



**AGENDA**  
**SONOMA CLEAN POWER AUTHORITY**  
**COMMUNITY ADVISORY COMMITTEE**  
**Tuesday, February 14, 2017**  
**9:00 A.M. – 11:00 A.M.**

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Sonoma Clean Power Authority  
50 Santa Rosa Avenue, 5<sup>th</sup> Floor  
Santa Rosa, California

**I. CALL TO ORDER**

**II. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

1. Review the November 30, 2016 meeting minutes of the Community Advisory Committee
2. Receive report on operations, financial performance and audited financial statements
3. Receive Procurement update
4. Receive Programs update
5. Review Draft Program Evaluation Process
6. Discussion on future meeting dates, frequency and schedule

**III. COMMITTEE MEMBER ANNOUNCEMENTS**

**IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

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

**V. ADJOURN**

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



**SONOMA CLEAN POWER AUTHORITY  
COMMUNITY ADVISORY COMMITTEE  
MEETING MINUTES  
Wednesday, November 30, 2016**

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**I. CALL TO ORDER**

The meeting was called to order at 9:00A.M. by Chair Dowd.

Committee Members Present: Chair Dowd, Vice Chair Deicke, Peter Renfro, Ken Wells, Mike Nichols, Bill Mattinson, Joe Como, Bob Williamson, George Beeler, Paul Brophy

Staff present: CEO Geof Syphers, General Counsel Steve Shupe, Internal Operations Manager Stephanie Reynolds

Committee Members sworn in by General Counsel Shupe.

Chair Dowd asked the members to give a brief background of themselves.

Committee Member Anita Fenichel arrived at 9:03A.M.

Counsel Shupe swore in Committee Member Anita Fenichel.

**II. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

1. Review the September 12, 2016 meeting minutes of the Business Operations Committee.

No vote taken. Chair Dowd asked if members had comments and if so to report to Stephanie Reynolds. CEO Syphers thanked the committee for volunteering.

2. Receive report on operations, financial performance and audited financial statements for fiscal year ending June 30, 2016.

CEO Syphers stated that the audited financials are finished and there were no adjustments by the auditors. He stated that SCP has made good progress and is over halfway to agency's goal of \$50 million in reserves.

CEO Syphers asked Director of Programs, Jan McFarland to give an update on the EV Program. Director McFarland stated that SCP deployed 85 electric vehicles. 68 were leased and 14 were purchased as of 11/23/16. She stated that 140 orders for chargers had been received and 133 households signed up for demand response. She stated that the availability of cars is an issue and dealers are trying to get more cars. The CARE/FERA mailer goes out next week. CEO Syphers stated that overall the program has been successful and the process is working.

Committee Member Mattinson asked how far we are into budgeted funds and for a general update. Director McFarland stated that funds will not run out but we would like to get close and not go over budget.

Committee Member Williamson asked if we expect anything from Mendocino. CEO Syphers stated this program is Sonoma County only. Committee Member Brophy asked if anybody with an existing charger asked for adapter plug. CEO Syphers stated we don't have exact data. Committee member Wells asked about a goal for demand response. CEO Syphers stated the goal is getting revised and that we are aiming for 300 units and learning charging locations are far more valuable in today's market. Committee Member Williamson stated he was happy to see program is not permanent and there is flexibility.

General Counsel Shupe and Regulatory Affairs Manager Neal Reardon have spent a lot of time meeting with the PCIA workgroup. General Counsel Shupe stated that the good news is that SCP is becoming better informed about PCIA issues and the utilities have started to realize with the expansion of community choice in CA, they are looking at potentially half their load departing within 5-7 years. He also stated that past contracts of PG&E are way over market. He stated that the work group is thinking of ways to address the price difference. General Counsel Shupe stated that the goal is to try to go back to the CPUC with specific ways to try to improve the transparency of the PCIA. Committee Member Fenichel asked if this is a pass through and if there is no oversight. General Counsel Shupe stated there may be an institutional failure.

Committee Member Mattinson stated the EV program is going great and asked about the questionnaire and where we were with that. Project Specialist Nelson Lomeli explained SCP is working with ICF International and reviewing the guidebook right now. Lomeli stated that we had received over 300 responses back from the mailing and should have final responses by December. Committee Member Brophy asked about the budget comparison schedule on page 15. CEO Syphers stated that by the end of December SCP will end up with a lower than expected loss due to a correction on invoicing for payment. Committee Member Williamson asked about the ProFIT Program and if there is a thematic problem. CEO Syphers stated that people who are developing small systems tend to be less experienced and these are on County land which may need adjustments in zoning. Committee Member Brophy asked about

increasing the contributions to reserves when expanding service to Mendocino County. CEO Syphers stated that it would make sense to revisit that topic within the next year. Chair Dowd commented that our legislative program has to improve and to modify the gas tax we need to be on board with maintaining our roads.

Public comment: none

### 3. Legislative Report

SCP Lobbyist Kate Brandenburg updated the committee on current legislation. She stated that the CalCCA was in the process of setting up meetings with elected officials in the near future. Legislature returns on Dec. 5. She stated that there are seventeen initiatives and all but four were approved. CEO Syphers stated that the EPA Clean Power Plan has been directly threatened by the new president and it is predicted the plan will be suspended. He also stated that the CalCCA Trade Association brought up the opportunity of a pooling authority. Chair Dowd asked as more CCAs are formed around the state what do we see in terms of power with lobbying. CEO Syphers said a majority of the state will be represented by CalCCA soon and he thinks we can tap our local elected officials to speak on behalf of our rights.

Public Comment:

Donna Boysen asked for clarification on PCIA fairness and equity.  
Jay Golden asked about PCIA numbers, past, present and future.

### 4. Review and provide recommendation on proposed budget and rates adjustment.

CEO Syphers stated PG&E's rate increase goes into effect January 1, 2017. He stated that increases in fees that would affect SCP customers were seen and that he wanted to bring the option to the Board and the Committee to consider an earlier rate adjustment before July 1. He stated that staff has looked at all of the adjustments needed to make mid-year rate change. He stated that staff is aiming for a 2% savings and have come fairly close. He also stated that our customers will tend to see their bills drop per kilowatt-hour but because it is winter their bills are going to go up significantly due to higher usage. The risk is PG&E's actual charges will not be known until late December. CEO Syphers referred the Committee to page 56 of the packet and the scenarios for possible rate changes. He stated that another factor is the Mendocino rollout, and that first notices go out in April. PG&E is currently forecasting another rate adjustment for March 2017.

Chair Dowd stated we need to carefully consider this and be sure we don't abandon these goals and support our customers.

Chair Dowd asked if the math can be simplified and commented on the impacts of the rates in the table on page 56. He also asked for clarity on how customers will perceive adjustments in rates. CEO Syphers stated that the residential customers won't notice the changes until February, based on a January meter read. More opt-outs are from winter bill spikes based on higher usage, not rates. He stated that he hopes to get the story out about SCP doing something to protect its customers. Committee Member Como stressed the need to maintain the SCP brand, limit opt-outs and show what we do for the community with additional services.

Committee Member Mattinson asked how the rate adjustment would look like. CEO Syphers recommendation would be the Board adopt tables without a formula at the January 5 meeting. Committee Member Mattinson asked about leaving the rates unchanged. CEO Syphers gave some examples of other options.

Committee Member Fenichel asked when people opt-out will we let them know of rate increase. CEO Syphers stated we would get an adopted change soon and most calls after January 5 can be explained.

Public Comment:

Jake Olden asked about the PCIA discussions and if these will double over the next years and if this a reactive cycle.

Tor Allen stated he comes to SCP for inspiration and that the programs will define success for SCP. He asked for definition of what clean energy looks like.

Andy Ferguson stated that we need to look at how the Committee works and form a subcommittee to deal with specifics.

Chair Dowd stated that he thinks we will have higher quality of resolutions and recommendations to the Board since the committees have been combined. He stated that SCP is in a position to take this action because SCP has performed well and we are in a place where this does not damage any programs or goals to build reserves.

Motion to recommend to the Board at the January 5<sup>th</sup> meeting, following staff's recommended 1% reduction in rates implemented in March with minor modifications as needed.

Second: Committee Member Nichols

Motion approved: 10-0-1 (Deicke)

CEO Syphers requested a separate vote on the budget changes presented.

Motion to recommend proposed budget adjustments to the Board of Directors by Committee Member Wells

Second: Committee Member Nichols

Motion approved: 10-0-1 (Deicke)

**III. COMMITTEE MEMBER ANNOUNCEMENTS**

Committee Member Nichols thanked staff for the comprehensive outreach in West County. He also stated that the Cazadero street lights are being converted to 29 watt LED bulbs.

Committee Member Williamson stated it would be nice if we had direct customer feedback.

Committee Member Deicke stated that the County of Sonoma is proposing a requirement provision for 100% renewable energy for cannabis growers.

Committee Member Mattinson stated that MCE and Marin County Transit contracted for two electric transit buses.

Chair Dowd stated that we need to carefully think about the messages we send out to our customers and the public at large.

**IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

None

**V. ADJOURN (11:41A.M.)**

Respectfully submitted,

Braiden Gugel  
Executive Assistant

## Staff Update – Item 2

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To: Sonoma Clean Power Authority Community Advisory Committee  
From: Stephanie Reynolds, Internal Operations Manager  
Geof Syphers, CEO  
Issue: Operations Report  
Date: February 14, 2017

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### NEWS & MILESTONES

SCP 2016 Annual Report has been released!

Introduction of new Customer Service Specialist

Procurement for Mendocino underway

As of January 26, 2017 - Accounts Served: 195,282 (EverGreen: 1,151)

### 2016 SCP ANNUAL REPORT

We are pleased to have completed and posted our 2016 Annual Report. This report reflects the hard work and accomplishments from the past year. We appreciate the work done by our Marketing team and all staff to pull together information about **SCP's** operations. The reports will be distributed at community and business events throughout the year, and will be a part of our outreach efforts to Mendocino County.

### NEW STAFF MEMBER

In January, SCP welcomed our newest staff member, Customer Service Specialist Danielle Baker. Danielle reports to Customer Service Director, Erica Torgerson, and will be focusing on the outreach to Mendocino County in addition to working with customers from our current service area. Danielle received her Bachelors of Arts in Environmental Studies – Water Resources Management from Sonoma State University, and has worked with the City of Rohnert Park, the Sonoma County Water Agency and the City of Redlands.



## MENDOCINO COUNTY PREPARATIONS

**SCP's power procurement team is** filling energy needs for the expansion of service into Mendocino County and will report further under Item #3. Customer service and Marketing have been refining outreach materials and scheduling public information meetings throughout the new service territory. These meetings will continue through the end of the rollout period this summer and as needed, thereafter.

## BUDGET PLANNING FOR FY 2017/18

Staff has begun the process of gathering data to prepare the FY 2017/18 Fiscal year draft budget. The budget will be presented at four public meetings prior to adoption. The meetings are planned as follows:

- Community Advisory Committee in March, date TBD
- Board of Directors, April 13
- Community Advisory Committee in April, date TBD
- Board of Directors on May 4<sup>th</sup> for final adoption

## NOVEMBER 2016 MONTHLY COMPILED FINANCIAL STATEMENTS

SCP continued to add to a strong net position in November, with projections of further growth in net position over the remainder of the year. Average customer rates have been reduced as of the beginning of the 2016-2017 fiscal year, to keep rates attractive compared to those of PG&E. The winter rate season began in November, a period where aggregate rates are less than in the summer season. The year-to-date growth in net position is slightly below projections due primarily to lower than anticipated customer usage volumes as well as costs associated with the resale of energy not needed for customer load. Net position is expected to increase through the end of the fiscal year.

Year-to-date operating revenues reached \$74,121,000. Revenue from electricity sales (as reported on the Statement of Revenues, Expenses and Changes in Net Assets) is being slightly reduced due to a change in our estimate of uncollectible accounts, which is currently set at approximately 0.5% of electricity sales. As historical data is gathered on the collection patterns specific to SCP customers, this rate will be revisited and adjusted as necessary. Note that the accounts receivable line on the Statement of Net Position is presented net of allowance for uncollectibles.





SCP continues to procure electricity from multiple sources, with the total cost for the year-to-date landing above projections. This is primarily due to the purchase of excess energy that is being re-sold to another reseller. Net position increased to a positive \$49,319,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately \$19,883,000 and \$3,509,000 are considered set aside for operating and project reserves, respectively.

Overall, other operating expenses continued near or slightly below planned levels for the year.

#### DECEMBER 2016 MONTHLY COMPILED FINANCIAL STATEMENTS

Sonoma Clean Power continued to add to a strong net position in December, with projections of further growth in net position over the remainder of the year. The winter rate season continues in December, a period where aggregate rates are less than in the summer season. The year-to-date growth in net position is above projections due primarily to less than anticipated energy costs. Net position is expected to increase through the end of the fiscal year. Year-to-date operating revenues reached \$88,539,000.

#### NOVEMBER 2016 BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the FY 2016-2017 budget amendment approved by the Board of Directors in December 2016. The budget is formatted to make comparisons for both the annual and the year-to-date perspective.

The first column, FY 2016-2017 YTD Budget, allocates the Board-approved annual budget at expected levels throughout the year with considerations for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates, and this granular approach showing month-to-month estimates was not part of the Board approved budget. Revenue from electricity sales to customers is slightly below budget. This variance can be partially explained by lower volume usage by certain customer types than planned.



The cost of electricity is around 103% of budget-to-date. Most of this variance is due to an energy supplier that began operating its renewable energy facility sooner than anticipated at a time when SCP did not need the energy to provide to its customers. SCP has arranged to re-sell all of this energy to a reseller. The budget amendment in December 2016 captured most of this activity, and the variance is expected to smooth out as the year continues. Other causes of the variance are due to fluctuating market cost of energy on open position purchases.

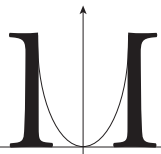
Major operating categories of Data Management fees and PG&E Service fees, which are tied to the customer account totals, are closely aligned to the annual budgeted amount.

#### DECEMBER 2016 BUDGETARY COMPARISON SCHEDULE

Revenue from electricity sales to customers is on-line with the year-to-date budget. The cost of electricity is around 96% of budget-to-date, mostly due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees, which are tied to the customer account totals, are closely aligned to the annual budgeted amount.

Other than the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended November 30, 2016, 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 SCP.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is 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  
January 5, 2017



**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
July 1, 2016 through November 30, 2016**

|   | <u>2016/17 YTD<br/>Budget</u> | <u>2016/17 YTD<br/>Actual</u> | <u>2016/17 YTD<br/>Budget Variance<br/>(Under) Over</u> | <u>2016/17 YTD<br/>Actual/Budget<br/>%</u> | <u>2016/17<br/>Amended Budget<br/>***</u> | <u>2016/17 Budget<br/>Remaining</u> |
|---|-------------------------------|-------------------------------|---|--|---|-------------------------------------|
| <b>REVENUE AND OTHER SOURCES:</b>                 |                               |                               |   |  |   |                                     |
| Revenue - Electricity (net of allowance)          | \$ 69,375,845                 | \$ 68,311,863                 | \$ (1,063,982)  | 98%  | \$ 147,824,136                            | \$ 79,512,273                       |
| Revenue - Evergreen Premium (net of allowance)    | 90,549                        | 81,823                        | (8,726)   | 90%  | 196,000                                   | 114,177                             |
| Revenue - Electricity sales for resale *          | 4,396,000                     | 5,358,743                     | 962,743   | 122%                                       | 8,792,000                                 | 3,433,257                           |
| Revenue - Interest income                         | 62,917                        | 77,585                        | 14,668  | -  | 151,000                                   | 73,415                              |
| Revenue - Liquidated damages                      | -                             | 368,441                       | 368,441   | -  | -   | (368,441)                           |
| Total revenue and other sources                   | <u>73,925,311</u>             | <u>74,198,455</u>             | <u>273,144</u>  | <u>100%</u>                                | <u>156,963,136</u>                        | <u>82,764,681</u>                   |
| <b>EXPENDITURES AND OTHER USES</b>                |                               |                               |   |  |   |                                     |
| <b>CURRENT EXPENDITURES</b>                       |                               |                               |   |  |   |                                     |
| Cost of energy and scheduling                     | 59,652,620                    | 61,291,324                    | 1,638,704   | 103%                                       | 133,748,000                               | 72,456,676                          |
| Data management                                   | 1,322,365                     | 1,232,064                     | (90,301)  | 93%  | 2,902,250                                 | 1,670,186                           |
| Service fees- PG&E                                | 446,100                       | 433,981                       | (12,119)  | 97%  | 1,076,800                                 | 642,819                             |
| Personnel   | 1,140,000                     | 930,203                       | (209,797)   | 82%  | 2,736,000                                 | 1,805,797                           |
| Outreach and communications                       | 318,750                       | 300,191                       | (18,559)  | 94%  | 737,000                                   | 436,809                             |
| Required noticing                                 | 238,333                       | 106,552                       | (131,781)   | 45%  | 474,000                                   | 367,448                             |
| Legal   | 164,583                       | 104,617                       | (59,966)  | 64%  | 395,000                                   | 290,383                             |
| Accounting and auditing                           | 77,083                        | 73,147                        | (3,936)   | 95%  | 185,000                                   | 111,853                             |
| Technical consultants                             | 280,208                       | 48,623                        | (231,585)   | 17%  | 445,000                                   | 396,377                             |
| Legislative consultants                           | 140,833                       | 32,500                        | (108,333)   | 23%  | 275,000                                   | 242,500                             |
| Other consultants                                 | 94,792                        | 76,754                        | (18,038)  | 81%  | 385,000                                   | 308,246                             |
| Program implementation and development            | 1,458,333                     | 529,126                       | (929,207)   | 36%  | 3,500,000                                 | 2,970,874                           |
| General and administration                        | 204,792                       | 178,869                       | (25,923)  | 87%  | 460,000                                   | 281,131                             |
| Total current expenditures                        | <u>65,538,792</u>             | <u>65,337,951</u>             | <u>(200,841)</u>  | <u>100%</u>                                | <u>147,319,050</u>                        | <u>81,981,099</u>                   |
| <b>OTHER USES</b>                                 |                               |                               |   |  |   |                                     |
| Collateral deposit payments                       | 3,750,000                     | 3,470,000                     | (280,000)   | 93%  | 3,750,000                                 | 280,000                             |
| Collateral deposit payments returned **           | (450,000)                     | (100,000)                     | 350,000   | 22%  | (450,000)                                 | (350,000)                           |
| Capital outlay                                    | 74,375                        | 12,421                        | (61,954)  | 17%  | 119,000                                   | 106,579                             |
| Total expenditures, Other Uses and Debt Service   | <u>68,913,167</u>             | <u>68,720,372</u>             | <u>(192,795)</u>  | <u>100%</u>                                | <u>150,738,050</u>                        | <u>82,017,678</u>                   |
| Net increase (decrease) in available fund balance | <u>\$ 5,012,144</u>           | <u>\$ 5,478,083</u>           | <u>\$ 465,939</u>                                       | <u>109%</u>                                | <u>\$ 6,225,086</u>                       | <u>\$ 747,003</u>                   |

\* Electricity sales for resale is the result of sales to other utilities for resale purposes. This revenue is not separately budgeted.

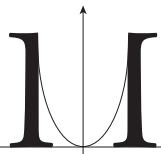
\*\* Collateral deposit payments returned provides for the display of the return of collateral during the year, this inflow is not budgeted separately.

\*\*\* The budget figures in this report have been updated to reflect the amendment approved on December 1, 2016.

| <b>RESERVES</b>        | <b>Balance</b>       |
|------------------------|----------------------|
| Operating Cash Reserve | \$ 19,882,853        |
| Program Cash Reserve   | 3,508,739            |
|                        | <u>\$ 23,391,592</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**July 1, 2016 through November 30, 2016**

|   |                            |
|---|----------------------------|
| Net increase (decrease) in available fund balance<br>per budgetary comparison schedule:   | \$ 5,478,083               |
| Adjustments needed to reconcile to the<br>changes in net position in the<br>Statement of Revenues, Expenses<br>and Changes in Net Position: |                            |
| Subtract depreciation expense   | (19,999)                   |
| Add back capital asset acquisitions   | 12,421                     |
| Subtract collateral deposits returned   | (100,000)                  |
| Add back collateral deposits  | 3,470,000                  |
| Change in net position  | <u><u>\$ 8,840,505</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 November 30, 2016, and the related statement of revenues, expenses, and changes in net position, and the statement 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 disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the 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  
January 5, 2017



**SONOMA CLEAN POWER AUTHORITY**

**STATEMENT OF NET POSITION**

**As of November 30, 2016**

**ASSETS**

|                                       |                   |
|---------------------------------------|-------------------|
| Current assets                        |                   |
| Cash and cash equivalents             | \$ 36,064,127     |
| Accounts receivable, net of allowance | 15,963,406        |
| Other receivables                     | 785,513           |
| Accrued revenue                       | 5,965,095         |
| Prepaid expenses                      | 34,550            |
| Deposits                              | 568,825           |
| Investments                           | 7,007,726         |
| Total current assets                  | <u>66,389,242</u> |
| Noncurrent assets                     |                   |
| Capital assets, net of depreciation   | 193,577           |
| Deposits                              | 3,714,666         |
| Total noncurrent assets               | <u>3,908,243</u>  |
| Total assets                          | <u>70,297,485</u> |

**LIABILITIES**

|   |                   |
|---|-------------------|
| Current liabilities                                       |                   |
| Accounts payable  | 653,942           |
| Accrued cost of electricity                               | 19,503,786        |
| Other accrued liabilities                                 | 229,781           |
| User taxes and energy surcharges due to other governments | 440,731           |
| Total current liabilities                                 | <u>20,828,240</u> |
| Noncurrent liabilities                                    |                   |
| Supplier security deposits                                | <u>150,000</u>    |
| Total liabilities   | <u>20,978,240</u> |

**NET POSITION**

|                                  |                      |
|----------------------------------|----------------------|
| Net investment in capital assets | 193,577              |
| Unrestricted                     | 49,125,668           |
| Total net position               | <u>\$ 49,319,245</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2016 through November 30, 2016**

**OPERATING REVENUES**

|                               |                   |
|-------------------------------|-------------------|
| Electricity sales, net        | \$ 68,311,863     |
| Evergreen electricity premium | 81,823            |
| Electricity sales for resale  | 5,358,743         |
| Liquidated damages            | 368,441           |
| Total operating revenues      | <u>74,120,870</u> |

**OPERATING EXPENSES**

|   |                   |
|---|-------------------|
| Cost of electricity                     | 61,291,324        |
| Staff compensation                      | 930,203           |
| Data manager                            | 1,232,064         |
| Service fees - PG&E                     | 433,981           |
| Consultants and other professional fees | 408,649           |
| Legal                                   | 104,617           |
| Communications                          | 406,743           |
| General and administration              | 179,195           |
| Program rebates and incentives          | 351,175           |
| Depreciation                            | 19,999            |
| Total operating expenses                | <u>65,357,950</u> |
| Operating income                        | <u>8,762,920</u>  |

**NONOPERATING REVENUES (EXPENSES)**

|                 |               |
|-----------------|---------------|
| Interest income | <u>77,585</u> |
|-----------------|---------------|

**CHANGE IN NET POSITION**

|                                     |                      |
|-------------------------------------|----------------------|
|                                     | 8,840,505            |
| Net position at beginning of period | <u>40,478,740</u>    |
| Net position at end of period       | <u>\$ 49,319,245</u> |



# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS July 1, 2016 through November 30, 2016

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |                   |
|--|-------------------|
| Receipts from electricity sales                  | \$ 71,417,919     |
| Receipts from electricity sales for resale       | 5,991,865         |
| Receipts from supplier security deposits         | 150,000           |
| Tax and surcharge receipts from customers        | 1,029,637         |
| Payments to purchase electricity                 | (61,628,619)      |
| Payments for staff compensation                  | (880,598)         |
| Payments for contract services                   | (2,171,887)       |
| Payments for communications                      | (396,716)         |
| Payments for general and administration          | (197,501)         |
| Payments for program rebates and incentives      | (510,000)         |
| Tax and surcharge payments to other governments  | (1,051,958)       |
| Net cash provided (used) by operating activities | <u>11,752,142</u> |

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

|  |                    |
|--|--------------------|
| Deposits and collateral paid                                 | (3,470,000)        |
| Deposits and collateral returned                             | <u>100,000</u>     |
| Net cash provided (used) by non-capital financing activities | <u>(3,370,000)</u> |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|                               |                 |
|-------------------------------|-----------------|
| Acquisition of capital assets | <u>(18,007)</u> |
|-------------------------------|-----------------|

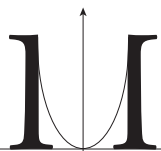
### CASH FLOWS FROM INVESTING ACTIVITIES

|  |                             |
|--|-----------------------------|
| Interest income received                       | <u>68,825</u>               |
| Net change in cash and cash equivalents        | 8,432,960                   |
| Cash and cash equivalents at beginning of year | <u>27,631,167</u>           |
| Cash and cash equivalents at end of period     | <u><u>\$ 36,064,127</u></u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2016 through November 30, 2016**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

|  |                      |
|--|----------------------|
| Operating income   | \$ 8,762,920         |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities |                      |
| Depreciation expense   | 19,999               |
| Revenue reduced for uncollectible accounts   | 343,681              |
| (Increase) decrease in net accounts receivable   | (679,261)            |
| (Increase) decrease in other receivables   | 264,681              |
| (Increase) decrease in accrued revenue   | 3,359,812            |
| (Increase) decrease in prepaid expenses  | (14,402)             |
| (Increase) decrease in current deposits  | (158,825)            |
| Increase (decrease) in accounts payable  | 2,189                |
| Increase (decrease) in accrued cost of electricity   | (1,284,276)          |
| Increase (decrease) in accrued liabilities   | 1,007,945            |
| Increase (decrease) in user taxes and energy<br>surcharges due to other governments              | (22,321)             |
| Increase (decrease) in supplier security deposits  | 150,000              |
| Net cash provided (used) by operating activities   | <u>\$ 11,752,142</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, 2016, and the related statement of revenues, expenses, and changes in net position, and the statement 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 disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the 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  
January 25, 2017



# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of December 31, 2016

### ASSETS

|                                       |                   |
|---------------------------------------|-------------------|
| Current assets                        |                   |
| Cash and cash equivalents             | \$ 38,620,046     |
| Accounts receivable, net of allowance | 14,980,700        |
| Other receivables                     | 1,590,123         |
| Accrued revenue                       | 7,249,228         |
| Prepaid expenses                      | 23,497            |
| Deposits                              | 310,941           |
| Investments                           | 7,007,726         |
| Total current assets                  | <u>69,782,261</u> |
| Noncurrent assets                     |                   |
| Capital assets, net of depreciation   | 192,887           |
| Deposits                              | 3,714,666         |
| Total noncurrent assets               | <u>3,907,553</u>  |
| Total assets                          | <u>73,689,814</u> |

### LIABILITIES

|   |                   |
|---|-------------------|
| Current liabilities                                       |                   |
| Accounts payable  | 484,179           |
| Accrued cost of electricity                               | 21,654,451        |
| Other accrued liabilities                                 | 340,347           |
| User taxes and energy surcharges due to other governments | 462,388           |
| Total current liabilities                                 | <u>22,941,365</u> |
| Noncurrent liabilities                                    |                   |
| Supplier security deposits                                | <u>150,000</u>    |
| Total liabilities   | <u>23,091,365</u> |

### NET POSITION

|                                  |                             |
|----------------------------------|-----------------------------|
| Net investment in capital assets | 192,887                     |
| Unrestricted                     | 50,405,562                  |
| Total net position               | <u><u>\$ 50,598,449</u></u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2016 through December 31, 2016**

**OPERATING REVENUES**

|                               |                   |
|-------------------------------|-------------------|
| Electricity sales, net        | \$ 81,119,051     |
| Evergreen electricity premium | 101,749           |
| Electricity sales for resale  | 6,949,497         |
| Liquidated damages            | 368,441           |
| Total operating revenues      | <u>88,538,738</u> |

**OPERATING EXPENSES**

|   |                   |
|---|-------------------|
| Cost of electricity                     | 73,453,285        |
| Staff compensation                      | 1,141,235         |
| Data manager                            | 1,460,010         |
| Service fees - PG&E                     | 520,876           |
| Consultants and other professional fees | 502,413           |
| Legal                                   | 129,204           |
| Communications                          | 450,513           |
| General and administration              | 211,777           |
| Program rebates and incentives          | 619,096           |
| Depreciation                            | 23,942            |
| Total operating expenses                | <u>78,512,351</u> |
| Operating income                        | <u>10,026,387</u> |

**NONOPERATING REVENUES (EXPENSES)**

|                 |               |
|-----------------|---------------|
| Interest income | <u>93,322</u> |
|-----------------|---------------|

**CHANGE IN NET POSITION**

|                                     |                      |
|-------------------------------------|----------------------|
|                                     | 10,119,709           |
| Net position at beginning of period | <u>40,478,740</u>    |
| Net position at end of period       | <u>\$ 50,598,449</u> |

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS July 1, 2016 through December 31, 2016

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |                   |
|--|-------------------|
| Receipts from electricity sales                  | \$ 83,943,606     |
| Receipts from electricity sales for resale       | 6,411,320         |
| Receipts from liquidated damages                 | 368,441           |
| Receipts from supplier security deposits         | 150,000           |
| Tax and surcharge receipts from customers        | 1,214,670         |
| Payments to purchase electricity                 | (71,639,915)      |
| Payments for staff compensation                  | (1,079,913)       |
| Payments for contract services                   | (2,638,592)       |
| Payments for communications                      | (474,597)         |
| Payments for general and administration          | (223,262)         |
| Payments for program rebates and incentives      | (619,096)         |
| Tax and surcharge payments to other governments  | (1,215,334)       |
| Net cash provided (used) by operating activities | <u>14,197,328</u> |

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

|  |                    |
|--|--------------------|
| Deposits and collateral paid                                 | (3,470,000)        |
| Deposits and collateral returned                             | 200,000            |
| Net cash provided (used) by non-capital financing activities | <u>(3,270,000)</u> |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|                               |                 |
|-------------------------------|-----------------|
| Acquisition of capital assets | <u>(21,259)</u> |
|-------------------------------|-----------------|

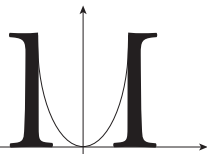
### CASH FLOWS FROM INVESTING ACTIVITIES

|  |                      |
|--|----------------------|
| Interest income received                       | <u>82,810</u>        |
| Net change in cash and cash equivalents        | 10,988,879           |
| Cash and cash equivalents at beginning of year | <u>27,631,167</u>    |
| Cash and cash equivalents at end of period     | <u>\$ 38,620,046</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2016 through December 31, 2016**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

|  |                      |
|--|----------------------|
| Operating income   | \$ 10,026,387        |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities |                      |
| Depreciation expense   | 23,941               |
| Revenue reduced for uncollectible accounts   | 408,139              |
| (Increase) decrease in net accounts receivable   | 238,987              |
| (Increase) decrease in other receivables   | (538,177)            |
| (Increase) decrease in accrued revenue   | 2,075,679            |
| (Increase) decrease in prepaid expenses  | (3,349)              |
| (Increase) decrease in current deposits  | (941)                |
| Increase (decrease) in accounts payable  | (167,574)            |
| Increase (decrease) in accrued cost of electricity   | 1,044,489            |
| Increase (decrease) in accrued liabilities   | 940,411              |
| Increase (decrease) in user taxes and energy<br>surcharges due to other governments              | (664)                |
| Increase (decrease) in supplier security deposits  | 150,000              |
| Net cash provided (used) by operating activities   | <u>\$ 14,197,328</u> |



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended December 31, 2016, 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 SCP.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is 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  
January 25, 2017





**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
July 1, 2016 through December 31, 2016**

|   | 2016/17 YTD<br>Budget | 2016/17 YTD<br>Actual | 2016/17 YTD<br>Budget<br>Variance<br>(Under) Over | YTD<br>Actual/<br>Budget<br>% | 2016/17<br>Amended<br>Budget | 2016/17<br>Budget<br>Remaining |
|---|-----------------------|-----------------------|---|-------------------------------|------------------------------|--------------------------------|
| <b>REVENUE AND OTHER SOURCES:</b>                 |                       |                       |   |                               |                              |                                |
| Revenue - Electricity (net of allowance)          | \$ 81,112,733         | \$ 81,119,051         | \$ 6,318  | 100%                          | \$ 147,824,136               | \$ 66,705,085                  |
| Revenue - Evergreen Premium (net of allowance)    | 106,302               | 101,749               | (4,553)   | 96%                           | 196,000                      | 94,251                         |
| Revenue - Electricity sales for resale *          | 8,792,000             | 6,949,497             | (1,842,503)                                       | 79%                           | 8,792,000                    | 1,842,503                      |
| Revenue - Interest income                         | 75,500                | 93,322                | 17,822  | -                             | 151,000                      | 57,678                         |
| Revenue - Liquidated damages                      | -                     | 368,441               | 368,441   | -                             | -                            | (368,441)                      |
| Total revenue and other sources                   | <u>90,086,535</u>     | <u>88,632,060</u>     | <u>(1,454,475)</u>                                | <u>98%</u>                    | <u>156,963,136</u>           | <u>68,331,076</u>              |
| <b>EXPENDITURES AND OTHER USES:</b>               |                       |                       |   |                               |                              |                                |
| <b>CURRENT EXPENDITURES</b>                       |                       |                       |   |                               |                              |                                |
| Cost of energy and scheduling                     | 76,737,720            | 73,453,285            | (3,284,435)                                       | 96%                           | 133,748,000                  | 60,294,715                     |
| Data management                                   | 1,548,063             | 1,460,010             | (88,053)  | 94%                           | 2,902,250                    | 1,442,240                      |
| Service fees- PG&E                                | 536,200               | 520,876               | (15,324)  | 97%                           | 1,076,800                    | 555,924                        |
| Personnel   | 1,368,000             | 1,141,235             | (226,765)   | 83%                           | 2,736,000                    | 1,594,765                      |
| Outreach and communications                       | 378,500               | 336,589               | (41,911)  | 89%                           | 737,000                      | 400,411                        |
| Required noticing                                 | 272,000               | 113,924               | (158,076)   | 42%                           | 474,000                      | 360,076                        |
| Legal   | 197,500               | 129,204               | (68,296)  | 65%                           | 395,000                      | 265,796                        |
| Accounting and auditing                           | 92,500                | 81,997                | (10,503)  | 89%                           | 185,000                      | 103,003                        |
| Technical consultants                             | 303,750               | 42,713                | (261,037)   | 14%                           | 445,000                      | 402,287                        |
| Legislative consultants                           | 160,000               | 39,000                | (121,000)   | 24%                           | 275,000                      | 236,000                        |
| Other consultants                                 | 136,250               | 94,136                | (42,114)  | 69%                           | 385,000                      | 290,864                        |
| Program implementation and development            | 1,750,000             | 863,989               | (886,011)   | 49%                           | 3,500,000                    | 2,636,011                      |
| General and administration                        | 241,250               | 211,451               | (29,799)  | 88%                           | 460,000                      | 248,549                        |
| Total current expenditures                        | <u>83,721,733</u>     | <u>78,488,409</u>     | <u>(5,233,324)</u>                                | <u>94%</u>                    | <u>147,319,050</u>           | <u>68,830,641</u>              |
| <b>OTHER USES</b>                                 |                       |                       |   |                               |                              |                                |
| Collateral deposit payments                       | 3,750,000             | 3,470,000             | (280,000)   | 93%                           | 3,750,000                    | 280,000                        |
| Collateral deposit payments returned **           | (450,000)             | (200,000)             | 250,000   | 44%                           | (450,000)                    | (250,000)                      |
| Capital outlay                                    | 80,750                | 15,673                | (65,077)  | 19%                           | 119,000                      | 103,327                        |
| Total expenditures, Other Uses and Debt Service   | <u>87,102,483</u>     | <u>81,774,082</u>     | <u>(5,328,401)</u>                                | <u>94%</u>                    | <u>150,738,050</u>           | <u>68,963,968</u>              |
| Net increase (decrease) in available fund balance | <u>\$ 2,984,052</u>   | <u>\$ 6,857,978</u>   | <u>\$ 3,873,926</u>                               | <u>230%</u>                   | <u>\$ 6,225,086</u>          | <u>\$ (632,892)</u>            |

\* Electricity sales for resale is the result of sales to other utilities for resale purposes.

\*\* Collateral deposit payments returned provides for the display of the return of collateral during the year.

| RESERVES               | Balance              |
|------------------------|----------------------|
| Operating Cash Reserve | \$ 19,889,691        |
| Program Cash Reserve   | 3,509,945            |
|                        | <u>\$ 23,399,636</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**July 1, 2016 through December 31, 2016**

|   |                      |
|---|----------------------|
| Net increase (decrease) in available fund balance<br>per budgetary comparison schedule:   | \$ 6,857,978         |
| Adjustments needed to reconcile to the<br>changes in net position in the<br>Statement of Revenues, Expenses<br>and Changes in Net Position: |                      |
| Subtract depreciation expense   | (23,942)             |
| Add back capital asset acquisitions   | 15,673               |
| Subtract collateral deposits returned   | (200,000)            |
| Add back collateral deposits  | 3,470,000            |
| Change in net position  | <u>\$ 10,119,709</u> |

Staff Update – Item 3

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To: Sonoma Clean Power Authority Customer Advisory Committee  
From: Deb Emerson, Director of Procurement  
Issue: Procurement Update  
Date: February 14, 2017

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Sonoma Clean Power Procurement issued a Request for Offers (RFO) on January 5, 2017 for the additional Mendocino load we will be serving beginning June 2017. We requested offers for shaped, carbon free, and Renewable Portfolio Standard (RPS) bundled energy products. We considered offers for any combination of the products. Responses were due January 20, 2017. 11 suppliers responded to our RFO.

Shaped Energy

- June 2017-December 2020
- Delivery Point PG&E DLAP
- 528,154 MWh
- 5 suppliers were selected for final pricing, with Exelon offering the lowest price and selected

RPS (qualifying renewable energy)

- 2017-2019 RPS Category 2
- 568,000 MWh
- Selected 3Phases and Portland General

Carbon Free (large hydropower)

- 2018-2020
- 211,000 MWh
- Selected Transalta

Category 2 RPS energy was chosen because SCP already has significantly more Category 1 RPS energy under contract than required, and Category 2 energy remains significantly lower priced. No RPS energy was purchased for 2020 because



only two offers were made, and neither were competitively priced. As a result, 2020 RPS energy will be purchased at a later date. No carbon-free energy was purchased for 2017 because SCP already has an excess under contract.

This procurement diversified our supplier mix by adding two new suppliers with contracts of over two years. In addition, SCP went through the process of securing enabling agreements with an additional three suppliers, helping support a greater diversity of bids on future energy purchases.

These purchases **slightly reduced SCP's average wholesale energy costs** per MWh for each of the years from 2017 through 2020, due to the declining market cost of energy. The total notional value of all of the products in this procurement is \$22,685,000.

Staff Update – Item 4

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To: Sonoma Clean Power Authority Community Advisory Committee  
From: Jan McFarland, Program Director  
Issue: Programs Update  
Date: February 14, 2017

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SCP Drive EverGreen Final Status Report

Staff are pleased to report that the short Drive EverGreen electric car discount program was successful and popular. The 207 electric vehicles purchased or leased during the approximately 2.5-month program period was a significant increase over baseline sales for the two participating dealers. Nissan reports they experienced a ten-fold increase over average EV sales during the program period. Further analysis will be completed in the program evaluation phase.

The chief complaint by customers and the participating car dealers is that the program was so brief, and there is significant customer demand for additional electric vehicle programs in the future.

The figures below show all applications and incentives processed by the Center for Sustainable Energy through January 10, **2017 for SCP's Drive EverGreen EV** incentive program:

- Applications Received – 615
- Number of SCP Incentive Certificates Issued – 556
- Certificates in Progress – 0
- Approved & Pending Leases – 173
- Approved Purchases – 34
- Incentives Approved - \$607,500
- Incentives Approved – 70% standard customers / 30% CARE/FERA customers

The evaluation and analysis of the Drive EverGreen program begins soon, and be used to study the effectiveness of the program elements, discounts, incentives and messages. The evaluation will inform future program design, so SCP can plan for significantly larger electric vehicle programs, and build on the success of this one.



Staff expects to begin working with the Community Advisory Committee on the design of the next electric vehicle program in May or June this year, following the completion of the evaluation.

#### SCP Clean Charge Status Report

eMotorWerks status report below includes all charger orders and shipments; demand response opt-ins, forms signed and SCP customers approved by PG&E through February 3, 2017:

- Number of Orders – 376
- Number of Orders Shipped – 353
- Number of Demand Response Opt-ins – 332
- Number of Demand Response Forms Signed – 363
- Number of Demand Response SCP Customers Approved by PG&E – 240

The Clean Charge charging incentive program will continue through June 30, 2017.

#### SCP Request for **Qualifications (“RFQ”) Technical Assistance for Zero Energy Buildings** including End-Use Fuel Switching:

- Staff issued RFQ January 4, 2017
- Questions on the the RFQ were accepted through February 6, 2017.
- Responses questions will posted on the SCP website on Tuesday February 14, 2017 at [www.SonomaCleanPower.org](http://www.SonomaCleanPower.org).
- RFQ proposals are due 5:00 p.m. Tuesday, February 21, 2017.

This RFQ is intended to provide SCP with a list of qualified individuals and firms that can be retained to provide assistance as needed on zero energy buildings including end-use fuel switching over the next three years.

**SCP’s “Zero Energy Buildings and End-Use Fuel Switching” program includes: zero energy techniques, end-use fuel switching, electric or other non-combustion heating and cooling, energy efficiency measures, distributed generation, storage, demand response, heat pumps (air & ground source), managed electric vehicle charging and building operations, processes and training within these areas.**

Staff Update – Item 5

---

To: Sonoma Clean Power Authority Community Advisory Committee

From: Geof Syphers, CEO  
Jan McFarland, Program Director

Issue: Review draft methods for selecting and evaluating customer programs

Date: February 14, 2017

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REQUESTED ACTION:

Receive report from staff on recommended method for selecting and evaluating customer programs and provide input as appropriate.

Staff Report

The SCPA Board of Directors requested staff to bring forward a methodology for selecting customer programs and evaluating their effectiveness. This report provides a draft proposed process for these two activities, and staff recommends the Community Advisory Committee and the Board of Directors both provide input before a final version is brought for adoption by the Board.

*Process for Selecting Customer Programs*

**Customer programs may be funded from a variety of sources, including SCP's customer charges, CPUC administered funds collected from customers on PG&E's portion of the bill, California Energy Commission funds, and potentially from grants and other sources. Regardless of the source of money, care should be taken to ensure that funds are invested in valuable activities that advance SCP's objectives.**

**Staff recommends using the purposes defined in SCPA's Joint Powers Agreement as the ultimate guide in choosing program activity. Those purposes are:**



- a. Reducing greenhouse gas emissions in Sonoma County and neighboring regions; *[Note: Staff interpret this to also include Mendocino County, now that Mendocino is a part of SCP's service territory.]*
- b. Providing electric power and other forms of energy to customers at a competitive cost;
- c. Carrying out programs to reduce total energy consumption;
- d. Stimulating and sustaining the local economy, including by developing or promoting local distributed energy resources; and
- e. Promoting long-term electric rate stability, energy security, reliability, and resilience.

These purposes are useful as a general guide, but provide little detail about specifics. As a result, a process for develop specific guidance on selecting customer program investments is outlined below, and will continue to evolve **during SCP's** Integrated Resource Planning (IRP) process, ultimately leading to a Board-adopted IRP that will be filed with the CPUC.

Selecting customer programs will also involve a discussion of the merits at the time, and should not be encoded as a formula. However certain important guidelines should be followed unless there is a good reason to deviate. Staff propose the following guidelines:

1. **Program benefits should advance SCP's mission in at least one of the following areas:**
  - a. Reduce greenhouse gas emissions;
  - b. Stabilize or reduce customer energy costs;
  - c. Invest in local projects/jobs;
  - d. Educate or enable customers to achieve any of the previous objectives;
  - e. Change laws, codes, standards, finance mechanisms, zoning or otherwise make it easier or more likely for our customers to achieve any of the previous objectives





2. The amount of SCP funds utilized should be proportional to the benefits expected, and the time period for that evaluation may vary depending on the type of program activity.
  - a. Programs investing in education, awareness or other market transformation activities should be financially evaluated on the basis of reasonable assumed effects over 3 years following the activity unless there is reason to expect programs impacts on a longer timetable.
  - b. Programs investing in equipment and controls upgrades should be financially evaluated based on the effective useful life of the equipment, using industry standard practices. More detail on this is provided in the next section on Process for Evaluating SCP Programs.
  - c. Programs investing in changes to codes and standards should be evaluated based on the potential likelihood of successful changes and an estimate of the potential benefits of the change.
  - d. Programs investing in tools that enable lower carbon grid operation or similar long-term agency objectives should be evaluated on a custom time period that is relevant to the expected use of the tool.
3. Programs should be selected only when many of the following conditions are true:
  - a. Has the potential to scale up with lower levels of investment in the future (i.e., is transformational);
  - b. Attracts private capital to accelerate results;
  - c. **Isn't yet cost effective enough for private market activity to fully embrace without a public partner;**
  - d. Provides benefits that are specific to SCP's customer population (e.g., dairies, wineries, Spanish speakers, net-metered solar customers, rural propane users, etc);
  - e. Provides a significant direct or indirect reduction in greenhouse gas emissions;
  - f. Creates local jobs, regional jobs or jobs elsewhere in California (in that order);



- g. Scale lends itself to local implementation;
  - h. Can be implemented through third-party contractors or a limited staff;
  - i. Supports disadvantaged populations such as low-income and disabled;
  - j. Has the potential to be implemented in other parts of California or **produce other regional benefits outside of SCP's territory.**
4. Programs should generally *not* be implemented by SCP where:
- a. Another entity is in a better position to implement the program;
  - b. It would cause significant customer confusion or otherwise generally decrease beneficial customer activities;
  - c. The initial cost of program implementation is too high to afford any error or adjustment;
  - d. The initial commitment of the program must be more than a few years in length before significant experience is gained;
  - e. Actions are already occurring in the private market at a robust pace.

Any significant programs where SCP spending will exceed \$100,000 should be brought to the Community Advisory Committee to review and improve the design before introducing to the SCPA Board for approval.

### *Process for Evaluating Customer Programs*

Program evaluation has three major goals:

1. Document the costs and beneficial impacts, and determine when the program met its established goals;
2. Identify ways to improve the current program and any related future programs;
3. Support energy demand forecasting and resource planning.

Programs will be evaluated on three different sets of metrics, depending on the type:



### Type 1. Transformational Programs

These include education, marketing, advertising, awareness-building, training, and related market transformation efforts.

Transformational programs will be evaluated based on:

- Participation in the activity relative to a prior baseline during the program and following the end of the program for a period of at least one year;
- Anecdotal information from interviews of participants and non-participants relating to reasons for participation or non-participation, motivations and attitudes;
- Estimate of energy-related benefits based on measured data (e.g., meter readings) and also reasonable estimates of free-rider and spillover effects.

### Type 2. Building Shell, Equipment and Controls Programs

These include direct installation or incentives for improved equipment and controls, commissioning, design assistance, and related activities.

Type 2 programs will be evaluated based on:

- Measured energy-related benefits, including customer bill savings and greenhouse gas reductions;
- Measured non-energy benefits such as the financial value of program impacts on wholesale costs to other customers and ISO market value.

### Type 3. Codes & Standards

These include changes to law, regulation, zoning and related requirements that **enable SCP's goals to occur at lower cost, with greater frequency**, by more customers, and generally to make low-carbon energy more common, affordable and local.

Type 3 programs will be evaluated based on:

- Successful adoption of changes codes or standards;
- A forecast of the potential energy and non-energy benefits associated with the change.



#### Type 4. Tools

These programs focus on the development of systems and tools at SCP to deliver benefits over long periods of time, potentially across multiple programs, such as a demand-response control system.

Type 4 programs will be evaluated based on:

- A reasonable estimate of the potential value of the tool over a 3-5 year period;
- The successful creation of the tool and use in a smaller pilot to test its effectiveness;
- Demonstrated and measured customer or staff usage of the tool.

SCP Staff seek input on this program selection and evaluation approach, and will **refine the approach as we develop the agency's IRP and deploy specific programs.**

Staff Report – Item 06

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To: Sonoma Clean Power Community Advisory Committee

From: Chairman Dick Dowd  
Stephanie Reynolds, Internal Operations Manager

Issue: Proposed future meeting dates, frequency and availability of CAC members

Date: February 14, 2017

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The Community Advisory Committee should plan on meeting in March and April of **2017 to review the draft FY 2017/2018 Budget, prior to the Board of Directors’** review in April and May of 2017.

Proposed dates for those 2 meetings (staff preferred dates, underlined):

CAC to meet:

Wednesday, March 29<sup>th</sup> or Thursday, March 30<sup>th</sup> (9:00 – Noon)

Board meets April 13<sup>th</sup> to review draft budget (tentative date)

Tuesday, April 18<sup>th</sup> or Wednesday, April 19<sup>th</sup> (9:00 – Noon)

Board meets May 4<sup>th</sup> to approval final budget.

It is also recommended that Committee members discuss preferred days of the week and times of day for meetings for the remainder of 2017.