have been working with SCP's counsel for energy transactions to draft and negotiate cooperation agreements with each of the three partners. The agreements are designed to provide the commercial and community support needed for partners to invest in project and technology development in the GeoZone. The agreements also establish clear expectations for the required maturity of GeoZone projects to trigger contract negotiation with commercial terms.

SCP staff recognizes that administering the GeoZone and supporting the selected partners will require agency resources—including staff time, legal support, consulting contracts, and policy advocacy. To protect the investment of ratepayer resources, SCP incorporated a right of first refusal (ROFR) into each agreement for projects developed in the GeoZone to ensure that SCP has the ability to directly benefit from success in the GeoZone.

After releasing the draft cooperation agreements publicly in February for review by the Community Advisory Committee (CAC), staff received feedback from labor groups expressing a preference for the language in the Chevron New Energies agreement on workforce expectations (Section 3.3). In response to that feedback, staff worked with both Cyrq Energy and Eavor Inc to adopt the same language in the final version of their cooperation agreements proposed for approval by the Board. Both firms agreed to the

change.

Sonoma County and Mendocino County both passed resolutions to join SCP in forming the GeoZone but are not party to the cooperation agreements. Their membership was invaluable in signaling to private partners that the region was open to exploring new geothermal development and willing to partner in overcoming project development obstacles. However, there is no requirement for counties to incur costs or significant staff time through their participation.

Approval of the cooperation agreements is exempt from CEQA, and staff will be filing a notice of exemption for each if approved by the Board. Grounds for the exemption include information gathering (CEQA Guidelines, § 15306), planning or feasibility studies (CEQA Guidelines, § 15262), and the common sense exemption as the agreements are not projects and have no potential for causing a significant effect on the environment (CEQA Guidelines §15061(b)(3).) Approval of any project in the Geozone will be subject to all applicable permitting requirements, including environmental review.

Community Advisory Committee Review

In its February 16th, 2023 meeting, the CAC unanimously recommended the Board approve moving forward with each of the three cooperation agreements. Committee-member Wells specifically pointed-out the magnitude of GeoZone: that at-scale, it could completely replace the capabilities of a full-size natural gas power plant using clean energy harvested from hot rocks.

During discussion, the CAC asked staff why the cooperation agreement did not include a requirement that projects receive required permits prior to SCP starting negotiation of an offtake agreement. Staff clarified that projects would be required to obtain all necessary permits, which will be granted by appropriate jurisdictions, and any commercialization agreement would include offramps for both SCP and the counterparty if permits could not be obtained. Committee Chair Morris reminded staff of the political baggage of CNE's parent company, Chevron, that comes along with their technical expertise, but expressed support for staff's approach to partnership thus far.

During public comment, Woody Hastings of The Climate Center recognized the optics around an agreement with Chevron and recommended proceeding with caution. Hastings also requested more detailed information on what stakeholder engagement has been completed and what is planned--particularly outreach that is targeted at the communities around the Geysers. He shared that engagement early and often is important to project success.

Next Steps

Representatives from each of the three GeoZone partners will provide a short presentation at the March 2nd Board of Directors meeting.

If the Board approves the staff's recommendation to execute cooperation agreements with each GeoZone partner, proactive stakeholder engagement and preliminary project exploration will begin in earnest. GeoZone partners started engaging potential site hosts last year and with the approval of cooperation agreements, will start taking steps to secure site control. SCP will reconvene and expand its public stakeholder group to start collecting input on considerations for project design—especially as partners home in on specific sites.

Cyrq Energy is filing its first grant application on March 3rd, the day following presentation of this item to the Board. The prospective grant is funded by the Department of Energy's Office of Clean Energy Demonstrations for long duration storage projects. Cyrq's team for the application includes SCP, Calpine (who will host the technology at an existing plant), the National Renewable Energy Lab, Babcock & Wilcox, and EthosEnergy. An approved cooperation agreement with Cyrq Energy will help demonstrate the commerciality of Cyrq's application. Staff appreciates the many Board members and their staff for expeditiously collecting letters of support for the Cyrq Energy project that will be included in the application.

Staff will continue providing monthly updates to the Community Advisory Committee and Board on GeoZone progress.

Attachments

- GeoZone Cooperation Agreement Between Sonoma Clean Power Authority and Chevron New Energies, available at [this link](#) or by request to the Clerk of the Board
- GeoZone Cooperation Agreement Between Sonoma Clean Power Authority and Cyrq Energy, available at [this link](#) or by request to the Clerk of the Board
- GeoZone Cooperation Agreement Between Sonoma Clean Power Authority and Eavor Inc., available at [this link](#) or by request to the Clerk of the Board



Staff Report - Item 05

To: Sonoma Clean Power Authority Board of Directors

From: Rebecca Simonson, Director of Programs
Carolyn Glanton, Programs Operations Manager
Geof Syphers, CEO
Mike Koszalka, COO

Issue: Review Programs Strategic Action Plan and Provide Direction as Appropriate

Date: March 2, 2023

Recommended Actions

Review the 2023 Programs Strategic Action Plan and provide comments, direction, and recommendations to be incorporated into a revised final draft.

Background

In 2017, the Community Advisory Committee (CAC) first provided input on the overarching strategies that should be pursued for SCP programs. SCP published the first Programs Strategic Action Plan in January 2018. This Plan outlines the strategies and goals of our current and planned customer offers and incentives.

In 2022, SCP combined the Programs Equity Framework and the Strategic Action Plan, incorporating practical steps for developing and implementing inclusive programs. SCP has revised and updated this Strategic Action Plan to adapt to the changes, challenges, and opportunities in 2023.

To achieve SCP's mission of turning the tide on the climate crisis, programs must be impactful, scalable, accessible, and enhance customers' lives. The first step in the 2023 Strategic Action Plan is listening to customers and learning about community needs. In December 2022, the Board of Directors approved funding to conduct community needs assessments. In 2023, SCP has begun community needs assessments for transportation and mobility needs, residential energy use and resiliency, commercial building energy use and resiliency, and agricultural energy use.

These assessments are expected to inform future strategies and plans.

The Strategic Action Plan will continue to evolve as we learn. Staff plans for this to be an iterative process, updating the Strategic Action Plan yearly in spring.

Community Advisory Committee Review

The Strategic Action Plan was received well by the CAC. Comments suggested that staff consider providing funding for electrifying gasoline and diesel power equipment and provide programs for home weatherization, and direct installation programs. Staff was encouraged to continue to develop metrics and monitoring of program impacts where such metrics are possible.

Discussion

The Programs Strategic Action Plan is attached as Attachment A to this report. The Plan is meant to be accessible and understandable to the public. It serves a resource for customers, partners, and interested parties to understand the current customer offerings and incentives and the strategic framework SCP uses to implement and propose new programs.

For this discussion, staff presents more detail and historical background about how the Strategic Action Plan is formulated. We have identified six main overarching strategies to achieve the SCP mission of turning the tide on the climate crisis through bold ideas and practical programs:

1. Electrify transportation and gas-powered equipment
2. Accelerate building efficiency and electrification
3. Reduce peak demand and shift energy use away from 4-9PM
4. Promote customer solar plus battery storage projects to produce energy and support resiliency
5. Educate and engage customers, residents, youth, & workforce within our community
6. Foster innovation through research and development

On the following pages, staff presents a summary for each strategy including: 1) objectives, 2) current and past programs and experiments we've run to achieve these objectives, 3) the main lessons learned to date, 4) recommended modifications to

strategies and objectives. Staff then highlights the new programs and experiments we are developing or considering for the upcoming year.

It is important to note that the community needs assessments that are currently being conducted and planned for completion by the end of 2023 will further inform lessons learned, needs for modifications, and potential new programs.



Strategy: Electrify transportation and gas-powered equipment

Objective Switch from gas/diesel to renewable electric personal and business vehicles

Programs/Experiments

- Drive EV incentives
- Non-Profit EV incentives
- Ride and Drive events
- Mass marketing
- EV showcases in Santa Rosa Square and various business locations
- Incentivize EV charging infrastructure through:
 - Free residential EV chargers
 - CALeVIP
 - Fast Charge for All

Lessons Learned

1. Financial literacy is critical for social equity. California law limits how much SCP can be involved in the customer's negotiation for final purchase/lease, making it difficult to ensure that low-income customers get fair prices. In many cases, the lowest income car buyers paid the highest prices, likely due to a lack of some negotiating skills.
2. End successful market transformation efforts. Rapid market expansion of availability and diversity of both new and used EVs during and following DriveEV combined with learning that people only buy cars when they need cars (obvious in retrospect), meant that it was time to end bulk discounts on EVs and shift to a more valuable and harder effort relating to charging infrastructure.
3. Adding chargers at multi-family housing, workplaces and along highways is lagging demand and proving difficult to accelerate because of costs, permitting and partnerships with utilities. Getting this right (or making it unnecessary) could unlock EVs for those who don't own a home and be better for the grid - allowing EV adoption to grow long-term.

Modifications to objective

It appears that focusing on switching from gas and diesel to electric-powered vehicles remains a useful objective. Things to remember while doing so, however, include:

- Revisiting the environmental impacts of batteries and material extraction (e.g., lithium), and recycling/disposal should be a regular practice.
- Constantly remind ourselves that EVs are not the goal so remain open to deeper and better solutions for transportation. EVs still cause traffic, create environmental impacts, release tire dust into waterways, cause fatalities, etc.
- To sustainably address the targets for electric vehicles, we must consider impacts on the electricity grid. We need to focus on encouraging daytime charging when there is less stress on the grid. Workplace charging can achieve this as well as provide renters and people unable to charge at home a reliable charging option.

Objective Switch from car to bicycle for some trips

Programs/Experiments

-Bike Electric income-qualified \$1,000 incentives for new electric bikes (E-bikes)

Lessons Learned

1. There is a strong demand for electric bikes among lower-income residents.
2. Survey results show that the most common uses for program E-bikes were recreation and exercise; not as much for commuting.

Modifications to objective

More targeted approaches may be needed to reach those most in need of an electric bike for work or school commuting. We will try to shift focus to efforts designed to displace vehicle use such as workplace commuting.

Objective Switch buses from diesel to renewable electric

Programs/Experiments

-Battery Electric Bus studies
-Santa Rosa CityBus sponsorship

Lessons Learned

1. Battery electric buses for schools and public transit agencies are increasingly good investments.

2. Initial planning for electric buses and installation of fast charging infrastructure for fleets continues to be a challenge.

Modifications to objective

None identified yet.

Objective Electrify gasoline and diesel powered equipment

Programs/Experiments

-Landscape Electrification Sonoma County Fair promotion and Advanced Energy Center display

Lessons Learned

1. There are many models of electric landscape equipment available at big box and local stores already.
2. Several jurisdictions already have mandates for all electric leaf blowers or have considered it, and the California Air Resources Board requires that sales of most new landscape equipment be zero emission starting in 2024.
3. The state offers vouchers for professional and small businesses

Modifications to objective

Since the state has new mandates for small off-road engines and several jurisdictions have prohibited the use of gas-powered leaf blowers, our role should continue to be educating and promoting. Injecting funding into this category is not valuable. We will seek other opportunities for electrifying equipment, such as agricultural equipment.

New programs/experiments

(See section 3.2 of Attachment A for details):

- Workplace EV charging
- Electric Bike grant program
- Landscaping promotions

Strategy: Accelerate building efficiency and electrification

Objective Make buildings as efficient as possible

Programs/Experiments

-Provide education and incentives through the Advanced Energy Center
-FLEXMarket- pay incentives for measured energy savings

-Commercial Energy Assistance Program- visit commercial sites and recommend energy efficiency & electrification measures

Lessons Learned

1. There are many energy efficiency measures that can and should be employed in a building before electrifying.
2. Support for energy efficiency is still needed, and yet, interest in these projects is low despite projects being low cost. Higher cost electrification is often prioritized above energy efficiency.
3. Identifying energy efficiency measures for commercial properties may not lead to implementation due to lack of dedicated staff or staff time to oversee and manage projects.
4. Energy efficiency projects may seem complex, and the installation process may impact ordinary customers schedules and businesses operations.
5. Implementation of energy efficiency measures require contractor availability and technical expertise that is difficult to find and may be overwhelming for customers.

Modifications to objective

Focusing on energy efficiency in buildings before electrifying should continue to be an objective and should gain more visibility and programmatic effort from SCP. How is TBD.

Focus should be placed on low-income and rental properties that were built prior to the introduction of building energy codes, but this will likely require significant staff time to support the entire process.

Objective Electrify new-build construction

Programs/Experiments

- Advanced Energy Rebuild
- Advanced Energy Build
- Reach code assistance

Lessons Learned

1. Advanced Energy Rebuild - rather than developers, individual homeowners were the applicants in most circumstances, which led to confusion regarding the technical program requirements.
2. Advanced Energy Build - funds went primarily to low-income multifamily developments. However, most of these projects were already planned to be

all-electric. Despite added incentives for induction ranges, builders installed electric resistance units to save costs.

3. Several jurisdictions passed reach codes.

Modifications to objective

Statewide programs have followed SCP's lead, with several efforts incentivizing all-electric new construction. Additionally, state energy codes are moving toward all-electric standards. Because of this momentum, SCP's role in injecting funding into new building construction may no longer be warranted.

SCP's future role may be to assist customers with accessing other programs or marketing or layering funding where there are gaps in our service territory.

Objective Electrify existing buildings

Programs/Experiments

- Advanced Energy Center
- Electrification incentives
- Induction lending
- Government heat pump water heater incentives
- Ranger residences
- Induction lending
- 0% loan
- Multifamily panel upgrades
- SCP Electrify online tool

Lessons Learned

1. Many trade industries, locally and throughout the state, are struggling to maintain and grow their workforce. There is a lack of young people opting for these careers as others retire. The Advanced Energy Center can help support, in part, by providing educational classes and certifications to installers.
2. Incentives that were provided directly to the contractor at the time of installation were unpopular. Moving to direct customer incentives dramatically increased participation.
3. Rebates aren't reaching the rental market. Need new approach.
4. Rebate stacking with other entities can be confusing for customers. Maintaining our rebate structure, despite other funding, ensures consistency and reliability.

5. Fuel-switching from furnace to a heat pump may lead in increased electric bills, especially in the summers for those that previously did not have air conditioning and now have cooling through their heat pump.
6. Emergency replacements of water heaters and furnaces are time sensitive, such that fuel-switching is often not an option unless the contractor/installer or store vendor suggests it.
7. Electrification projects take many visits from multiple contractors over days and weeks at a time. This may be too cumbersome for residential customers who need to work and business customers that need to run their business.
8. Providing incentives for electric panel upgrades in multifamily housing is helpful but cost of equipment remains a challenge and delays by PG&E in upgrading service result in long project timelines.

Modifications to objective

Heavy emphasis on electrifying existing buildings is still needed and remains a large challenge. This work should be combined with energy efficiency upgrades.

Work force education and training should become a top priority so that there are available and knowledgeable contractors to do all the work that is needed.

Investigate direct-install programs since a significant barrier has been to help interest people follow through to completing a project.

Low income and rental properties should become more of a focus as the adoption rates for single family homes increase.

New programs/experiments

(See section 4.2 of Attachment A for details):

- Mobile home park electrification

We are also investigating what would be required to launch a direct install program where SCP provided installation services for customers.

Strategy: Reduce peak demand and shift energy use away from 4-9pm

Objective Automate smart devices

Programs/Experiments

-GridSavvy Rewards

- EV Chargers
- Smart Thermostats
- Heat pump water heaters

Lessons Learned

1. Most customers don't understand what a demand response program is or why it is useful. Using relatable language and tying it to the benefit to the customer yields the best success. Need to simplify.
2. Controlling smart devices only during specific called "events" is not the most beneficial application:
 - a. Smart devices like EV chargers and heat pump water heaters may be setup to cut peak loads every day, meaning they are not "available" to further cut loads during a Flex Alert or other event. Capturing the financial value of these two scenarios is not always simple.
3. Many customers feel uncomfortable allowing remote control of their smart devices.
4. The need for a reliable Wi-Fi connection excludes some customers and can pause participating customers that intermittently lose connection.
5. Providing customers with EV chargers and smart thermostats improves customer interaction and participation in GridSavvy, however does limit customer options and often does not lead to higher levels of dispatchable loads in GridSavvy.

Modifications to objective

Automating smart devices to respond to grid conditions will remain a top objective. SCP will also provide education and offerings for customers who do not want to allow us to control their devices.

Focus needs to be placed on the value these resources can bring and what level of control is most effective:

- EV charging could be managed daily.
- Water heating could be managed daily.
- Smart thermostats could be managed for events (e.g., with precooling)

Customer storage devices are a big potential opportunity for managing customer load and might be capable of displacing large-scale utility scale investments.

Objective Influence Behavior (when customers use energy)

Programs/Experiments

-GridSavvy Rewards Alerts

Lessons Learned

1. Most customers don't understand what a demand response program is or why it is useful. Using relatable language and tying it to the benefit to the customer yields the best success.
2. Customers often are not aware of the actions they can take to reduce their energy use, so energy savings tips and customer service are an important element of success. Even with that, many customers do not feel like their actions will make a difference until they see results. The following actions help:
 - a. Earned financial rewards for participation are useful in showing customers that their efforts are appreciated and meaningful.
 - b. Providing the option to donate their rewards to a non-profit is a successful way to engage with customers.
 - c. Providing cumulative rewards at the end of the year creates a more impactful customer result than providing tiny rewards after each event.
 - d. Once customers see their results, they are excited about their impact and are grateful to receive their rewards at the end of the year.
3. Tailored communication and informational materials are valuable (e.g., Spanish speaking, non-computer, elderly).
4. Ongoing outreach and alerts to reduce energy use may cause frustration and program fatigue. Statewide Flex Alerts that may be ongoing can be seen as too great an inconvenience.
5. Incentives and rewards for metered results generally disproportionately benefits the highest electricity users while those regularly using energy before or after the peak use periods earn very low rewards.
6. The simplicity and ease of participating made this program exciting for customers, including those who had not participated in SCP programs previously.

Modifications to objective

Focusing on how and when customers use energy will become the forefront of our efforts. Customers need to understand their impacts and what they can do. Their behavior directly impacts their energy costs and will be increasingly more important as the grid evolves.

We will focus more on customer engagement and feedback in the coming years. We will provide continued education and customer support regarding how they can participate without the need for smart devices or expensive upgrades or relinquishing control of their devices to us.

New programs/experiments

(See section 5.2 of Attachment A for details):

- Battery storage optimization
- Workplace charging
- Telematics

Strategy 4: Promote customer solar + battery storage for renewable energy generation and resiliency

Objective Promote distribution scale solar (250kW-1MW)

Programs/Experiments

- Feed In Tariff (ProFIT)
- Site Leasing Interest Program (SLIP)

Lessons Learned

1. Distribution scale solar and battery projects require expertise from experienced developers and engineers. Projects that only have land and financing and no technical experts with a track record generally fail.
2. Developers of these projects <1MW often need a lot of SCP staff time to shepherd the projects. Frequently staff time for a <1MW solar array is ten times that of a project that is 20MW due to the lack of technical experience.
3. Interconnection queues and permitting timelines are often extended and can delay projects by years.
4. Aggregating local sites to utilize space for renewable energy projects has been challenging;
 - a. Sites often do not have the staff time or resources to invest on getting projects developed.
 - b. Sites have had difficulty establishing leasing terms and rates.
 - c. Site do not have sufficient expertise in renewable energy development.
5. SCP is unable to provide technical advice, construction expertise, or answer many questions without an experienced developer on board.

Modifications to objective

We have determined that given the complexity of these projects and programs, distribution scale solar projects should be led by the site owner or developer. SCP still has interest in being the off-taker of the energy, so we will continue to consider vetted projects to purchase power from.

With the Inflation Reduction Act, SCP may be able to take advantage of grants in lieu of tax credits for owning assets. Any efforts to lead these projects should be a larger procurement effort done in coordination with experienced industry professionals.

Objective Residential solar + battery

Programs/Experiments

- Net Green +
- SGIP (Self Generation Incentive Program)
- Grid Alternatives

Lessons Learned

1. Providing a net energy metering option that is more beneficial to customers is a good retention tool. On the other hand, some customers still prefer to opt out because of advice from solar contractors or to have a more understandable bill.
2. Providing the bridge incentives and application assistance to customers and contractors upfront for solar and battery projects enables more projects and is very appreciated by solar contractors and customers.
3. Customer-owned battery storage is often operated in standby mode only, thereby providing only a fraction of the value it could to the grid.

Modifications to objective

SCP can play a role in educating customers how to get the most value out of their solar:

- Use electricity at the same time solar is producing
- Automate devices to run during peak solar output hours
- Conserve energy starting at 4 pm
- Consider storage to shift solar output into the evenings if you can't use all the solar output when it is produced.

SCP can focus outreach to customers who are low-income or medical baseline for opportunities for home battery storage. These customers could be

connected with existing funding opportunities and SCP should consider our role in providing programs to these customers.

Objective Solar + battery for schools

Programs/Experiments

-Energy Resiliency Feasibility Assessment for Schools

Lessons Learned

1. Schools don't have significant load in the summer and evening hours when storage is most valuable.
2. Schools are often on rate plans that do not have peak charges and therefore do not see additional financial benefits to reducing peak.
3. Schools have many other high priorities and often don't have dedicated staff to prioritize a complicated storage project.

Modifications to objective

While resiliency for schools is important, projects do not pencil out financially given schools' rate plans and operating hours. SCP could assist with external funding opportunities and explore less capital- intensive opportunities.

With the Inflation Reduction Act, SCP may be able to take advantage of grants in lieu of tax benefits of owning systems, so we will monitor and investigate the implications and benefits of owning renewable and battery storage systems. One investigation could be to locate SCP owned systems at school sites where SCP uses them as energy resources but the school can also use for resiliency in the event of a power outage.

Objective Battery + storage for non-residential sites

Programs/Experiments

-Battery storage systems for commercial customers: assessing potential and connecting with a battery provider

Lessons Learned

1. Many of these projects did make financial sense and reduced customer costs.
2. The reduced costs to customers were often not a high value when compared to all their other operating costs.

3. The commercial sites were limited to those that had the staff time to dedicate to these projects.

Modifications to objective

Solar and battery storage systems for commercial customers are more successful if led by the customer. SCP can support but is not effective when pushing or merely contracting.

New programs/experiments

(See section 6.2 of Attachment A for details):

- Battery storage optimization

Strategy: Educate and engage customers, residents, youth, and workforce within our community

Objective Educate customers

Programs/Experiments

- DIY toolkit
- Advanced Energy Center

Lessons Learned

1. Efforts to educate our customers are appreciated from customers and we receive constant positive feedback.
2. Simple solutions are often the most popular and appreciated.
3. Customers want to see how technologies look in their homes and want to understand their impact.
4. Renters often disengage because they feel they have limited control of their options.

Modifications to objective

Education of customers remains a top priority, but we want to work harder to reach all customers. We will provide additional effort to reach renters TBD.

Objective Educate the youth

Programs/Experiments

- Energy education in schools
- Switch Lab
- Scholarships and Grants

Lessons Learned

1. The youth often bring home ideas and education to their parents and become our greatest ambassadors.
2. Using existing partnerships to help get education programs into schools has worked. However, sometimes the messaging about climate and energy can be diluted or lost by the time it is delivered.
3. The Switch Lab EV generates a lot of interest from all our customers, not just the students who are involved. The physical presence of the vehicle gets people interested and excited.
4. Education on electric vehicles can be very effective with young people in school that are considering their first car.

Modifications to objective

Educating the youth will remain a critical objective. SCP will look to form additional partnerships to develop energy education. We will look for more ways to physically represent energy concepts to create interest and excitement.

Objective Educate/train the workforce

Programs/Experiments

- Advanced Energy Center contractors
- Workforce training partnerships

Lessons Learned

1. Contractors are critical for the deployment of technologies and for educating customers.
2. Customers often only replace equipment when it fails and depend on their contractor to recommend the best replacement.
3. There is currently a limited number of contractors with the knowledge, expertise, and buy-in on heat pump and induction technologies.
4. Our customers frequently introduce their contractors who are not yet connected with the Advanced Energy Center to us and facilitate their participation and get them involved.
5. There needs to be much more workforce development, not only to educate and train new and existing tradespeople about emerging technologies, but to get the adequate amount of people into the trades to start with.

Modifications to objective

Unknown at this time. Educating and training the workforce remains a top priority. We will look for further partnerships and continue efforts at the Advanced Energy Center.

New programs/experiments

(See section 7.2 of Attachment A for details):

- Renters' home energy savings kit
- School challenge to come up with solutions for the duck curve

Strategy: Foster innovation through research and development

Objective Research community needs- new approach to programs

Programs/Experiments

-Community Needs Assessments for:

- Transportation
- Residential Energy Use & Resiliency
- Commercial energy use & resiliency
- Agricultural

Lessons Learned

In progress. No lessons learned yet.

Modifications to objective

In progress.

Objective Emerging technologies

Programs/Experiments

-Electric Vehicle to load, vehicle to building, vehicle to grid

Lessons Learned

In progress. No lessons learned yet.

Modifications to objective

In progress.

Objective Explore Funding

Programs/Experiments

-Researching and seeking external funding opportunities such as:

- CEC Lead Locally grant

- CPUC funding for FLEXMarket

Lessons Learned

1. Due to application efforts, limited flexibility, and administrative burdens, SCP typically only seeks funding for amounts over \$5M, however each opportunity is assessed on a case-by-case basis.
2. The FLEXMarket program is a learning opportunity for what it takes to administer a CPUC funded program.

Modifications to objective

We will continue to investigate external funding opportunities. We will carefully consider whether we should apply to be able to use CPUC funds for a portfolio of programs.

Fiscal Impact

No fiscal impacts related to this item. Budgeting for programs is accomplished through the annual budget process.

Attachments

- Attachment A - Draft 2023 Programs Strategic Action Plan



Strategic Action Plan

Customer Offerings & Incentives Programs

2023

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1. Sonoma Clean Power

1.1 Powering Everyday Moments

Sonoma Clean Power (SCP) serves residents and businesses in Sonoma and Mendocino counties (except for the cities of Healdsburg and Ukiah who have their own municipal utilities). We provide clean electricity from renewable sources such as solar, wind, and geothermal.

Our mission is to turn the tide on the climate crisis through bold ideas and practical programs. Climate change affects everyone, so we design our services to be practical and inclusive. SCP provides incentives so customers can reduce their utility bills and help clean up California's electric grid.



2. About this Strategic Action Plan

SCP developed the Strategic Action Plan for Customer Offerings & Incentives Programs ("Plan") to support our mission to turn the tide on the climate crisis through bold ideas and practical programs.

In 2022, this Plan integrated SCP's Programs Equity Framework, incorporating practical steps for developing and implementing inclusive programs. Going forward, the Programs Equity Framework and the Strategic Action Plan will no longer be treated as two separate plans or frameworks; this Plan will be the guiding document.

This Plan outlines the strategies and goals of our current customer offers and incentives. This Plan will evolve as we implement strategies to more deeply engage with our customers and communities.

To achieve our mission of turning the tide on the climate crisis, our programs must be impactful, scalable, accessible, and enhance our customers' lives. A key step in the Plan is ensuring we engage the community in setting goals and considering new programs (based on the Joint Powers Authority stated purposes) to develop proposals for the Board of Directors' approval. The first step is listening to our customers and community and learning about their needs. As a result, SCP has begun Community Needs Assessments in the following categories:

- 1. Transportation and mobility needs**
- 2. Residential energy use**
- 3. Residential resiliency needs**
- 4. Commercial building energy use and resiliency needs**
- 5. Agricultural energy use**

These Community Needs Assessments are anticipated to greatly inform future strategies and plans.

The Plan also informs SCP's Integrated Resource Plan. The Integrated Resource Plan outlines how SCP can meet expected electricity demand in the future while managing costs and risks and achieving greenhouse gas targets. SCP's customer offerings and incentives can be used as a tool to optimize and shape how and when customers use electricity which is important to achieving a 100% renewable greenhouse gas-free future.

SCP customer offerings and incentives aim to:

- **promote and encourage behaviors, technologies, and actions that alleviate stress on the grid,**
- **reduce greenhouse gases by shifting away from fossil fuel-powered transportation,**
- **decrease energy use, and**
- **encourage shifting energy use away from evening and nighttime hours and instead during times of day when renewable energy supply is abundant, reducing the need for natural gas power plants, and providing customer-sited resources that replace the need for utility scale development.**

2.1 Approach

SCP is committed to developing a strategic action plan for customer offerings and incentives that meets the needs of the communities we serve. Our priority is to provide stable energy costs and minimize the impact of electricity rates on customers. To achieve this, we work to set generation rates that stabilize bills and offer energy-saving tips and programs to help customers manage their bills. Our goal is to provide cost-effective electricity while reducing greenhouse gas emissions and meeting our emission targets. To meet these goals, we must listen to our customers and understand their needs to offer the most impactful and beneficial programs. The following sections outline our plan for achieving these objectives.

2.1.1 Immediate Actions This Calendar Year

The following actions are either underway or are under development for this calendar year (2023).

1. In December 2022, the Board of Directors approved funding to conduct Community Needs Assessments. The Community Needs Assessments will:
 - a. Ask for feedback on how our current, past, and upcoming programs can best meet the needs of our community and customers. This will include:
 - i. meeting with community organizations,
 - ii. talking with customers and collecting customer feedback,
 - iii. partnering with local non-profit organizations or others for community-focused data (such as surveys, interviews, statistics),
 - iv. conducting surveys, and
 - v. developing customer focus groups.
 - b. Develop new program ideas or improve existing programs that meet community needs for Board consideration.
2. Continue providing customers with our current offers and incentive programs.
 - a. Improving as we listen and learn more from our customers.
3. Discontinue programs that are no longer impactful or are cost-effective without incentives.
4. Introduce programs currently in the development stage.
5. Build relationships with community organizations.
6. Engage with our community members to better understand their needs and priorities by:
 - a. attending public events,
 - b. hosting education classes,
 - c. inviting people to the Advanced Energy Center, and
 - d. inviting comments and feedback through our website and public meetings.
7. Collect and organize feedback received through all channels.

SCP surveys all staff across our Agency departments and roles about what they think of our programs. The survey responses highlight what people care about. While this survey had a narrow focus on SCP staff, it can be used as a reference point in engaging with the community.

The results of the survey show that people are more likely to take part if a program:

- provides tangible benefits,
- is easy to take part in and makes their lives easier,
- doesn't have an up-front cost,
- provides a clear benefit to the community and the planet,
- fits into their lifestyle and housing situation (for example, renting),
- supports their self-identification, beliefs, and values,
- supports new and trending ideas and technologies,
- lines up with the timing of decision points (for example, needing a new car, water heater, etc.), and
- helps with the costs of electric vehicles and opportunities to charge them.

2.1.2 Near-Term Actions in the Next 2-3 Years

After completing the immediate actions listed above, we will develop near-term actions to be implemented. These actions will be reflected in next year’s update to the Strategic Action Plan. To achieve this, we will:

- Develop new program strategies and goals with community involvement for the Board of Directors approval.
- Design solutions with community organizations to better meet community needs and priorities.
- Create metrics for all programs, with a plan for tracking success and program impact.
- Keep listening to identify further needs that we can address through our role as the local electricity provider.

2.1.3 Long-Term Actions

Using our tracking and metrics plans, SCP will maintain a constant customer feedback loop. This flow of information will be used to improve the reach and impact of current and future programs. SCP will adjust the offers and incentives, as needed, to target intended customers and deliver tangible benefits.

SCP will encourage and apply recommendations, research, ideas, and feedback to improve current and future offerings and incentives.

2.2 Approach to Program Design

SCP acknowledges that program design for customer offerings and incentives consists of various motivations and strategies to achieve our mission of turning the tide on the climate crisis. It is important to acknowledge the necessity for distinct and different approaches as our progress toward targets evolves. Specifically, we’d like to highlight the need for both market transformation programs and avoided cost programs.

Market transformation programs provide offerings and incentives to customers to instigate long-term change by providing incentives and access to new and emerging technologies and services. Providing support to our customers through offerings and incentives can create a lasting shift in the consumer and energy markets, making cleaner technologies and services more accessible and affordable for consumers in the future. This requires an injection of money at the onset that may not provide financial returns initially.

Avoided costs programs provide offerings and incentives to customers that are sustainable and scalable because they reduce costs for SCP. In other words, the financial incentive or investment made by SCP to promote technologies and services is less than the avoided cost of energy procurement. This means that these customer offerings and incentives reduce rates for all regardless of whether a customer is participating in the program or not.

SCP also acknowledges that there are different motivations and financial situations for our customers and that we should endeavor to create offerings and incentives that speak to all. SCP’s goal is to have an offering or incentive or reason for each of the following customer types to participate in SCP programs.

Customers that **are aligned** with SCP’s mission and **would not need** SCP financial assistance to act.

Customers that are **not aligned** with SCP’s mission and **would not need** SCP financial assistance to act.

Customers that **are aligned** with SCP’s mission and **need** SCP financial assistance to act.

Customers that are **not aligned** with SCP’s mission and **need** SCP financial assistance to act.

2.3 Current Program Strategies

SCP has developed six program strategies to turn the tide on the climate crisis. SCP integrates equity, inclusion, and funding source development into each of the strategies listed below. The rest of this Plan will focus on the work we are doing on each of these strategies.

- **Electrify transportation & gas-powered equipment**
- **Accelerate building efficiency & electrification**
- **Reduce peak demand & shift energy use away from 4 p.m. to 9 p.m.**
- **Promote customer solar plus battery storage projects to produce energy & support resiliency**
- **Educate and engage customers, residents, youth, & workforce within our community**
- **Foster innovation through research & development**

These program strategies will be covered in the following sections.

3. Electrify Transportation & Gas-Powered Equipment

Transportation produces most of the air pollution and greenhouse gas emissions in Sonoma and Mendocino counties. Most of these emissions are created by the cars and trucks we drive every day. Replacing our gasoline and diesel cars and trucks with electric vehicles (EVs) will reduce greenhouse gas emissions and air pollution, including smog. EVs are cleaner and produce fewer emissions. They need very little maintenance and can be less expensive to operate than gas cars.

Gas-powered yard and other equipment are another source of greenhouse gas emissions and local air (and noise) pollution. These small gasoline engines produce pollutants that are known to cause lung, heart, and brain health issues. New battery-powered equipment, lawnmowers, and leaf blowers, for example, are quieter, don't pollute, and work as well as conventional equipment.

SCP currently offers programs to promote EV adoption and EV charging infrastructure. SCP also promotes electric and clean mobility solutions, such as electric bikes, as an alternative to cars. Additionally, we have promoted electric yard equipment, in place of gas-powered options.

During the Community Needs Assessments conducted during 2023, SCP will engage with community organizations to learn more about transportation needs and barriers as well as mobile equipment needs in the agricultural sector. SCP will use this information to design future program proposals for the Board of Directors to deliver tangible local benefits for all customers.

3.1 Current Customer Offerings

3.1.1 Free Residential Electric Vehicle Chargers

SCP provides customers an up-front discount of 50% on the cost of a Level 2 EV charger. Historically, SCP has reimbursed the remaining cost after the customer installs and activates the charger, ultimately providing an entirely free EV charger (minus installation costs).

Since the program started through December 2022:

- **Over 4,400 free chargers have been provided by SCP.**

In 2023, SCP will continue to offer Level 2 EV chargers at 50% off the retail price of the equipment at the time of purchase, but will modify the incentive reimbursement for the remaining cost of the charger. In early 2023, SCP will only provide an incentive if the customer installs and activates their charger and participates in SCP's GridSavvy Rewards program (See Section 5.1.2). The GridSavvy Rewards EV activation incentive will be \$250.

3.1.2 Non-Profit Electric Vehicle Incentives

SCP offers reimbursement to non-profits to help them transition from gas-powered vehicles to clean EVs. The reimbursement can be used to purchase or lease an EV or a plug-in hybrid (with a battery range of at least 25 miles). In 2022, SCP modified the program to reflect the increase in EV costs and to accommodate for larger capacity vehicles such as vans and light duty trucks. SCP increased the incentive for EV passenger vehicles from \$12,500 to \$15,000 and added an increased incentive of \$22,500 for vehicles with payloads over 1,500 pounds (vans and trucks).

Since the program started through December 31, 2022:

- **Reimbursements have been provided to 16 local non-profits including the first all-electric cargo van in 2022.**

3.1.3 Sonoma Coast Incentive Program (CALeVIP)

SCP partnered with the California Electric Vehicle Infrastructure Program (CALeVIP) in 2020, to provide rebates for EV Level 2 & DC fast charger purchase and installation costs. This program promotes public charging infrastructure in the region.

Since the program started through December 31, 2022:

- **56 projects sites have been awarded funding, including,**
 - **192 Level 2 chargers and**
 - **54 DC fast chargers.**
- **8 projects have been installed and completed.**
- **30% of funds have been reserved for disadvantaged and low-income communities.**



3.1.4 Fast Charge for All

SCP provides a special incentive of up to \$80,000 for EV fast-charging stations serving coastal and low-income residents. Valid CALeVIP applications that were wait-listed due to high demand for the Sonoma Coast Incentive are eligible. Projects are eligible if they meet the rural and low-income criteria set for the program.

Since the program started through December 31, 2022:

- **5 applicants are moving forward on their projects to install a total of 11 new fast-charging stations serving low-income residents.**

3.1.5 Local EV Partnerships

SCP has been a partner to local organizations in directing them to EV resources, helping with technical assistance, and providing funding support for EV projects. SCP has provided free EV chargers to local business, has partnered with Sonoma County Regional Parks to provide chargers at various park locations, and has provided funding for Santa Rosa CityBus to promote their use of electric buses powered by SCP's 100% local renewable power offering, EverGreen.

3.2 Customer Offerings in Development

3.2.1 *Workplace Charging Research Project*

Recent studies have shown that shifting drivers from nighttime home charging to daytime charging when renewable energy, such as solar, is abundant on the grid has many positive grid impacts. Daytime charging reduces impacts from evening ramping (when solar energy decreases while residential energy use increases), reduces use of fossil fuel electricity generation, brings more value to both customer-sited and utility renewable generation, reduces battery storage build-out requirements, and reduces greenhouse gas emissions. Daytime charging also allows the grid to better support higher levels of EV adoption.

SCP is developing a Workplace Electric Vehicle Charging Research project. This project will invite local employers to partner with SCP to provide and manage grid-enabled EV chargers at their workplaces. The research project is targeting planning and installation at 4 sites, averaging 15 charger ports per site for an approximate total of 60 Level 2 charger ports.

The purpose is to determine how to deliver a cost-effective workplace charging program that supports grid reliability while focusing on providing access to charging for disadvantaged and low-to-moderate income (LMI) employees who may not have charging capability at home. The research project will help SCP test various dispatching strategies and hardware configurations in anticipation of eventually running a larger regional initiative.

3.2.2 *Bike Electric 2.0*

Through the Bike Electric Program in 2021, SCP provided income-qualified customers a \$1,000 incentive toward the purchase of an electric bike (e-bike) to promote their use instead of cars for short trips. The program provided incentives to 421 e-bike purchases.

The State is planning a similar e-bike program slated for Spring 2023, which will look a lot like SCP's previous Bike Electric program, providing income-qualified incentives. SCP does not want to compete with this program or expend SCP funds on a similar program that the State is funding, so SCP is developing a separate and novel program that focuses on workplace commuting.

One of the lessons learned from e-bike is that many of the e-bikes purchased were being used for recreation (78% of respondents) or exercise (65%). Only 22% said they used their new bikes for commuting. SCP is aiming to improve on those metrics by targeting local employers and providing grants for organizations that want to make e-bike commuting more accessible to their employees.

3.2.3 *Landscaping Equipment Promotions*

In 2022, SCP promoted electric landscaping equipment in the Advanced Energy Center with a window display. While SCP did not provide any financial incentives for this type of equipment, we did run a competition through the Sonoma County Fair where the winner would receive an electric leaf blower. SCP is examining whether this format makes sense to run again in 2023 and whether window displays for certain technologies are effective in encouraging customers to switch from gas-powered equipment.

4. Accelerate Building Efficiency & Electrification

Using fossil fuels in our homes and buildings for space heating, water heating, and cooking is a large source of greenhouse gas emissions. We can replace these gas-using appliances with high-performance electric appliances that produce far fewer emissions, especially when powered by clean renewable electricity.

Burning fossil fuels in our homes and buildings also creates fire risks and unhealthy indoor air, potentially contributing to health issues including asthma. Replacing gas appliances with high-performance electric options will improve indoor air quality and reduce the risk of hazards associated with combustion appliances.

Building electrification must be pursued equitably, ensuring that environmental and social justice communities are not left behind. During the Community Needs Assessments conducted in 2023, SCP will listen to our community and customers to better understand the barriers to electrifying their homes. Using this information, SCP will also respond to specific needs, desires, and concerns around electrification and energy efficiency.



4.1 Current Customer Offerings

4.1.1 Advanced Energy Center

SCP opened the Advanced Energy Center to provide customers with an immersive demonstration space showcasing technologies that they can install to save money and reduce their carbon footprint. The Advanced Energy Center is available in-person and online to provide information on and connect customers with contractors for heating and air conditioning systems, induction cooktops, heat pump water heaters, battery storage, and more. Customers can attend classes on these topics through the Advanced Energy Center.

Since the program started through December 31, 2022:

- **Over 5,550 visitors have experienced the Advanced Energy Center.**

4.1.2 Contractor Network

SCP has developed a contractor network through the Advanced Energy Center that are skilled in energy efficiency and electrification retrofits. SCP can provide customers with this list of contractors to assist them with their projects. The contractor network also has contractors that have agreed to SCP's 0% financing program.

Since the program started through December 31, 2022:

- **38 contractors participating in the Contractor Network, including 26 participating in SCP's 0% financing program.**

4.1.3 Electrification Incentives

To make clean energy solutions more accessible, SCP provides discounts and incentives through the Advanced Energy Center on a variety of technologies, including heat pump space conditioning, heat pump water heaters, heat recovery ventilators, induction cooktops, and more. SCP also provides a set of free cookware for customers who purchase and install an induction cooking appliance.

Since the program started through December 31, 2022, SCP has provided discounts or incentives for:

- **118 heat pump water heaters**
- **152 heat pumps for space heating and cooling**
- **52 induction cooktops and sets of free cookware**

4.1.4 Government Heat Pump Water Heater Incentives

SCP layers funding for heat pump water heaters on top of an existing PG&E program to deliver projects at low to no-cost to government and K-12 educational facilities. SCP is funding up to 24 heat pump water heater installations at eligible public facilities including education buildings, community centers, police departments, recreation centers, and public work yards.

4.1.5 On-Bill Financing

To reduce the barriers of up-front costs associated with electrification, SCP offers customers 0% on-bill financing of up to \$10,000 for the purchase and installation of select energy efficiency technologies payable through the utility bill.

Since the program started through December 31, 2022:

- **165 applications for bid projects have been received.**
- **67 projects have been completed totaling \$486,776 in project value.**

4.1.6 Induction Cooktop Lending Program

To promote induction cooking as an alternative to gas cooking, SCP offers customers a free portable induction cooktop to borrow for up to 2 weeks, along with compatible cookware.

Since the program began through December 31, 2022:

- **158 customers have borrowed an induction cooktop, 118 in 2022 alone.**

4.1.7 Commercial Energy Optimization

To reduce energy use and energy costs, as well as to encourage site electrification, SCP is offering no-cost energy audits and electrification studies to qualifying commercial SCP customers. This program launched March 2022.

Since the program started through December 31, 2022:

- **17 commercial sites have been assessed for 11 customers and reports have been delivered to recommend energy efficiency and electrification measures.**

4.1.8 Advanced Energy Rebuild

To support high-performance and resilient construction, SCP offered developers and homeowners rebuilding from the 2017 Tubbs and Nuns fires technical guidance and up to \$17,500 in incentives per home.

Since the program started through December 31, 2022, the now-retired program has:

- **Helped rebuild 344 new homes and apartments and**
- **Provided over \$1.8M in total incentives from SCP.**

4.1.9 Advanced Energy Build

SCP offers incentives for the construction of resilient, affordable, and all-electric homes in Sonoma and Mendocino County.

Since the program started through December 31, 2022, the program has:

- **Enrolled 671 units of housing (over 80% of which are low-income residences),**
 - **125 housing units have been completed and,**
 - **545 housing units are in progress.**
- **\$1.7M in incentives have been reserved.**

4.1.10 Multifamily Housing Electric Panel Upgrades

To support electrification retrofits of multifamily housing, SCP has partnered with the Bay Area Multifamily Building Enhancement Program to provide incentives of \$500 per in-unit panel upgrade (\$750 for income-qualified customers) and \$5,000 per central building panel upgrades. This program launched in January 2022, however due to long lead times of these projects, no projects have been completed yet.

4.1.11 SCP Electrify

To help customers plan their home electrification upgrades, SCP offers an online tool that highlights clean energy opportunities in their homes and provides valuable, actionable insights on which technologies and SCP programs are right for them.

4.1.12 FLEXmarket

SCP has received California Public Utility Commission (CPUC) energy efficiency funding to implement an incentive program for energy efficiency projects in existing buildings. SCP pays incentives based on time of day avoided energy costs for energy efficiency projects that reduce total energy peak load. This funding and program are aimed at permanent energy reduction and permanently shifting energy use away from peak hours.

4.2 Customer Offerings in Development

4.2.1 Mobile Home Park Electrification

SCP is currently working with PG&E to determine the feasibility of mobile home park electrification. The goal is to provide weatherization, install energy efficiency upgrades, and convert existing mobile homes to all-electric appliances.

Mobile home parks are typically served by a master-meter for both gas and electricity. This means the gas and electricity service beyond the master meter to each mobile home space is the responsibility of the mobile home park owner, and not the utility. This poses a public safety threat. In 2014, a pilot program was established by the CPUC to convert and upgrade master metered parks to direct utility service for each space. In 2020, the CPUC issued Decision D.20-04-004 to establish the Mobilehome Utility Conversion Program (MHP-UCP) which is designed to convert 50% of all master-metered mobile home park spaces to direct utility service by 2030.

SCP, in coordination with PG&E, proposes to utilize the MHP-UCP program as an opportunity to upgrade the master metered electricity service to these spaces and decommission the natural gas service.

5. Reduce Peak Demand & Shift Energy Use Away From 4 p.m. to 9 p.m.

In the last decade, more and more solar photovoltaic resources have been added to the grid. Solar is a clean, renewable energy source, but only generates electricity during the day. Yet, energy demand is the highest in the evening (4 p.m. to 9 p.m.), when people return home and turn on appliances.

The increased need for electricity happens around the time the sun sets and solar production falls. Dirty fossil fuel power plants are used to provide this energy in the evening to address peak demand. Fossil fuel power plants increase air pollution and greenhouse gas emissions, contributing to climate change.

Therefore, it's important to look at when customers use energy, not just how much energy they use. SCP currently offers programs to:

- **Reduce energy usage between 4 p.m. to 9 p.m. and**
- **Shift energy usage to mid-day and hours where solar and other clean energy is significant.**

During the Community Needs Assessments conducted in 2023, SCP will listen to our community and customers, and identify ways that reducing and shifting energy use can benefit and improve their lives.

5.1 Current Customer Offerings

5.1.1 GridSavvy Rewards Alerts

In response to summer grid reliability concerns, SCP launched a GridSavvy Rewards Alerts program option where no smart devices are needed. Customers receive alert notifications through phone or email to save energy during hours of high demand on the grid and conserve energy through any means that works for them.

GridSavvy Rewards pays customers \$2 for every kilowatt-hour (kWh) saved from their baseline during an Energy Saving Event. Customers may also choose to donate their rewards to a selection of local Community Partners.

SCP directly targeted low-income customers and customers that use the most electricity during summer peak hours. SCP reached customers that have historically been left out of programs; most notably Spanish speakers and customers that do not have services (e.g., internet, email, cell phones).

Since the program started through December 31, 2022:

- **19 Energy Saving Events were called between May and September 2022, including 11 during the CAISO Flex Alerts in early September alone.**
- **2,010 customers have enrolled,**
 - **72% are enrolled in CARE/FERA,**
 - **45 customers chose to receive communications in Spanish,**
 - **15% live in Mendocino County,**
 - **112 customers chose to donate their rewards to one of four Community Partners.**
- **Participating customers reduced total peak demand, on average, by 500 kilowatts (kW) on September 6th (peak 2022 day).**
- **Participating customers saved a cumulative total of approximately 34,000 kW.**
- **Approximately 1,700 customers were issued rewards checks (\$61,000 collectively).**
- **\$4,000 was donated collectively to the Career Technical Education Foundation, The Climate Center, Conservation Works, and The Mendocino Land Trust.**

5.1.2 GridSavvy Rewards Smart Devices

To help automate reducing and shifting energy use from peak times, SCP offers discounts and incentives to purchase and connect smart devices, such as EV chargers, smart thermostats, and water heaters. These smart devices can receive a remote signal from SCP, which automatically adjusts usage while making energy-saving choices easy.

In 2022, GridSavvy Rewards smart devices went through a restructuring and these program options were put on hold until 2023. Enrolled customers continued to receive \$5/month bill credits. New customers were added to a wait list.

Since the program started through December 31, 2022:

- **Over 4,400 free EV chargers have been provided to customers.**
- **880 EV chargers are currently enrolled in GridSavvy Rewards.**
- **340 EV chargers are on the waitlist.**
- **90 discounted smart thermostats have been provided to customers.**
- **350 smart thermostats are enrolled in GridSavvy Rewards or on waitlist.**
- **40 heat pump water heaters are on a waitlist.**

5.1.3 FLEXmarket

See Section 4.1.12.

5.2 Customer Offerings in Development

5.2.1 *Behind-The-Meter Battery Storage*

SCP is developing battery storage optimization programs for residential customers that have installed battery storage systems. Data has shown that many residential customers install battery storage systems for backup purposes that only operate when there is a power outage. SCP is investigating how to incentivize customers to allow SCP to manage a portion of their batteries daily to provide grid benefits, reduce greenhouse gas emissions, and reduce procurement costs. SCP would signal the batteries to charge during the day when renewable supply is high and power costs are low and to discharge the batteries in the ramping hours when solar energy is limited, but demand and prices are high. SCP would coordinate with weather forecasts and Public Safety Power Shutoffs to allow the customer to still have full charge in the event of a predicted power outage.

5.2.2 *Workplace Charging Research Project*

See Section 3.2.1.

5.2.3 *EV Charging Telematics*

SCP is looking into a telematics approach to EV charging. Telematics uses telecommunications to manage when and at what speed an EV charges at the vehicle level instead of at the charger. This approach would optimize EV charging hours of an individual vehicle to help the grid, minimize greenhouse gas emissions, reduce costs for both SCP and the customer, and optimize a charging profile for the customer based on vehicle state of charge and typical use.

6. Promote Customer Solar Plus Battery Storage Project to Produce Energy & Support Resiliency

Sonoma and Mendocino counties have felt the effects of climate change contributing to extreme weather and destructive wildfires. To prevent further wildfires caused from power lines, PG&E can turn off power during severe weather. This is called a Public Safety Power Shutoff (PSPS).

Many customers in SCP's service territory have been affected by PSPS events since 2018. To mitigate these disruptions, SCP supports solar plus battery storage projects installed on the customer's side of the electric meter.

Customer solar plus battery storage also plays an integral part of California's clean energy goals and shifting energy use away from 4 p.m. to 9 p.m. (see Section 5).

During the Community Needs Assessments conducted in 2023, we will engage with community organizations and customers to learn more about customer energy production and resiliency needs and barriers.



6.1 Current Customer Offerings

6.1.1 EverGreen

SCP customers have the option to power their homes with SCP's EverGreen offering. EverGreen is 100% renewable, locally generated energy provided 24/7 from geothermal and solar resources developed in Sonoma and Mendocino counties. The additional cost is 2.5 cents per kilowatt-hour (about \$13/month extra based on an average residential customer). EverGreen eliminates nearly all greenhouse gases from electricity use. Customers that do not have the ability to install solar or battery storage on their residences or businesses can choose this option to help reduce their carbon emissions and fight the climate crisis.

As of December 31, 2022:

- **3,910 customers' accounts are powered by EverGreen, including 155 CARE/FERA accounts.**

6.1.2 Self-Generation Incentive Program Assistance

SCP helps customers applying for battery system incentives through the statewide Self-Generation Incentive Program, also known as SGIP. SCP provides incentive payments to the customer in advance and helps participating contractors with the application process. This means customers do not have to wait until their project is installed to receive incentives through the statewide program. SCP then receives the incentive money back from the state once the customer installs their project.

Since the programs started through December 31, 2022:

- **175 battery storage applications have been submitted.**
- **Over \$2.7M of up-front incentives have been provided to customers.**
- **Approximately \$1.3M of incentives have been paid back to SCP through PG&E, the program implementer.**

6.1.3 NetGreen+

To incentivize customers to install solar and solar plus battery storage, SCP pays customers who generate more electricity than they use during a billing cycle the retail rate plus a 1¢ bonus per kilowatt-hour (kWh). SCP also pays out double the PG&E incentive if a customer generates more electricity than they use on an annual basis.

As of December 31, 2022:

- **Approximately 24,500 customers are enrolled.**

6.1.4 Site Leasing Interest Program

To promote local clean power and resilience, SCP worked with several customers who expressed interest in leasing access to their rooftops and land for solar plus battery storage installations that SCP would purchase energy from. This program has reached a stall and we have learned valuable lessons from this endeavor. The program is likely to be discontinued as we have been unable to get the sites through the program requirements.

The structure of SCP leading this effort has not been effective. For SCP to lead this effort and coordinate the development of these resources, each site owner must first agree to leasing terms and conditions and establish a leasing rate that would be provided to potential developers through a Request for Proposal (RFP) process. The site owners do not generally have the time or direct expertise to engage with lawyers and experts. SCP is also not the developer, nor do we have the expertise to assess the feasibility of each site and answer specific questions. Site owners are left with unanswered questions and ambiguous information. SCP has not engaged with specific developers to provide expertise because developers were to be engaged during the RFP stage.

It is SCP's assessment that any future large scale solar plus storage endeavor should be led by the site owner and SCP would just be an off-taker of energy. Alternatively, SCP could explore ownership of these resources (versus solely being the energy off-taker), however that would be considered under procurement activities and not part of customer offerings and incentives (i.e., separate from this Plan).

6.2 Customer Offerings in Development

6.2.1 Behind-The-Meter Battery Optimization

See Section 5.2.1.

7. Educate and Engage Customers, Residents, Youth, & Workforce Within Our Community

Energy is an important issue, and one that allows everyone to make a difference. By learning how to use less energy, customers can save money. By learning how to live an all-electric lifestyle, customers can reduce their carbon footprint.

California has ambitious goals for building a clean economy. There are industry demands for a workforce with a blend of technical skills and business management abilities. Skills are needed in construction, electrical work, and renewable energy technologies, such as photovoltaics, geothermal, and wind. SCP's current programs promote public education involving energy efficiency, electrification, and electric vehicles.

For future planning, SCP will listen to our community members and customers. Partnerships are essential to the work that we do. They help us better understand our customers' needs, connect with our community, and respond to emerging issues within our service territory. SCP can be part of the solution by supporting the incredible efforts and services already being led and offered by local organizations, agencies, and community groups.



7.1 Current Customer Offerings

7.1.1 Advanced Energy Center

See Section 4.1.1.

7.1.2 Do-It-Yourself Home Energy Toolkit

To help customers identify quick home upgrades to save energy, water, and money, SCP partnered with local agencies to create the do-it-yourself (DIY) Energy and Water Savings Toolkit. This toolkit can be checked out at a local library branch and comes with a guidebook and tools. Our partners include Sonoma Water, Sonoma Marin Saving Water Partnership, County of Sonoma Energy and Sustainability Division, Sonoma County Library, County of Mendocino, and the Mendocino County Library.

Since the program started through December 31, 2022, the program has:

- **1,290 check outs through Sonoma County Libraries.**
- **280 check outs through Mendocino County Libraries.**

7.1.3 Energy Education in Schools

To inspire future energy leaders in Sonoma and Mendocino counties, SCP partners with Sonoma Water to teach K-12 students about electricity, power sources, and climate change.

During the 2021/2022 school year:

- **Over 2,400 students participated in over 100 lessons at 41 schools.**
- **21 schools and 7,900 students participated in virtual musical assemblies.**
- **A climate change plus field trip pilot program for high school students was started, with 7 teachers registering, over 270 students participating in classroom lessons, and 67 taking part in field trips to the Advanced Energy Center.**
- **15,600 rulers, 26,700 pencils, 14,100 pencil sharpeners, 1,350 toothbrushes, and 150 Sonoma Clean Power posters were given to students.**

7.1.4 Switch Lab

To teach students (middle school, high school, and college) the fundamentals of EV design, assembly, manufacturing, and maintenance, SCP partners with the Career Technical Education (CTE) Foundation and the Sonoma County Office of Education. SCP funds kits at select local schools, allowing students an opportunity to assemble a street-legal electric vehicle. Kits last up to 5 years and are assembled and disassembled each class.

Since the program started through December 31, 2022:

- **9 Switch Lab EV kits have been distributed to schools throughout Sonoma and Mendocino counties.**
- **Over 3,000 students have participated.**

7.1.5 Workforce Development

To increase green building industry knowledge, SCP partners with the LIME Foundation's NextGen Trades Academy. The Academy is a program providing diverse vocational construction training and work/life skills to youth. It offers training and helps students find gainful employment in the trades fields, while providing a workforce for local contractors.

Since the partnership started through December 31, 2022:

- **Over 100 students have received green building education.**

7.1.6 10,000 Degrees Scholarship

In partnership with 10,000 Degrees, SCP offers scholarships for qualified students pursuing a 4-year college degree in Energy Management and Design, or another related environmental field included within the Geography, Environment, & Planning Department at Sonoma State University.

Since the partnership started through December 31, 2022:

- **6 scholarships of \$5,000 have been provided.**

7.1.7 Spirit of Entrepreneurship Grant

To foster a strong commitment to environmental stewardship and social equity in the next generation of local business owners, SCP partners with the Santa Rosa Junior College to help students earn start-up funds for their sustainable business ventures. Students enrolled in a certification program compete in a "Pitch Contest" at the end of the semester.

Since the partnership started through December 31, 2022:

- **6 scholarships of for a total of \$30,000 have been provided.**
- **SCP is developing an endowment fund to provide grants going forward.**

7.2 Customer Offerings in Development

7.2.1 Renters' Home Energy Savings Kit

SCP is developing a renters' home energy savings kit. Inspired by the success of the DIY Toolkit, this program is designed to empower renters to improve their energy efficiency, save electricity, and reduce their carbon impact through actions within their control. There are approximately 80,000 customers that rent their living spaces in our territory, however due to lack of ownership and control of their living spaces, renters often are excluded or have significant barriers to participating in SCP programs that can reduce their energy and greenhouse gas emissions. This program aims to expand our past efforts and create an offering specifically targeted at renters.

7.2.2 'Duck Curve' Challenge

SCP is partnering with the Sonoma County Office of Education to deliver a 'call to action' program for students. SCP is creating a challenge where high school students investigate the causes and impacts of the profile looks like a duck, where there is a significant decrease in electricity use during the daylight hours due to the high penetration of customer-sited solar and then a steep increase in the evening hours (4 p.m. to 9 p.m.) as solar energy production is decreasing while residential electricity use is increasing. After learning about and investigating the 'duck curve', students deliver ideas and solutions that could help mitigate the negative impacts. An exhibition will be held at the Advanced Energy Center and SCP will be providing awards for winning solutions.

8. Foster Innovation Through Research & Development

Innovation is needed to make the switch to 100% clean electricity and all-electric living. Embracing new technology, new processes, new behaviors, and new ways of thinking will help meet our goals. SCP will investigate new and potential technologies to reduce greenhouse gas emissions. SCP may pilot new programs and ideas to explore these ideas.

8.1 Current Research and Development

8.1.1 Community Needs Assessments

As mentioned in Section 2, SCP is focusing heavily on Community Needs Assessments in 2023, to research community needs that may inform the development of new programs.

8.1.2 Investigate Vehicle-To-Building and Vehicle-To-Grid Technology

SCP is investigating potential technologies that allow electric vehicles to provide power back to buildings and the grid. SCP will also monitor Statewide policy on this topic.

8.1.3 Funding Opportunities

SCP is constantly monitoring funding opportunities from various sources including the California Energy Commission (CEC) and the Department of Energy (DOE). SCP has developed a strategy to determine if a funding opportunity is worth applying for. In addition, SCP is actively exploring the benefits and feasibility of becoming a California Public Utilities Commission (CPUC) Program Administrator, which would allow us to fund a portfolio of energy efficiency programs through the Public Goods Charge that ratepayers pay on the PG&E portion of their electricity bill.

8.1.4 Lead Locally

SCP has been conducting research on homes and businesses throughout Sonoma and Mendocino Counties on various emerging technologies for energy efficiency and electrification through a CEC grant, "Lead Locally". SCP has worked with partners to install technologies in homes and business and measure the energy savings from pre- and post-installation.

SCP is also exploring the ability to retrofit various Sonoma County ranger residences through this program.

8.1.5 The Inflation Reduction Act

The Inflation Reduction Act provides rebates and tax credits through the federal government to financially support residents and small businesses with the following:

- **Home weatherization and energy efficiency upgrades**
- **Installation of new electric appliances**
- **Purchase of electric vehicles**
- **Installation of rooftop solar systems**

These financial incentives aim to accelerate the U.S. transition to clean energy, lower household electricity bills, promote equitable access to the benefits of electrification, reduce nationwide carbon pollution, and support domestic manufacturing of technologies.

SCP is investigating how SCP incentives and support can be combined with rebates and tax credits available through the Inflation Reduction Act.

8.2 Future Planned Research and Development

To be determined.

9. Next Steps

The current and proposed customer offerings and incentive programs presented in this Plan represent our existing portfolio. As discussed in Section 2, we plan to address the unique needs of our service territory through Community Needs Assessments in strategic planning moving forward. Our next steps include the following:

9.1 Immediate Actions

We will continue supporting our customers through our current offers and incentive programs. We will engage our community and build relationships with community organizations. Our communities' and customers' needs will better inform our goals. We have begun Community Needs Assessments and will follow those through completion in 2023.

9.2 Near-Term Actions

As a result of gathering input and building trust through our Community Needs Assessment process, we will develop new program strategies and goals with the community. We will ensure that decisions are informed by community needs and priorities by partnering with community organizations. We will propose program modifications and new program as a result and present to the Board of Directors for approval.

Metrics and surveying program participants are important for assessing how effective our efforts are and how we can improve. SCP will create metrics for all programs and a plan for tracking program success through the established metrics.

9.3 Long-Term Actions

Using the tracking and metrics plans, SCP will use a constant feedback loop. This will improve the reach and impact of current and future programs. SCP will adjust the offers and incentives as needed to target the people intended and deliver benefits. SCP will discontinue programs that are not effective or no longer need SCP's support or championing.



Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directors

From: Mike Koszalka, COO
Chris Golik, Revenue Manager

Issue: Approve the Proposed Budget Adjustments for Fiscal Year 2022-2023

Date: March 2, 2023

Recommendation

Approve the proposed budget adjustments to the Fiscal Year 2022-2023 Budget as detailed in Table A of this report.

Background

SCP commonly brings a mid-year budget adjustment to the Board to account for changes in energy prices, actual customer energy usage, customer participation rates, bank interest rates, and regulatory decisions relating to the Power Charge Indifference Adjustment (PCIA) and utility retail rates. The current Sonoma Clean Power Authority budget for July 2022 through June 2023 was adopted on June 2, 2022.

PG&E updated the PCIA as well as their generation and delivery rates on January 1, 2023. SCP generation rates were then updated February 1, 2023, so that SCP customer total bills are 5% below PG&E's bundled service total bills.

Discussion

The proposed budget adjustments are shown in Table A. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments. Additional detail on the most significant changes is provided here:

Revenues

Year-to-date revenue from electricity sales exceeded budget by 12%. Due to the scale of the drop in the PCIA, SCP's new February 1, 2023 rates are expected to result in revenue that continues to be above the original budget while still providing customers

5% savings on their total electric bills. Additionally, SCP customers benefited from the California Arrearage Payment Program (CAPP), which helped pay past due energy bill balances accrued during the pandemic for residential customers. The benefits that SCP customers received will show as an increase to SCP's revenues because it cancels out some of SCP's uncollectible debt.

Investment income is projected to be significantly higher than the original budget due to rising interest rates since the start of the fiscal year.

Cost of Energy

The market cost of energy was exceptionally high in early September when California and much of the Western United States experienced record-setting heat. Market costs jumped again in December and are expected to stay elevated relative to the original budget through April.

Energy Center, Marketing & Communications

The adjustment to Energy Center, Marketing & Communications represents a reclassification of items that were originally budgeted in the Programs budget line. The proposed changes include a corresponding reduction to Programs, resulting in no change to the total budget.

General and Administrative

The proposed funding increase reflects conferences, professional development, and travel now that in person training and conferences are becoming available after a 3 year hiatus.

Other Professional Services - Other Consultants

The adjustment to Other Consultants represents a reclassification of items that were originally budgeted in the Programs budget line. The proposed changes include a corresponding reduction to Programs, resulting in no change to the total budget.

Customer Programs

The reduction to Programs represents a reclassification of items that were originally budgeted in the Programs budget line to the Energy Center, Marketing & Communications and Other Consultants budget lines. These proposed changes are offsetting and result in no change to the total budget.

Fiscal Impact

These budget adjustments reflect a net increase in Fund Balance of \$63,358,000 for fiscal year 2022-2023, up \$13,805,000 from the original budget of \$49,553,000.

Community Advisory Committee Review

The Community Advisory Committee recommended that the Board of Directors approve the proposed budget adjustments to the Fiscal Year 2022-2023 Budget at their February 16, 2023, meeting.

Attachments

- Table A - FY22-23 Budget Adjustment

Table A

	Approved Budget FY22-23	Proposed Adjustment FY22-23	Revised Budget FY22-23	Comments
REVENUES & OTHER SOURCES				
Electricity Sales (net of allowance)	\$ 244,400,000	\$ 34,800,000	\$ 279,200,000	Reflects rates set to provide customers with total bills 5% below PG&E's bundled service total bills
EverGreen Premium (net of allowance)	2,312,000	77,000	2,389,000	Improved participation
CEC Grant Proceeds	1,414,000		1,414,000	
Miscellaneous Income	1,025,000		1,025,000	
Investment Income	380,000	1,108,000	1,488,000	Rising interest rates
Total Revenues	249,531,000	35,985,000	285,516,000	
EXPENDITURES				
Product				
Cost of Energy & Scheduling	171,380,000	22,130,000	193,510,000	High market cost of energy in September and December through April
Data Management	2,677,000		2,677,000	
Service Fees to PG&E	979,000		979,000	
Product Subtotal	175,036,000	22,130,000	197,166,000	
Personnel				
	7,650,000		7,650,000	
Energy Center, Mktg & Comm				
	2,557,000	394,000	2,951,000	Reclassification of items that were originally budgeted in the Programs budget line
Customer Service				
	291,000		291,000	
General & Administration				
	1,140,000	50,000	1,190,000	Conferences, professional development, and travel
Other Professional Services				
Legal	430,000		430,000	
Regulatory & Compliance	460,000		460,000	
Accounting	258,000		258,000	
Legislative	220,000		220,000	
Other Consultants	571,000	175,000	746,000	Reclassification of items that were originally budgeted in the Programs budget line
Other Professional Services Subtotal	1,939,000	175,000	2,114,000	

Table A

	Approved Budget FY22-23	Proposed Adjustment FY22-23	Revised Budget FY22-23	Comments
EXPENDITURES – continued				
Industry Memberships & Dues	560,000	-	560,000	
Programs				
Program Implementation	6,025,000	(569,000)	5,456,000	Reclassification of items to Energy Center, Marketing & Communications and Other Consultants
CEC Grant Program	4,180,000		4,180,000	
Programs Subtotal	10,205,000	(569,000)	9,636,000	
Total Expenditures	199,378,000	22,180,000	221,558,000	
Revenues Less Expenditures	50,153,000	13,805,000	63,958,000	
OTHER USES				
Capital Outlay	600,000		600,000	
Total Expenditures, Other Uses	199,978,000	22,180,000	222,158,000	
Net Increase/(Decrease) in Fund Balance	\$ 49,553,000	\$ 13,805,000	\$ 63,358,000	